

A copy of this amended and restated preliminary prospectus has been filed with the securities regulatory authorities in each of the provinces and territories of Canada, but has not yet become final for the purpose of the sale of securities. Information contained in this amended and restated preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This amended and restated preliminary prospectus constitutes a public offering of securities only in those jurisdictions where such securities may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (“US Securities Act”), or any state securities laws and, subject to certain exceptions, may not be offered or sold in the United States. See “Plan of Distribution”.

AMENDED AND RESTATED PRELIMINARY PROSPECTUS DATED JANUARY 6, 2016 AMENDING AND RESTATING THE PRELIMINARY PROSPECTUS DATED NOVEMBER 23, 2015

Initial Public Offering and Secondary Offering

January 6, 2016



THERAPURE BIOPHARMA INC.

\$130,000,000

● **Common Shares**

This prospectus qualifies the distribution to the public (the “Offering”) of ● common shares (“Offered Shares”) in the capital of Therapure Biopharma Inc. (“Therapure” or the “Corporation”), at a price of \$ ● per Offered Share (the “Offering Price”). The Offering consists of an initial public offering of ● Offered Shares by the Corporation (the “Treasury Offering”), for gross proceeds of \$80 million, and a secondary offering of ● Offered Shares by Catalyst Fund Limited Partnership II (“Catalyst Fund II” or the “Selling Shareholder”), for gross proceeds of \$50 million (the “Secondary Offering”). It is anticipated that the Offering Price will be between \$11.00 and \$13.00 per Common Share and that between 6,153,846 and 7,272,727 Common Shares will be distributed under the Treasury Offering and that between 3,846,153 and 4,545,454 Common Shares will be distributed under the Secondary Offering. Unless otherwise indicated, this prospectus assumes an Offering Price of \$12.00, being the midpoint of the anticipated range set forth above, and that the Offering will consist of approximately 6,666,666 Common Shares distributed pursuant to the Treasury Offering and 4,166,666 Common Shares distributed pursuant to the Secondary Offering.

The Offered Shares are being offered by GMP Securities L.P., CIBC World Markets Inc. and National Bank Financial Inc. as joint lead managers and joint bookrunners (collectively, the “Joint Bookrunners”), with a syndicate including Bloom Burton & Co. Limited, Canaccord Genuity Corp., Scotia Capital Inc. and Mackie Research Capital Corporation (collectively, the “Underwriters”) pursuant to an underwriting agreement between the Corporation, the Selling Shareholder and the Underwriters dated ● , 2016 (the “Underwriting Agreement”).

There is currently no market through which the common shares of the Corporation (“Common Shares”) may be sold and purchasers may not be able to resell Common Shares purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of Common Shares, and the extent of issuer regulation. See “Risk Factors”.

In connection with the Offering, the Underwriters may, subject to applicable law, over-allot or effect transactions that stabilize or maintain the market price of Common Shares at levels other than those which otherwise might prevail on the open market. The Underwriters may offer Offered Shares at a price lower than the Offering Price. Any such reduction in price will not affect the proceeds received by the Corporation or the Selling Shareholder. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

An investment in Offered Shares is subject to a number of risks that should be considered by a prospective purchaser. Prospective purchasers should carefully consider the risk factors described under “Risk Factors” before purchasing Offered Shares.

Price: \$ ● per Offered Share

	Price to the Public ⁽¹⁾	Underwriting Fee ⁽²⁾	Net Proceeds to the Corporation ⁽³⁾⁽⁴⁾	Net Proceeds to the Selling Shareholder ⁽³⁾⁽⁴⁾
Per Offered Share	\$●	\$●	\$●	\$●
Total Offering ⁽²⁾	\$●	\$●	\$●	\$●

Notes:

(1) The Offering Price has been determined by negotiation between the Corporation, the Selling Shareholder and the Underwriters.

(continued on next page)

(continued from cover)

- (2) The Corporation and the Selling Shareholder have agreed to pay the Underwriters, in consideration for the services provided in connection with the Offering, an underwriting fee equal to 5.75% of the gross proceeds raised from the sale of Offered Shares sold by such person, except for gross proceeds received from the sale of Offered Shares pursuant to the Treasury Offering to purchasers on the president's list of the Corporation, in respect of which the underwriting fee payable by the Corporation will be 2.75% (collectively, the "Underwriting Fee"). Unless otherwise indicated, all information in this prospectus assumes that no sales will be made to purchasers on a president's list.
- (3) The Corporation and the Selling Shareholder have agreed to grant to the Underwriters an option (the "Over-Allotment Option"), exercisable in whole or in part at any time and from time to time, for a period of 30 days following the closing of the Offering ("Closing"), to purchase (i) from the Corporation, up to an aggregate of ● Common Shares (representing 15% of the Treasury Offering), and (ii) from the Selling Shareholder, up to an aggregate of ● Common Shares (representing 15% of the Secondary Offering), in each case, on a pro rata basis in proportion to the aggregate number of Common Shares sold pursuant to the Treasury Offering and Secondary Offering, on the same terms as set forth above solely to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriting Fee, and the net proceeds to the Corporation and the net proceeds to the Selling Shareholder will be \$ ● , \$ ● , \$ ● , and \$ ● , respectively. This prospectus qualifies the grant of the Over-Allotment Option and the distribution of Common Shares upon the exercise of the Over-Allotment Option. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires those Common Shares under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".
- (4) After deducting the Underwriting Fee payable by the Corporation and the Selling Shareholder, but before deducting expenses of the Offering estimated to be \$ ● , all of which the Corporation will pay out of the proceeds it receives from the Offering.

The following table sets out the number of Offered Shares that may be sold by the Selling Shareholder to the Underwriters pursuant to the exercise of the Over-Allotment Option:

Underwriter's Position	Maximum Number of Common Shares Available	Exercise	Exercise Price
Over-Allotment Option	●	Within 30 days following Closing	\$● per Common Share

Unless otherwise indicated, all information in this prospectus assumes that the Over-Allotment Option will not be exercised.

The Underwriters, as principals, conditionally offer the Offered Shares qualified under this prospectus, subject to prior sale, if, as and when issued by the Corporation or, in the case of the Selling Shareholder, if, as and when sold by the Selling Shareholder and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement as further described under the heading "Plan of Distribution", and subject to the approval of certain legal matters on behalf of the Corporation by Fasken Martineau DuMoulin LLP and on behalf of the Underwriters by Torys LLP.

Subscriptions for Offered Shares will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. The closing date of the Offering is expected to occur on or about ● , 2016 or such other date as the Corporation and the Underwriters may agree, but in any event no later than the date that is 42 days after the date of the receipt for the (final) prospectus (the "Closing Date").

Closing of the Offering is conditional on the Common Shares being approved for listing on the Toronto Stock Exchange (the "TSX").

Offered Shares will be delivered electronically through the non-certificated inventory ("NCI") system of CDS Clearing and Depository Services Inc. ("CDS"). On the Closing Date, the Corporation, via its transfer agent, will electronically deliver the Offered Shares registered to CDS or its nominee. A holder of an Offered Share participating in the NCI system will not be entitled to a certificate or other instrument from the Corporation or the Corporation's transfer agent evidencing that person's interest in or ownership of Offered Shares, nor, to the extent applicable, will such holder be shown on the records maintained by CDS, except through an agent who is a CDS participant. See "Plan of Distribution".

Additional information with respect to the Selling Shareholder is described further under the heading "Principal Shareholders".

Johan Vandersande, an individual expected to be a director of the Corporation on or prior to Closing, resides outside of Canada. Mr. Vandersande has appointed the Corporation at its head office as his agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgements obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process in Canada.

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PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and is qualified in its entirety by, and should be read together with, the more detailed information and the financial data and statements contained elsewhere in this prospectus. Please refer to “Appendix ‘A’ — Glossary of Terms” for the meaning of certain terms used in this prospectus.

Description of the Business

Therapure is a biopharmaceutical company focused on manufacturing complex biologics for its customers and the development, manufacture and sale of its own blood and plasma-related therapeutic products. Therapure’s business activities consist of: (i) outsourced pharmaceutical development and manufacturing (“**CDMO**”) services under the banner Therapure Biomanufacturing and (ii) proprietary product development under the banners Therapure Biologics and Therapure Innovations (“**Products**”).

Therapure Biomanufacturing is a leading supplier of pharmaceutical outsourcing services, primarily to the biologics sector of the pharmaceutical market. It provides manufacturing solutions to clients ranging from large pharmaceutical companies to mid-sized and emerging biotech companies. It has significant expertise in the development of efficient and scalable manufacturing processes and production of material for the different stages of development (preclinical, clinical and commercial), particularly in working with mammalian cell culture and complex starting materials such as blood plasma and transgenic sources. Therapure provides biomanufacturing services from a state-of-the-art facility in Mississauga, Ontario, which is designed to comply with current good manufacturing practices (“**CGMP**”). Management believes that the Corporation’s revenue growth, evidenced by a compound annual growth rate (“**CAGR**”) of approximately 50% since 2010, attests to its successful business model, the increasing demand for its products and services and continued client satisfaction. In addition, Therapure’s CDMO business lends itself to long-term client retention. This client ‘stickiness’ is due to the high costs that would be incurred by a client if it switched to a competitor as measured in both time and money; management believes that it would take approximately three years and cost around \$10 million to effect an established process. Management is not aware of any client having left Therapure for a competitor over the past four years.

Therapure Biologics builds on Therapure’s manufacturing capabilities and plasma protein expertise. Under Therapure Biologics, Therapure plans to enter the plasma-derived specialty drug products market with a portfolio of its own products, the majority of which it will manufacture using a proprietary protein separation technology called PlasmaCap EBA™ (“**PlasmaCap**”). Therapure believes that PlasmaCap optimizes the recovery of therapeutic proteins from plasma by improving protein yields and lowers capital and operating costs while providing access to new plasma proteins not currently available in the market. Subject to the receipt of a special dispensation, Therapure expects to launch its nerve gas antidote product (“**BioScavenger**”) for emergency use as early as 2017, followed shortly thereafter by intravenous immunoglobulin (“**IVIG**”) and albumin in 2018 in the North American market. It is anticipated that these introductions will be followed by additional product launches, including the launch of alpha-1 antitrypsin (“**AAT**”) anticipated in 2020 in the North American market.

Therapure Innovations has a pipeline of new drug product candidates targeted at large markets with unsatisfied medical needs in the areas of liver cancer (“**TBI 302**”), anemia (“**TBI 304H**”) and organ preservation (“**TBI 310**”). The two lead candidates (TBI 302 and TBI 304H) are expected to begin clinical trials in 2016 for the United States (“**US**”) market, following the recent approval by the Food and Drug Administration (“**FDA**”) of their investigational new drug (“**IND**”) applications. Therapure is developing its regulatory strategy which includes expanded clinical trials for the Canadian market and other jurisdictions. Therapure sees partnering as the most appropriate/likely strategy for these assets following Phase I clinical trials.

Industry Overview and Market Opportunity

Within the global pharmaceutical industry, Therapure operates primarily in the US\$169 billion biologics market. Biologics (often referred to as biopharmaceuticals or large molecules) are distinct from chemically synthesized pharmaceutical products (often referred to as small molecules) and are manufactured from living

organisms and cells which require rigorous controls and safeguards. Examples of biologics are vaccines, antibodies, blood or plasma and recombinant therapeutic proteins. Therapure has developed a specialization in two sub-segments of the biologics market: (i) outsourced development and manufacturing; and (ii) products made from blood and plasma.

The biologics sector has experienced significant growth over the past decade both on an absolute basis and also relative to its overall contribution to global pharmaceutical revenue. During the period from 2002 to 2012, the biologics market grew at a CAGR of 14% to US\$169 billion.

The share of total drug revenues accounted for by biologic products rose from 11% to 15% between 2002 and 2007. It reached 18% in 2012 and is expected to reach 19% or 20% by 2017. Furthermore, approximately one-quarter of the new drug approvals in 2014 were for biologics according to the FDA. Biologics accounted for seven of the ten best-selling drugs in 2014.

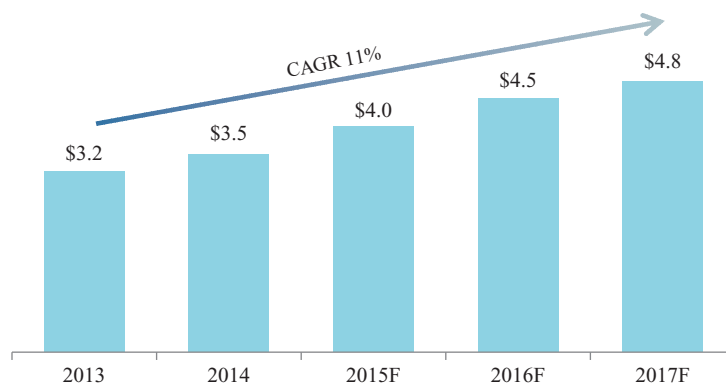
The complexity of biologics manufacturing and the complexity of characterizing biologics compounds has somewhat insulated the biologics segment as a whole from the level of generic competition and subsequent price erosion seen with small molecules, and, although the approval of generic biologics is on the rise, Therapure expects this dynamic to continue for the near future for new biologics, particularly in the US under recently enacted biosimilar legislation regarding the development of follow-on biologics.

CDMO

In the biologics sector, Therapure Biomanufacturing provides outsourced manufacturing of proteins from complex sources including mammalian cell culture, blood plasma and transgenics.

The manufacturing of biologics is significantly more complex than the manufacturing of traditional small molecule drugs and requires significant infrastructure as well as technical expertise. In order to have capacity available upon commercial approval, companies without existing manufacturing capabilities would need to invest in a facility while products are still in development and commercial approval is uncertain. Consequently, Therapure's management believes internal manufacturing is uneconomical for most biotech companies. The biologics CDMO sector's annual estimated revenues in 2013 were US\$3.2 billion with a forecasted CAGR of 11% through to 2017 (Figure 1).

Figure 1: Growth of Biologics CDMO Market (US\$ billions)

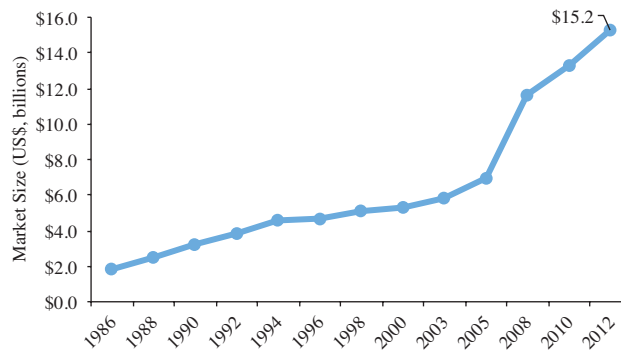


Therapure's CDMO business can provide services in respect of multiple biologic product classes, including recombinant proteins, monoclonal antibodies, vaccines and blood products, creating commercial opportunities. Additionally, Therapure has unique capabilities in blood products and, in particular, plasma-derived proteins or products which provide significant opportunities in both its CDMO and Products business activities.

Plasma Protein Therapeutics

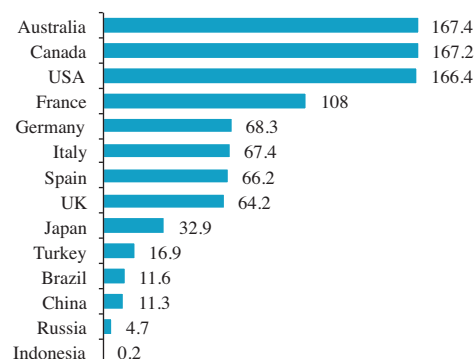
Blood plasma is a cell free, protein-rich fluid that is collected from human donors. It contains a vast array of active proteins, including enzymes and antibodies, many of which can be used therapeutically. The global industry for therapeutic proteins derived from plasma generated an estimated US\$15.2 billion of revenue in 2012, with a CAGR of 11.8% since 2005 (Figure 2).

Figure 2: Total market size of plasma-derived therapeutics (US\$ billions)



The US plasma protein therapeutics market alone reached US\$7.8 billion in 2014. The demand for plasma protein therapeutics has grown at a significant rate, with a number of key trends underlying this growth. First, while the overall market is currently characterized by significant activity in developed nations, as evidenced by consumption of IVIG per capita in Figure 3 below, health care outcomes continue to improve in the developing world. Demand in developing and developed nations will converge, driving further growth. Second, indications for plasma proteins continue to grow. Third, there has been a significant increase in the number of different plasma protein therapeutics being marketed over time and the pipeline of products currently undergoing clinical trials. A fourth market driver is improved patient diagnosis which results in better patient outcomes and increased demand for plasma protein therapeutics. Given the high level of safety of plasma protein therapeutics, increased dosages are also resulting in better patient outcomes and further driving overall product demand.

Figure 3: Global 2012 Immunoglobulin Grams per Thousand Inhabitants Consumption per Capita in Select Countries



Global capacity for plasma-derived protein production has increased at a slower pace than demand. The growth in the market continues to outpace existing and planned supply; a trend management expects to continue. Management believes that the high capital expense and large scale associated with the cold ethanol fractionation (or “Cohn fractionation”) technology relied upon by existing producers preclude moderate incremental increases to capacity.

Competitive Strengths

Therapure's key competitive strengths related to manufacturing biologics for both third parties and its own proprietary products include the following:

- **Extensive Expertise in Blood Plasma and Protein Production and Purification:** Few other CDMOs have the development and manufacturing capabilities to work with blood or plasma-based products. Therapure's history and expertise with blood-related products, in combination with its facility that was specifically designed to meet the higher regulatory requirements for blood related product manufacturing, make the Corporation a leader in this space. In addition, Therapure has extensive experience with methods/processes available to inactivate or remove potential viruses that may be found in human blood as well as with sourcing, handling and the traceability requirements of raw plasma/plasma protein therapeutics. Therapure leverages these unique capabilities across both the CDMO and Products segments.
- **Disruptive Plasma Technology:** Therapure believes that its proprietary PlasmaCap technology has significantly higher yields, lower capital requirements and cost benefits as compared with the plasma fractionation technologies (such as Cohn fractionation) used by Therapure's existing competitors. This proprietary technology gives Therapure an advantage compared with competitors for toll manufacturing contracts related to plasma proteins and for manufacturing Therapure's own pipeline of plasma-derived products.
- **Improved Access to High Margin Scarce Proteins:** The passive processing nature for the PlasmaCap technology tends to be gentle on proteins that may be labile. Also, the selective nature of the resin used results in lower losses of proteins that are not the target protein for that step. As a result, more of the protein that becomes the target in later steps remains (i.e. higher yields), making it economical to recover and purify scarce proteins. The opposite is true for cold ethanol fractionation, which is a relatively harsh process that destroys or damages many of the valuable proteins and concentrations of enzymes available from plasma. Also, because the cold ethanol fractionation process is not selective, except for albumin, it results in other potential proteins being too low in concentration to currently make recovery economical. Consequently, Therapure believes that its proprietary and selective PlasmaCap technology is able to purify proteins which are scarcer in plasma compared to Cohn fractionation at significantly improved yields. This provides for margin expansion and extracts more revenue opportunities from the same litre of plasma.
- **State-of-the-Art Facility:** Therapure's 130,000-square-foot facility was built specifically for the manufacture of therapeutic biologics. Therapure has continued to invest significantly in enhanced manufacturing capacity to support long-term commercial client projects and facility capacity to support continued growth. In addition, Therapure has invested in equipment and additional clean room space to respond to the specific requirements of existing clients as their product needs develop. Sustaining the infrastructure to produce biologics is a motivating factor for biotech companies to seek Therapure's CDMO services due to the long lead times, regulatory hurdles and costs to develop their own facilities. The replacement cost of Therapure's facility (including land value) is estimated at \$180 million and would take a minimum of three to four years to reconstruct.
- **Demonstrated Expertise in Executing Complex Processes:** Management believes that Therapure's ability to handle complex processes has been a significant contributing factor in both the Corporation's growth and its clients' willingness to invest in Therapure's facility to meet their specific requirements. This is demonstrated by Therapure's solid track record of growth in the CDMO business. Since 2010, revenue from CDMO has grown at a 50% CAGR to approximately \$33 million in 2014.
- **Customer Centric Approach:** Therapure uses a broad service offering to attract a growing portfolio of client projects at all stages of development. In the field of biologics, the manufacturing process is integral to the quality and definition of the product, which makes it undesirable to change manufacturers once a CDMO relationship is established. As a result, relationships with clients tend to be long-term, which can provide significant future benefit in terms of repeat manufacturing as the product moves through the regulatory

approval process and ultimately to commercial manufacturing. Therapure sees this investment as more than simply providing a service; the Corporation sees this investment as developing a partnership with the client, as CDMO clients have invested more than \$17 million in Therapure's facility. In addition, Therapure has invested and will continue to invest in the capacity to add commercial scale capabilities. This gives Therapure's clients the assurance they need to view their CDMO relationship with Therapure as a long-term partnership rather than a short-term transaction.

- **Highly Experienced Management Team:** Therapure's management team offers an extensive combination of technical, scientific, product development and managerial expertise and a strong corporate track record in the areas of business and financial management, sales and marketing, manufacturing and technology. Therapure's key management personnel have, on average, more than 20 years of experience in Therapure's target industries. Such management personnel are supported by approximately 300 employees, the majority of whom have extensive scientific and/or technical backgrounds.
- **Full-Service Offering:** Therapure offers a wide range of CDMO services, ranging from early-stage development, process optimization through protein manufacture, purification and aseptic fill/finish (including lyophilization), enabling the company to meet most of its clients' CDMO service needs in relation to drug substance and drug product.

Facility

Existing Facility

Therapure owns a manufacturing facility located in Mississauga, Ontario, which consists of a single, highly secure multi-storey building located in an industrial area. This facility includes more than 130,000 square feet of office, clean manufacturing and research space; quality control laboratories; and a warehouse built to FDA, European Medicines Agency ("EMA"), and Health Canada ("HC") standards for the aseptic handling and purification of proteins. The storage areas, air handling systems, clean suites, water systems, security and all other systems, such as clean steam and compressed air, are all state-of-the-art, validated and maintained as appropriate for CGMP manufacturing.

Since acquiring the facility in 2007, Therapure has made significant improvements to it such that the facility has a value of approximately \$180 million based on replacement cost (including land value). In addition, Therapure's customers have made non-refundable contributions of approximately \$17 million towards the development of Therapure's facility for the manufacture of their products. At the completion of a project related to a customer's product, Therapure retains any equipment and other assets.

Therapure has invested heavily over the past few years to establish capacity and expanded capabilities. In 2014, Therapure utilized approximately 15% of its capacity with a significant proportion of the additional capacity of the facility undergoing modification to establish manufacturing units to support its existing contractual commitments. As these units come online during 2015/16, management expects these facilities to contribute significantly toward the increased capacity utilization. Management anticipates 60%⁽¹⁾ total capacity utilization by 2018, with 40% capacity utilization from existing contracts and 20% expected from clients in early stage clinical development or new business.

(1) See discussion of associated risks and uncertainties associated with estimates of capacity utilization at Note 49 below.

Proposed Expansion

Therapure's current facility has a flexible design in order to meet the needs of Therapure's CDMO clients. As large scale manufacture of plasma protein therapeutics does not require the same level of flexibility, Therapure plans to expand the existing facility to provide a purpose built space designed for the efficient manufacture of plasma protein therapeutics using the PlasmaCap technology. As such, Therapure intends to expand the current 130,000 square foot facility by an additional 80,000 square feet. The expanded facility space is intended primarily as single purpose for entry into plasma protein therapeutics market and is expected to provide an annual plasma protein therapeutics manufacturing capacity of 750,000 litres per year. Management does not believe using the existing CDMO space for the manufacture of plasma protein therapeutics would be cost effective or efficient given the different layouts and equipment required. The cost of the facility build related to the production of IVIG and albumin is anticipated to be approximately \$121 million.⁽²⁾ Management is pursuing government grants to partially offset this cost. Additional expansion to the facility for the production of AAT is planned at an estimated cost of \$37 million.⁽³⁾ The facility is designed to have the flexibility to increase capacity to 1,000,000 litres for an additional capital outlay of approximately \$17.4 million.⁽⁴⁾ Given the long lead times to build a facility, this process has been initiated and is expected to be completed for IVIG and albumin production by the end of 2017. Due to the scale and dedicated requirement of the plasma protein therapeutics, a purpose built facility is considered to be the more cost effective when compared with the repurposing of the existing flexible CDMO facility.

Growth Strategy

Therapure has made significant investments in its facility and its people, systems, processes and core capabilities over the course of the last seven years, which form the foundation of its strategy consisting of the following:

CDMO

Execute on Existing Contracts

Therapure and its clients have invested heavily in its Mississauga facility to establish manufacturing capacity for a significant number of commercial and late phase products (Phase III and beyond). Based on client projections for their own products, Therapure now has the capacity in place to support growth in the short term and also upon clients' products achieving approval for new indications and in new geographies. In many cases, Therapure is the sole commercial scale supplier of its clients' products.

Increase Market Penetration

Management believes Therapure is well positioned to capture additional share of the growing biologics market. With 4,000 biologic candidates in research and development, management believes that there are not enough CDMOs with the biologics experience and capacity necessary to meet the growing demand. Therapure relies upon its reputation (demonstrated by industry awards won) as well as its client centric approach to distinguish the Corporation in the CDMO market. As of September 30, 2015, Therapure's team of four business development professionals is actively pursuing a total of 43 opportunities and has issued quotes on 38 of these opportunities totalling \$135 million of business that Therapure is targeting in the near term. The 38 quotes relate to the initial project phase which lasts from 2 months to 30 months (average 13 months). The initial project phase generally covers the technology transfer of a commercial or clinical process or the manufacture of materials for a single clinical phase. Commercial manufacturing is not included in this quote amount. See

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- (2) This figure includes approximately US\$50 million of costs which are anticipated to be incurred in US funds. Such costs have been converted to Canadian funds based on a US to Canadian foreign exchange rate of 1.32.
- (3) This figure includes approximately US\$23 million of costs which are anticipated to be incurred in US funds. Such costs have been converted to Canadian funds based on a US to Canadian foreign exchange rate of 1.32.
- (4) This figure includes approximately US\$7.5 million of costs which are anticipated to be incurred in US funds. Such costs have been converted to Canadian funds based on a US to Canadian foreign exchange rate of 1.32.

“Description of the Business — Sales and Marketing — Services (CDMO)”. The 43 opportunities include new products from both existing and new customers. While Therapure’s current business consists primarily of products that are in late stage development or commercially approved, the Corporation believes it can increase its market share by growing its number of clients’ products in all phases of development.

Clinical Advancement of Manufacturing

The demand for Therapure’s services increase as clients’ products progress through the phases of clinical development and are commercially approved. Given that Management is not aware of any client having left Therapure for a competitor over the past four years, the progression of clients’ products is expected to contribute significantly to growth. Approximately 53% of the total number of Therapure’s 2014 projects were represented by products that are or will soon be in Phase III or have regulatory approval for commercial sale (see Figure 17). The lower attrition rate of biologics compared to small molecules creates a greater commercial opportunity for biologics CDMOs (such as Therapure) as opposed to small molecules CDMOs. Furthermore, given the specific expertise Therapure gained through the provision of services during the clinical process, its clients’ ability and willingness to change manufacturers are often limited.

Products — Therapure Biologics

Develop and Commercialize its Own Catalogue of Plasma Protein Therapeutics

In 2009, Therapure decided to leverage its biologics manufacturing capabilities to develop its own products to sell directly. In 2012, Therapure acquired the EBA Rights to complement its internal intellectual property and significant capabilities in the fields of chromatography, plasma protein purification and blood-related products. Once the technology was in place, Therapure initiated development of its own proprietary plasma protein therapeutics.

Under its Therapure Biologics banner, Therapure plans to use its PlasmaCap technology to isolate plasma proteins at higher yields and therefore lower cost than its competitors that rely on less efficient technology. Additionally, at present, the plasma protein therapeutics market is typically characterized by a relatively shorter path to market with certain regulatory bodies requiring more limited clinical trials due to the high level of patient safety associated with these products and as a result of plasma originating from the human body and these proteins acting as a supplement. See “Compliance and Regulatory”.

Therapure’s plasma protein therapeutics strategy balances opportunity and associated risk, as well as the ability to leverage the PlasmaCap technology. Therapure’s strategy to develop its plasma protein therapeutics has three main areas of focus:

- **Target two well-established proteins (IVIG and albumin) that have significant existing market demand and established distribution channels as its initial product candidates:** IVIG and albumin had global market sizes of US\$6.8 billion and US\$2.0 billion, respectively, in 2012. Additionally these proteins have well established distribution channels which Therapure plans to leverage in order to minimize sales and marketing efforts and market risks. See “Industry Background — Plasma-Derived Specialty Pharmaceutical Products — Established Paths to Market for Key Products in Canada and the US”. Therapure plans to limit risk by utilizing its existing manufacturing site for clinical production and then expanding this facility for commercial production. See “Description of the Business — Facility and Equipment — Proposed Expansion”.
- **Commercialize AAT following the launch of IVIG and albumin:** AAT, a third well-established protein in a high growth market, is currently targeted to be introduced to the market in 2020. AAT had a global market size of US\$600.7 million in 2012. Management believes that Therapure has attained yields that are four times that of existing manufacturers (see “Description of the Business — Technology”) and the Corporation intends to use the experience it will have gained with plasma products to launch a targeted specialty sales force to focus on the AAT market and work with advocacy groups to address unmet patient needs.

- **Target launching additional high margin plasma protein therapeutics:** Unlike the industry standard process, Cohn fractionation, Therapure's proprietary PlasmaCap technology does not denature scarce proteins (see "Description of the Business — Technology"). Therapure has already identified additional plasma protein therapeutics that it plans to develop and commercialize following the launch of AAT. These follow-on products are expected to contribute to margin since they will be extracted from the same litre of plasma as Therapure's IVIG, albumin and AAT products, limiting incremental raw material costs. It is estimated the global market size for other such proteins, excluding recombinant proteins, was \$5.8 billion in 2012.

Given the importance of securing a supply of plasma, Therapure is taking a three-pronged approach to maintaining a long-term supply of plasma at competitive prices. The first strategy is to procure plasma from Canada as part of the tender process. Given the geographic location and expected improved yields, Therapure believes this is a viable path. The second strategy is to establish Therapure's own collection centers managed by it or third parties, as appropriate. The third strategy involves open market purchases which represent short-term contracts. These short-term contracts would give Therapure the flexibility to increase or decrease supply to provide swing capacity as needed. Therapure is actively engaged in discussions with stakeholders in respect of all three approaches.

Provide a Domestic Solution for Canadian Demand for Plasma Proteins

As described above under the heading "Industry Background — Plasma-Derived Specialty Pharmaceutical Products — Compelling Domestic Market", there is currently no Canadian manufacturer of plasma protein therapeutics able to supply IVIG and albumin to Canadian Blood Services or Héma-Québec. This void in the market creates both toll manufacturing and product sales prospects for the Corporation. Therapure believes there is a significant opportunity for a Canadian-based company, with a cost structure that includes a high proportion of Canadian dollar expenses and that is more closely aligned with the Canadian market than its foreign competitors, to supply a sizable portion of the Canadian market. Therapure's additional capacity and higher yielding process in the marketplace would be a positive step toward fulfilling an expressed desire on the part of Canadian Blood Services for Canada to be self-sufficient in plasma protein therapeutics production. Additional factors supporting domestic production capabilities include the creation of an estimated 250 Canadian jobs, increased tax revenues and reduced transportation costs for plasma and plasma protein therapeutics.

Commercialize BioScavenger and Capture Additional Strategic Agreements in the Areas of Biodefence

Therapure has identified opportunities in two related fields for its nerve gas antidote product, BioScavenger. The first and likely shorter-term opportunity is to market the product for post-exposure use. If the regulatory approval for post-exposure use of the product is granted, as expected, through a special dispensation (Treatment IND or Emergency Use Authorization), BioScavenger has the potential to generate revenue for Therapure as early as 2017. Preliminary discussions have already been initiated with the Canadian Department of National Defence, which is acting on its own and on behalf of Germany, Australia and the United Kingdom. The second application, for which FDA approval is being sought, is as a prophylactic (pre-exposure). The product will be used to provide protection for those who enter fields where there is an exposure potential. As a result, this application may have a demand for both ongoing consumption as well stockpile by the North Atlantic Treaty Organization ("NATO") countries and their allies.

Summary of Selected Financial Information

The following table presents selected financial information for the years ended December 31, 2014, 2013 and 2012 and for the nine-month period ended September 30, 2015, in each case prepared in accordance with IFRS. The following data should be read along with “Presentation of Financial Matters — Selected Financial Information”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, and the audited and interim financial statements and related notes of the Corporation, included elsewhere in this prospectus. Unless otherwise indicated, all financial information with respect to the Corporation has been presented in Canadian dollars.

(\$ 000)	Year Ended December 31			Nine Months Ended September 30	
	2014	2013	2012	2015	2014
Revenues	32,969	25,231	11,680	29,488	19,284
<i>growth compared with prior period</i>	31%	116%		53%	
Net Loss & Comprehensive Loss	(13,374)	(11,800)	(11,988)	(10,869)	(11,067)
Adjusted EBITDA	(119)	(2,571)	(7,075)	(1,650)	(3,877)
Total Assets	<u>104,757</u>	<u>78,473</u>	<u>62,052</u>	<u>119,238</u>	<u>97,728</u>

Consolidated Capitalization

The following table sets forth the consolidated capitalization of Therapure: (i) as at December 31, 2014; (ii) as at September 30, 2015; (iii) as at September 30, 2015 after giving effect to the Pre-Closing Transaction and the Credit Agreement; and (iv) as at September 30, 2015 after giving effect to the Pre-Closing Transaction, the Credit Agreement, and the Offering. The table below should be read together with “Prospectus Summary — Summary of Selected Financial Information”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Use of Proceeds” and Therapure’s financial statements and related notes included elsewhere in this prospectus.

	Authorized	Outstanding as at December 31, 2014	Outstanding as at September 30, 2015	Outstanding as at September 30, 2015 after giving effect to the Pre- Closing Transaction and the Credit Agreement ⁽³⁾⁽⁴⁾⁽⁶⁾	Outstanding as at September 30, 2015 after giving effect to the Pre- Closing Transaction, the Credit Agreement, and the Offering ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾
		(\$ thousand)	(\$ thousand)	(\$ thousand)	(\$ thousand)
Cash and cash equivalents	—	\$ 1,446	\$ 1,766	\$ 31,598	\$ ●
Total debt	—	\$113,671	\$ 3,576	\$ 32,450	\$32,450
Shareholder loan	—	\$113,671	\$ —	\$ —	\$ —
Contribution Agreement	—	\$ —	\$ 3,576	\$ 5,662	\$ 5,662
Credit Agreement	—	\$ —	\$ —	\$ 26,788	\$26,788
Share capital ⁽¹⁾					
Common Shares ⁽⁵⁾	unlimited	\$ 35,148 (2,828,710 Common Shares)	\$163,311 (4,152,546 Common Shares)	\$163,311 (79,728,883 Common Shares)	\$ ● (● Common Shares)
Preferred Shares	unlimited	\$ — (nil Preferred Shares)	\$ — (nil Preferred Shares)	\$ — (nil Preferred Shares)	\$ — (nil Preferred Shares)

Notes:

- (1) At Closing, the Corporation’s authorized share capital will consist of an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series. No series of Preferred Shares will be issued as at Closing. See “Description of Share Capital”.
- (2) This table does not reflect restricted share awards or Options outstanding to purchase Common Shares. See “Executive Officers and Directors Compensation — Components of Total Compensation — 2016 Restricted Share Plans”, “Executive Officers and Directors Compensation — Employment and Consulting Contracts” and “Executive Officers and Directors Compensation — Components of Total Compensation — Incentive Plan”.
- (3) Reflects accounting value of the cash receipts under the Contribution Agreement as of November 20, 2015.
- (4) Prior to or concurrently with Closing, the Corporation will complete the Pre-Closing Transaction. See “Pre-Closing Transaction”.
- (5) Immediately after Closing, the Corporation will:
 - (a) contingent upon the achievement of certain performance objectives related to the valuation of the Corporation immediately prior to completion of the Offering, award an aggregate of up to \$2.5 million in cash bonus payments to certain employees of the Corporation. Management expects that at least \$1.5 million will be payable;
 - (b) issue an aggregate of 195,302 Common Shares to certain employees in consideration for past services at a price equal to the Offering Price;
 - (c) issue an aggregate of 979,814 restricted shares to certain employees pursuant to the Corporation’s Canadian form of restricted share plan at a price equal to the Offering Price. See “Executive Officers and Directors Compensation — Components of Total Compensation — 2016 Restricted Share Plans”;
 - (d) contingent upon the achievement of certain specified financial performance targets and other business objectives, issue an aggregate of 996,499 restricted shares to Nicholas Green pursuant to the Corporation’s US form of restricted share plan at a price equal to the Offering Price. See “Executive Officers and Directors Compensation — Components of Total Compensation — 2016 Restricted Share Plans” and “Executive Officers and Directors Compensation — Employment and Consulting Contracts”; and
 - (e) contingent upon the achievement of certain performance objectives related to the valuation of the Corporation immediately prior to completion of the Offering, issue up to an aggregate of 398,630 restricted shares to Nicholas Green pursuant to the Corporation’s US form of restricted share plan at a price equal to the Offering Price. See “Executive Officers and Directors Compensation — Components of Total Compensation — 2016 Restricted Share Plans” and “Executive Officers and Directors Compensation — Employment and Consulting Contracts”.

Such post-Closing transactions (the “**Post-Closing Transactions**”) (other than restricted share awards) are reflected in this table.

- (6) Reflects accounting value of the cash receipts under the Credit Agreement as of November 20, 2015.
- (7) The net proceeds to the Corporation from the Offering are estimated to be \$ ● , based on the issuance of ● Offered Shares for aggregate gross proceeds of \$ ● less the Underwriting Fee of \$ ● and expenses of the Offering estimated to be \$ ● .

The Offering

Issuer:	Therapure Biopharma Inc.
Selling Shareholder:	Catalyst Fund II
Offering:	<ul style="list-style-type: none">• Offered Shares pursuant to the Treasury Offering• Offered Shares pursuant to the Secondary Offering
Offering Price:	\$ ● per Offered Share. It is anticipated that the Offering Price will be between \$11.00 and \$13.00 per Common Share.
Common Shares Outstanding prior to the Offering:	Following completion of the Pre-Closing Transaction, and prior to Closing, there will be 80,924,813 Common Shares issued and outstanding. Catalyst Fund II will beneficially own approximately 96.61% of the outstanding Common Shares, and current and former employees will own the approximately 3.39% of the remaining outstanding Common Shares. See “Principal Shareholders” and “Options to Purchase Securities”.
Common Shares Outstanding after the Offering:	Immediately after Closing and completion of the Post-Closing Transactions and assuming the Over-Allotment Option has not been exercised, Catalyst Fund II will beneficially own 74,013,026 Common Shares, representing approximately 83.38% of the outstanding Common Shares (after taking into account the restricted shares to be issued immediately following Closing). See “Principal Shareholders”, “Executive Officers and Directors” and “Pre-Closing Transaction”.
Over-Allotment Option:	The Corporation and the Selling Shareholder have granted the Underwriters an Over-Allotment Option, exercisable in whole or in part at any time and from time to time, for a period of 30 days following Closing, to purchase (i) from the Corporation, up to an aggregate of ● Common Shares (representing 15% of the Treasury Offering), and (ii) from the Selling Shareholder, up to an aggregate of ● Common Shares (representing 15% of the Secondary Offering), in each case at the Offering Price and on a pro rata basis in proportion to the aggregate number of Common Shares sold pursuant to the Treasury Offering and Secondary Offering. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriting Fee, the net proceeds to the Corporation and the net proceeds to the Selling Shareholder will be \$ ● , \$ ● , \$ ● and \$ ● , respectively. See “Plan of Distribution — Over-Allotment Option”.
Use of Proceeds:	<p>The net proceeds to be received by Therapure and the Selling Shareholder from the Offering are estimated to be \$ ● (\$ ● if the Over-Allotment Option is exercised in full), after deducting the Underwriting Fee of \$ ● (or \$ ● if the Over-Allotment Option is exercised in full) and the expenses of the Offering payable by Therapure, which are estimated to be \$ ● . Each of Therapure and the Selling Shareholder will receive the net proceeds from the Offered Shares sold by such seller.</p> <p>Therapure expects to use its anticipated net proceeds of the Offering of \$ ● primarily for (i) plant expansion related to the production of IVIG and albumin and (ii) development of the Therapure Biologics business. See “Description of the Business— Facility and Equipment— Proposed Expansion”. The proceeds may also be used for working capital and general corporate and administrative purposes.</p> <p>While Therapure currently anticipates that it will use the net proceeds of the Offering received by it as set forth above, it may re-allocate the net proceeds</p>

of the Offering received by it, having consideration to its strategy relative to market and other conditions in effect at the time. Pending use of the net proceeds of the Offering, such net proceeds will be invested as determined by the Board.

Restrictions on the Sales of Common Shares:

Pursuant to the Underwriting Agreement, the Corporation has agreed that without the prior written consent of the Joint Bookrunners on behalf of the Underwriters, which consent shall not be unreasonably withheld or delayed, it will not, during the period ending 180 days after the Closing Date (the “**Blackout Period**”): (i) offer, sell, issue, contract to sell, pledge or otherwise dispose of, directly or indirectly, any Common Shares, rights to purchase Common Shares or any securities convertible into or exercisable or exchangeable for Common Shares; (ii) enter into any swap, hedge or any other agreement that transfers, in whole or in part, the economic consequences of ownership of Common Shares; or (iii) agree or announce any intention to do any of the foregoing, other than Common Shares issuable under the Over-Allotment Option or under equity compensation plans of the Corporation outstanding at Closing; regardless of whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Shares, or other securities or interests, in cash or otherwise. See “Plan of Distribution”.

Lock-up Arrangements:

Prior to Closing, the Joint Bookrunners, on behalf of the Underwriters will enter into a lock-up agreement with each (i) director of the Corporation, (ii) of the holders of Common Shares immediately prior to the Closing Date, and (iii) of the officers and employees of the Corporation that will be issued Common Shares and restricted shares immediately following Closing, pursuant to which each such party will agree, subject to certain exceptions, not to offer, sell, contract to sell, agree to sell, pledge, hypothecate, grant or otherwise dispose of, or agree to dispose of, directly or indirectly, any Common Shares or securities convertible into or exchangeable or exercisable for any Common Shares or Common Shares issuable on the conversion or exchange of any convertible security (whether such Common Shares or convertible securities were held or received prior to, at, or after Closing), enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of Common Shares, without the prior written consent of the Joint Bookrunners, on behalf of the Underwriters, for the duration of the Blackout Period.

See “Plan of Distribution” and “Principal Shareholders”.

Risk Factors:

An investment in Common Shares is speculative and involves a high degree of risk. Prospective purchasers of Common Shares should carefully consider information set forth under the heading “Risk Factors” and other information included in this prospectus before deciding to invest in Common Shares.

Risks relating to Therapure’s operations include those relating to: (i) dependency on Therapure customers; (ii) dependency on end users; (iii) necessary materials or ingredients; (iv) contamination, supply and quality of plasma; (v) risks associated with BioScavenger; (vi) commercializing products in development; (vii) ongoing regulatory compliance; (viii) dependence on the existing plant; (ix) proposed plant expansion; (x) manufacturing costs; (xi) manufacturing scalability; (xii) manufacturing quality; (xiii) payment and reimbursement; (xiv) competitive business

environment; (xv) management and employees; (xvi) net losses and negative cash flow; (xvii) foreign currency transactions; (xviii) insufficient liquidity; (xix) product liability; (xx) technological evolution; (xxi) hazardous materials, wastes, and environmental liabilities; (xxii) occupational and public health hazards, and personal safety; (xxiii) employee misconduct; (xxiv) computer system failures; (xxv) debt financing; (xxvi) inability to realize potential benefits from growth; (xxvii) conflicts of interest; (xxviii) quarterly financial and operational results; (xxix) internal controls; (xxx) interpretation of financial results; (xxxi) litigation; (xxxii) dependence on future transactions; and (xxxiii) changes in market and general economic conditions.

Risks relating to intellectual property include those relating to: (i) patent protection; (ii) in-licensed patent rights; (iii) third party infringement claims; (iv) trade-marks; (v) monitoring intellectual property; (vi) trade secrets; (vii) international enforcement; (viii) counterfeit reproductions of Therapure's products; and (ix) Company as licensee in the event of bankruptcy of a licensor.

Risks relating to the Offering include: (i) no prior public market for Common Shares; (ii) investment net proceeds of the Offering; (iii) loss of entire investment; (iv) market price of the Common Shares; (v) dividend policy; (vi) future capital requirements and dilution; (vii) controlling shareholder; and (viii) future sales of Common Shares by existing shareholders.

PRE-CLOSING TRANSACTION AND BASIS OF PRESENTATION OF THERAPURE

As disclosed under the heading “Pre-Closing Transaction” in this prospectus, prior to or concurrently with Closing, Therapure will complete the Pre-Closing Transaction. Accordingly, unless otherwise indicated, it is assumed that the Pre-Closing Transaction have been completed. References to “**management**” in this prospectus mean the executive officers of the Corporation. Any statements in this prospectus made by or on behalf of management are made in such persons’ capacities as executive officers of the Corporation and not in their personal capacities.

NOTICE TO INVESTORS

General Matters

Prospective purchasers should rely only on the information contained in this prospectus. The Corporation, the Selling Shareholder and the Underwriters have not authorized any other person to provide prospective purchasers with additional or different information. If anyone provides prospective purchasers with additional, different or inconsistent information, including information or statements in media articles about Therapure or the Selling Shareholder, prospective purchasers should not rely on it and such information does not form part of this prospectus. The Corporation, the Selling Shareholder and the Underwriters are not making an offer to sell or seeking offers to buy Offered Shares in any jurisdiction where the offer or sale is not permitted. Prospective purchasers should assume that the information appearing in this prospectus is given only as at the date of the prospectus, regardless of its time of delivery or the date of any sale of Offered Shares. Therapure’s business, properties, financial condition, operations, results of operations and prospects may have changed since that date.

For investors outside of Canada, none of the Corporation, the Selling Shareholder or any of the Underwriters has done anything that would permit the Offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in Canada. Investors are required to inform themselves about and to observe any restrictions relating to the Offering and the distribution of this prospectus. See “Plan of Distribution”.

Information contained in this prospectus concerning The Catalyst Capital Group Inc. (“**CCGI**”) or Catalyst Fund II has been solely provided by CCGI or Catalyst Fund II, as applicable. While neither Therapure nor the Underwriters have any knowledge that would indicate that any such information is untrue or incomplete, neither Therapure nor the Underwriters assume any responsibility for the accuracy or completeness of any information concerning CCGI or Catalyst Fund II, or for the failure by CCGI or Catalyst Fund II to provide information which may affect the accuracy or completeness of such information.

Certain capitalized terms and phrases used in this prospectus are defined under the heading “Appendix A — Glossary of Terms”.

Market Data

This prospectus contains statistical data, market research and industry forecasts that were obtained from government or other third party publications and reports or based on estimates derived from such publications and reports and management’s knowledge of, and experience in, the markets in which the Corporation operates. Government and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but do not guarantee the accuracy and completeness of their information. None of the authors of such publications and reports has provided any form of consultation, advice or counsel regarding any aspect of, or is in any way whatsoever associated with, the Offering.

While management believes this data to be reliable, market and industry data are subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy, currency and completeness of this information cannot be guaranteed. None of the Corporation, the Selling Shareholder or the Underwriters have independently verified any of the data from third party sources referred to in this prospectus or ascertained the underlying assumptions relied upon by such sources.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking information within the meaning of applicable Canadian securities laws (collectively, “**forward-looking statements**”) regarding Therapure and the industries in which it operates, including statements about, among other things, expectations, beliefs, plans, business and acquisition strategies, opportunities, objectives, prospects, assumptions, including those related to trends and prospects and future events and performance. Sentences and phrases containing or modified by words such as “anticipate”, “plan”, “continue”, “estimate”, “intend”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targets”, “is designed to”, “strategy”, “should”, “believe”, “contemplate” and similar expressions, and the negative of such expressions, are not historical facts and are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Forward-looking statements should not be read as guarantees of future events, future performance or results, and will not necessarily be accurate indicators of the times at, or by which, such events, performance or results will be achieved, if achieved at all. Forward-looking statements are based on information available at the time and/or management’s expectations with respect to future events that involve a number of risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. The factors described under the heading “Risk Factors”, as well as any other cautionary language in this prospectus, provide examples of risks, uncertainties and events that may cause Therapure’s actual results to differ materially from the expectations it describes in its forward-looking statements. Before investing in the Corporation, readers should be aware that the occurrence of the events described in these risk factors and elsewhere in this prospectus could have an adverse effect on, among other things, Therapure’s business, prospects, operations, results of operations and financial condition.

Specific forward-looking statements contained in this prospectus include, among others, statements, management’s beliefs, expectations or intentions regarding the following:

- the completion of the Pre-Closing Transaction;
- the completion and closing of the Offering and the timing thereof;
- the use of proceeds of the Offering;
- timing of completion of Therapure’s manufacturing facility expansion;
- expected capacity utilization for Therapure’s manufacturing facility;
- Therapure’s expected growth;
- industry growth;
- future revenues and profits;
- research and development;
- clinical trials;
- commercialization of pharmaceuticals;
- expected timing and receipt of necessary regulatory approvals;
- ongoing ability to comply with FDA and other regulatory requirements for biologics manufacturing;
- the expected number of Grants to be offered pursuant to the Incentive Plan; and
- the amount of dividends expected to be paid, or ability to pay any dividends.

Readers are cautioned that the foregoing list of forward-looking statements should not be construed as being exhaustive.

In making the forward-looking statements in this prospectus, the Corporation has made assumptions regarding: general economic conditions, ability to develop, manufacture, and successfully commercialize pharmaceutical products, the availability of funds and resources to pursue research and development projects,

the successful and timely completion of clinical studies, the ability of the Corporation to take advantage of business opportunities in the pharmaceutical industry, uncertainties related to the regulatory process, continued operation of key systems, future capital needs, retention of key employees, none of the key customer contracts having been terminated, adequate management of conflicts of interests, and such other risks or factors described in this prospectus and from time to time in public disclosure documents of Therapure that are filed with securities regulatory authorities.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future events, performance or results, and will not necessarily be accurate indicators of whether such events, performance or results will be achieved. Forward-looking statements are based on information available at the time and/or management's expectations with respect to future events that involve a number of risks and uncertainties. Any forward-looking information concerning prospective results of operations, financial position, expectations of cash flows and future cash flows is based upon assumptions about future results, economic conditions and courses of action and is presented for the purpose of providing prospective purchasers with a more complete perspective on Therapure's present and planned future operations. Such information may not be appropriate for other purposes and actual results may differ materially from those anticipated in such forward-looking statements.

No auditor has compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor has any auditor expressed any opinion or any other form of assurance on such information or its achievability, and accordingly no auditor has assumed responsibility for the prospective financial information contained herein.

To the extent any forward-looking information in this prospectus constitutes future-oriented financial information or financial outlooks within the meaning of Canadian securities laws, such information has been prepared by the Corporation to provide a reasonable estimate of the potential earnings of the Corporation, subject to (among other things) the assumptions and risks discussed in this prospectus, and readers are cautioned that this information should not be relied upon for any other purpose. Future-oriented financial information contained in this prospectus is based on assumptions that the Corporation believes are reasonable in the circumstances, and are limited to a period for which such future-oriented financial information can reasonably be estimated and uses the accounting policies that the Corporation expects to use to prepare its financial statements for the periods covered by such future-oriented financial information.

Actual results could differ materially from those anticipated in or implied by any forward-looking statements, including without limitation, as a result of the risk factors, which are described in detail under the heading "Risk Factors", and other risks set out elsewhere in the prospectus. Prospective purchasers should reference the factors discussed under the heading "Risk Factors" in this prospectus. The forward-looking statements included in this prospectus are expressly qualified by this cautionary statement and are made as at the date of this prospectus. The Corporation does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. If the Corporation does update one or more forward-looking statements, it is not obligated to, and no inference should be drawn that it will, make additional updates with respect thereto or with respect to other forward-looking statements.

PRESENTATION OF FINANCIAL MATTERS

The financial statements of Therapure included within this prospectus as Appendix "D" have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost basis.

NON-IFRS MEASURES

This prospectus contains references to consolidated Adjusted EBITDA (as defined under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Key Performance Metrics — Non-IFRS Measures”), which is not a generally accepted accounting measure under IFRS and therefore may differ from definitions of such terms used by other entities. Adjusted EBITDA is defined and reconciled under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Key Performance Metrics — Non-IFRS Measures”. Therapure believes that Adjusted EBITDA is a useful supplemental measure that may assist purchasers in assessing the financial performance and the cash anticipated to be generated by the Corporation’s business.

Adjusted EBITDA measures operational performance and is intended to assist potential purchasers to assess the performance of the Corporation in comparison with peer companies.

Adjusted EBITDA should not be considered as the sole or primary measure of the Corporation’s performance and should not be considered in isolation from, or as a substitute for, analysis of the Corporation’s financial statements.

CURRENCY AND EXCHANGE RATES

Unless otherwise indicated, in this prospectus all references to: (i) “\$” are to Canadian dollars; and (ii) “US\$” are to United States dollars.

The Canadian dollar rates of exchange on the following dates were:

<u>Date</u>	<u>United States Dollars⁽¹⁾</u>	<u>Canadian Dollars⁽¹⁾</u>
December 31, 2012	\$1.00 = US\$1.0051	US\$1.00 = \$0.9949
December 31, 2013	\$1.00 = US\$0.9402	US\$1.00 = \$1.0636
December 31, 2014	\$1.00 = US\$0.8620	US\$1.00 = \$1.1601
September 30, 2015	\$1.00 = US\$0.7466	US\$1.00 = \$1.3394
January 5, 2016	\$1.00 = US\$0.7146	US\$1.00 = \$1.3993

Notes:

(1) Bank of Canada noon rates of exchange.

MARKETING MATERIALS

Any “template version” of any “marketing materials” (as such terms are defined under applicable Canadian securities laws) that are utilized by the Underwriters in connection with the Offering are not part of this prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this prospectus. Any template version of any marketing materials that has been, or will be, filed on SEDAR before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated into this prospectus.

CORPORATE STRUCTURE

General

The Corporation commenced operations as 2140304 Ontario Inc., which was incorporated on June 22, 2007 pursuant to the *Business Corporations Act* (Ontario) (the “**OBCA**”). On January 16, 2008, the Corporation changed its name to Hemosol Biopharma Inc. The Corporation further changed its name to Therapure Biopharma Inc. on August 29, 2008. Prior to or concurrently with Closing, the Corporation will amend its articles to (i) authorize the issuance of an unlimited number of Preferred Shares; (ii) remove its share transfer restrictions, and (iii) implement a share split. See “Pre-Closing Transaction”.

The Corporation's registered and principal business office is located at 2585 Meadowpine Boulevard, Mississauga, Ontario, L5N 8H9.

Intercorporate Relationships

Therapure has one wholly-owned subsidiary, Therapure Biopharma (USA) Inc., which was incorporated pursuant to the laws of the State of Delaware.

DESCRIPTION OF THE BUSINESS

Company Overview

Therapure is a biopharmaceutical company focused on manufacturing complex biologics for its customers and the development, manufacture and sale of its own blood and plasma-related therapeutic products. Therapure's business activities consist of: (i) outsourced pharmaceutical development and manufacturing ("CDMO") services under the banner Therapure Biomanufacturing and (ii) proprietary product development under the banners Therapure Biologics and Therapure Innovations ("Products").

Therapure Biomanufacturing is a leading supplier of pharmaceutical outsourcing services, primarily to the biologics sector of the pharmaceutical market. It provides manufacturing solutions to clients ranging from large pharmaceutical companies through to mid-sized and emerging biotech companies. It has significant expertise in the development of efficient and scalable manufacturing processes and in the production of material for the different stages of development (preclinical, clinical and commercial), particularly in working with mammalian cell culture and complex starting materials such as blood plasma and transgenic sources. Therapure provides biomanufacturing services from a state-of-the-art facility in Mississauga, Ontario, which is designed to comply with CGMP. Management believes that the Corporation's revenue growth, evidenced by a CAGR of approximately 50% since 2010, attests to its successful business model, the increasing demand for its products and services and continued client satisfaction. In addition, Therapure's CDMO business lends itself to long-term client retention. This client 'stickiness' is due to the high costs that would be incurred by a client if it switched to a competitor as measured in both time and money; management believes that it would take approximately three years and cost around \$10 million to effect an established process. Management is not aware of any client having left Therapure for a competitor over the past four years.

Therapure Biologics builds on Therapure's manufacturing capabilities and plasma protein expertise. Under Therapure Biologics, Therapure plans to enter the plasma-derived specialty drug products market with a portfolio of its own products, the majority of which it will manufacture using a proprietary protein separation technology called PlasmaCap EBA™ ("PlasmaCap"). Therapure believes that PlasmaCap optimizes the recovery of therapeutic proteins from plasma by improving protein yields and lowers capital and operating costs while providing access to new plasma proteins not currently available in the market. Subject to the receipt of a special dispensation, Therapure expects to launch its nerve gas antidote product ("BioScavenger") for emergency use as early as 2017, followed shortly thereafter by intravenous immunoglobulin ("IVIG") and albumin in 2018 in the North American market. It is anticipated that these introductions will be followed by additional product launches, including the launch of alpha-1 antitrypsin ("AAT") anticipated in 2020 in the North American market.

Therapure Innovations has a pipeline of new drug product candidates targeted at large markets with unsatisfied medical needs in the areas of liver cancer (TBI 302), anemia (TBI 304H) and organ preservation (TBI 310). The two lead candidates (TBI 302 and TBI 304H) are expected to begin clinical trials in 2016 for the US market, following the recent approval by the FDA of their investigational new drug applications. Therapure is developing its regulatory strategy which includes expanded clinical trials for the Canadian market and other jurisdictions. Therapure sees partnering as the most appropriate/likely strategy for these assets following Phase I clinical trials. However, there is no guarantee that Therapure will find suitable partners. See "Risk Factors — Potential Impact of Future Transactions".

Therapure's development has primarily been funded to date by Catalyst Fund II, which is managed by CCGI, a Toronto-based private equity firm founded in 2002 specializing in operational turnarounds and

distressed situations, with over \$7 billion in assets under management and a track record of successful investments.

General Development of the Business

Therapure was incorporated in Ontario on June 22, 2007 to acquire a 130,000-square-foot biomanufacturing facility, related property, and intellectual property assets of Hemosol Corp. and Hemosol LP (collectively, “**Hemosol**”). Hemosol was a clinical-stage company that was focused on developing a hemoglobin-based oxygen carrier technology to improve patient outcomes in acute anemia. Hemosol was an expert in blood and blood plasma technologies as well as the development and manufacture of blood-based products. Therapure acquired Hemosol’s facility and the intellectual property to support the establishment of both its CDMO and Products business activities.

In 2008, Therapure launched its CDMO business and executed its first development contract for a plasma protein.

In 2009, Therapure executed a toll manufacturing agreement including minimum purchase volume commitments with LFB SA (“**LFB**”) for the manufacture of two commercial plasma proteins. LFB is the world’s 6th largest manufacturer of plasma-derived medicinal products and the largest fractionator in France.

In 2010, Therapure signed a contract with Stellar Pharmaceuticals for the aseptic fill/finish of syringes that are part of a commercially available device used in the treatment of knee joint deterioration.

In 2011, Therapure won its first CDMO Leadership Award. This award is based on industry research conducted by Nice Insight. Unlike other industry awards, the only recommendations that count towards the CDMO Leadership Awards are those from the pharmaceutical and biopharmaceutical companies that are using contract manufacturing services.

In 2012, Therapure acquired exclusive worldwide rights from Upfront Chromatography A/S (Denmark) (“**Upfront**”) to certain expanded bed adsorption (“**EBA**”) chromatography technology for use in manufacturing plasma proteins. Upfront’s technology provided Therapure with a platform from which to leverage its expertise and capabilities in chromatography and plasma protein purification in order to develop its own proprietary plasma protein therapeutics. Since its acquisition, Therapure has completed significant development work and characterization of this process.

In 2013, Therapure entered into a US\$63 million development and manufacturing subcontract for the production of a plasma-derived anti-nerve-gas agent for the US Department of Defense (“**DoD**”). As part of this subcontract, the DoD funded Therapure facility retrofits and equipment purchases on a non-refundable basis to support this initiative.

In 2014, the following developments occurred:

- Therapure initiated a retrofit of the existing commercial-scale space in its facility to provide three flexible cleanrooms. A cleanroom is a unique and sophisticated environment required for the commercial manufacturing of aseptic products or clinical materials, with a very low to zero level of microbial organisms as well as environmental pollutants such as dust, aerosol particles, and chemical vapors. Currently this area houses the IVIG clinical manufacturing facility for Therapure Biologics. Once the amount of IVIG required for clinical trial purposes has been manufactured, this space will become available to support new commercial CDMO opportunities.
- Therapure had a pre-IND meeting with the FDA and a pre-clinical trial application meeting with HC regarding clinical plans for the Corporation’s first plasma protein therapeutic, IVIG. As a result of that meeting, Therapure anticipates proceeding with a 40 person single-arm trial for IVIG in 2016.
- Therapure signed a long-term contract with Insméd Incorporated (“**Insméd**”) pursuant to which Therapure built, within its existing premises, a commercial manufacturing facility and agreed to supply Insméd’s Arikayce product. The installation of the facility was completed in 2015.

- Therapure entered into a long-term lease for expanded warehousing (37,060 square feet) and office space (6,380 square feet) in Mississauga, Ontario. This facility provides additional general and specialty warehousing to support core business activities as well as a variety of administrative activities.

In 2015, the following developments occurred:

- Therapure received confirmation from the FDA that Therapure Innovations' two lead candidates (TBI 302 and TBI 304H) may proceed with Phase I clinical trials. Therapure also received positive results from preclinical trials of its IVIG product with no product-related negative side effects observed.
- Therapure received funding from the Canadian government through the Contribution Agreement to support the Corporation's efforts to develop and obtain market approval for IVIG and albumin using the PlasmaCap technology for plasma protein purification. See "Description of the Business — Compliance and Regulatory — Government Funding and Support" and "Risk Factors — Debt Financing".

Industry Background

Therapure participates in the global pharmaceutical industry, which has a forecasted CAGR of 5.1% per year from 2013 to 2020 and is expected to reach a global annual market size of \$1.017 trillion by 2020.⁽¹⁾ This expected growth is generally attributed to the aging population, increased obesity rates and a more affluent population.

Biologics

Within the global pharmaceutical industry, Therapure operates primarily in the US\$169 billion biologics market.⁽²⁾ Biologics (often referred to as biopharmaceuticals or large molecules) are distinct from chemically synthesized pharmaceutical products (often referred to as small molecules) and are manufactured from living organisms and cells which require rigorous controls and safeguards. Examples of biologics are vaccines, antibodies, blood or plasma and recombinant therapeutic proteins. Therapure has developed a specialization in two sub-segments of the biologics market: (i) outsourced development and manufacturing; and (ii) products made from blood and plasma.

Market Shift

Worldwide, there are more than 4,000 biologic compounds in active clinical development, comprising over 40% of the therapeutics currently being researched and developed.⁽³⁾ Management believes that continued innovation will sustain growth in the biologics market. This trend towards biologics reflects a fundamental shift within the pharmaceutical industry, whereby the traditionally small molecule drug-oriented 'big pharma' companies are moving rapidly into biologics. These companies are increasingly developing their own, licensing in, or otherwise acquiring more, biologics products.

Biologics Growth

The biologics sector has seen significant growth in its share of global pharmaceutical revenue. For more than a decade, the pharmaceutical industry has undergone a "biologics boom".⁽⁴⁾ During the period from 2002 to 2012, the biologics market grew at a CAGR of 14% to US\$169 billion.⁽⁵⁾

(1) "World Preview 2014, Outlook to 2020" (June 2014): EvaluatePharma at pp. 3-4, 7.

(2) "Total Global Biologics Spending from 2002 and 2017", Statista — The Statistics Portal, online: <<http://www.statista.com/statistics/280578/global-biologics-spending/>>.

(3) "11th Annual Report and Survey of Biopharmaceutical Manufacturing Capacity and Production" (April 2014): BioPlan Associates, Inc. at p. 13.

(4) "Spotlight On: Why biologics remain dominant industry growth drivers" (6 November, 2012): FirstWord Pharma, online: <<http://www.firstwordpharma.com>> ("FirstWord").

(5) "The Global Use of Medicines: Outlook through 2017" (November 2013): IMS Institute for Healthcare Informatics at p. 9 ("IMS 2013").

The share of total drug revenues accounted for by biologic products rose from 11% to 15% between 2002 and 2007.⁽⁶⁾ It reached 18% in 2012 and is expected to reach 19% or 20% by 2017.⁽⁷⁾ Furthermore, approximately one-quarter of the new drug approvals in 2014 were for biologics according to the FDA.⁽⁸⁾ Biologics accounted for seven of the ten best-selling drugs in 2014.⁽⁹⁾

Reduced Generic Competition

The complexity of biologics manufacturing and the complexity of characterizing biologics compounds has somewhat insulated the biologics segment as a whole from the level of generic competition and subsequent price erosion seen with small molecules, and, although the approval of generic biologics is on the rise, Therapure expects this dynamic to continue for the near future for new biologics, particularly in the US under recently enacted biosimilar legislation regarding the development of follow-on biologics.

Lower Clinical Attrition

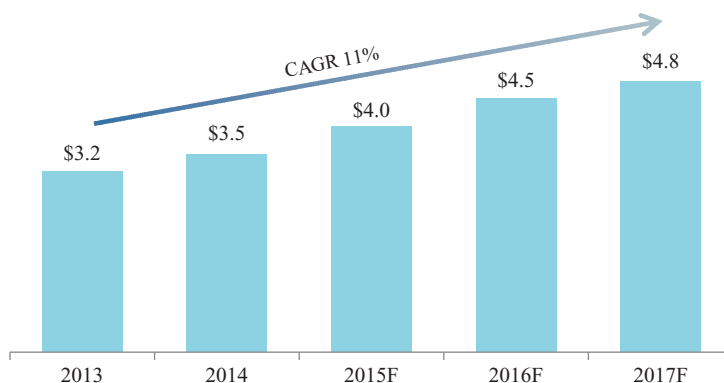
Biological development programs continue to be more successful than small molecule programs, with approximately 25% of biologics in Phase II trials reaching the market, compared with approximately 10% of small molecule therapies.⁽¹⁰⁾

Increasing Demand for Contract Manufacturing

In the biologics sector, Therapure Biomanufacturing provides outsourced manufacturing of proteins from complex sources including mammalian cell culture, blood plasma and transgenics.

The manufacturing of biologics is significantly more complex than the manufacturing of traditional small molecule drugs and requires significant infrastructure as well as technical expertise. In order to have capacity available upon commercial approval, companies without existing manufacturing capabilities would need to invest in a facility while products are still in development and commercial approval is uncertain. Consequently, Therapure's management believes internal manufacturing is uneconomical for most biotech companies. The biologics CDMO sector's annual estimated revenues in 2013 were US\$3.2 billion with a forecasted CAGR of 11% through to 2017⁽¹¹⁾ (Figure 4).

Figure 4: Growth of Biologics CDMO Market (US\$ billions)



(6) IMS 2013, p. 9.

(7) IMS 2013, p. 9.

(8) Nature Reviews Drug Discovery 14, 77-81 (2015); see Figure 1 on p. 79.

(9) Alex Philippidis, "The Top 25 Best-Selling Drugs of 2014", Genetic Engineering & Biotechnology News at pp. 1-10, online: <<http://www.genengnews.com>>.

(10) KMR Group, Press Release, "The Probability of Success: Large Molecules Maintain Higher Rates than Small Molecules" (28 February 2012), online: <<http://www.kmrgroup.com>>.

(11) "The Contract Biomanufacturing Market Outlook to 2017" (2013): DataMonitor Healthcare at p. 16.

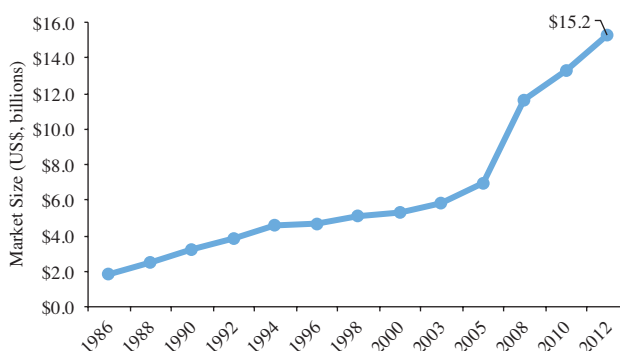
Therapure’s CDMO business can provide services in respect of multiple biologic product classes, including recombinant proteins, monoclonal antibodies, vaccines and blood products, creating commercial opportunities. Additionally, Therapure has unique capabilities in blood products and, in particular, plasma-derived proteins or products which provide significant opportunities in both its CDMO and Products business activities.

Plasma-Derived Specialty Pharmaceutical Products

High Growth Market

Blood plasma is a cell free, protein-rich fluid that is collected from human donors. It contains a vast array of active proteins, including enzymes and antibodies, many of which can be used therapeutically. The global industry for therapeutic proteins derived from plasma generated an estimated US\$15.2 billion of revenue in 2012⁽¹²⁾, with a CAGR of 11.8% since 2005 (Figure 5).

Figure 5: Total market size of plasma-derived therapeutics (US\$ billions)⁽¹³⁾



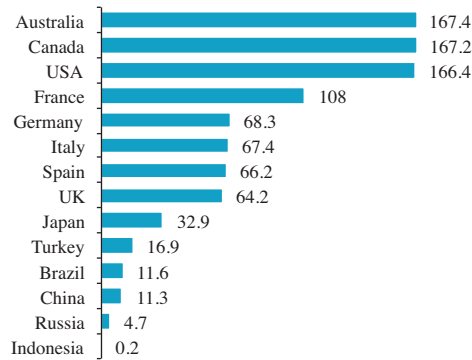
The US plasma protein therapeutics market alone reached US\$7.8 billion in 2014.⁽¹⁴⁾ The demand for plasma protein therapeutics has grown at a significant rate, with a number of key trends underlying this growth. First, while the overall market is currently characterized by significant activity in developed nations, as evidenced by consumption of IVIG per capita in Figure 6 below, health care outcomes continue to improve in the developing world. Demand in developing and developed nations will converge, driving further growth. Second, indications for plasma proteins continue to grow. Third, there has been a significant increase in the number of different plasma protein therapeutics being marketed over time and the pipeline of products currently undergoing clinical trials as illustrated in Figure 8. A fourth market driver is improved patient diagnosis which results in better patient outcomes and increased demand for plasma protein therapeutics. Given the high level of safety of plasma protein therapeutics, increased dosages are also resulting in better patient outcomes and further driving overall product demand.

(12) “The Worldwide Plasma Proteins Market 2012 (as revised September 15, 2014)” (2013): The Marketing Research Bureau Inc. at p.6 (“MRB 2012 Worldwide”).

(13) MRB 2012 Worldwide at p. 6.

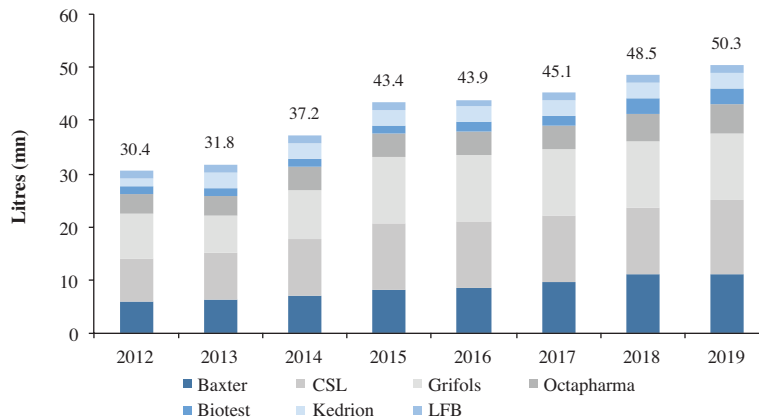
(14) “The Plasma Proteins Market in the United States 2014” (2015): The Marketing Research Bureau Inc. at p. IV (“MRB 2014 US”); Recombinant protein figures are not included.

Figure 6: Global 2012 Immunoglobulin Grams per Thousand Inhabitants Consumption per Capita in Select Countries⁽¹⁵⁾



As shown in Figure 7, global capacity for plasma-derived protein production has increased at a slower pace than demand. The growth in the market continues to outpace existing and planned supply; a trend management expects to continue. Management believes that the high capital expense and large scale associated with the Cohn fractionation technology relied upon by existing producers preclude moderate incremental increases to capacity.

Figure 7: Global Capacity for Plasma-Derived Protein Production⁽¹⁶⁾



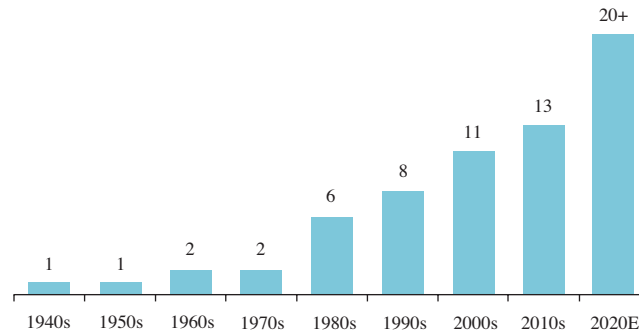
Market Reliance on Dated, Less Efficient Technology Despite Changing Market Demand

Proteins are extracted from plasma through a process called fractionation; to Therapure’s knowledge, all major commercial fractionators in North America currently use cold ethanol as part of their fractionation process. Cold ethanol fractionation is a technology that was first introduced in the 1940s to extract a protein, albumin, from plasma. In the 1940s, albumin was the only commercially available plasma protein. Over time, additional proteins from plasma have been extracted for clinical use, expanding revenues generated per unit of raw material processed. This trend continues with additional proteins currently under development by industry players. Despite the change in market demand for additional plasma protein therapeutics, North American major commercial fractionators continue to use inefficient cold ethanol fractionation technology as part of their fractionation process (see “Description of the Business — Technology”).

(15) Marketing Research Bureau Presentation, 2012.

(16) Capacity and Throughput of the Seven Largest Fractionators, 2015, The Marketing Research Bureau Inc.

Figure 8: Number of Available Global Plasma Protein Therapeutics⁽¹⁷⁾



Elasticity of Plasma Supply

As plasma is the raw material for manufacturing plasma-derived therapeutics, its supply is a critical success factor. Globally, almost 37 million litres of plasma were processed in 2012.⁽¹⁸⁾ In 2012, the majority (59%) of the plasma fractionated was collected in the US, which is one of the few jurisdictions that allows for payment to donors.⁽¹⁹⁾ As a result of the level of testing mandated by the FDA, US plasma is considered safe by regulators worldwide. Countries outside of the US often require plasma to be collected in an FDA-approved facility prior to allowing a product to be sold in their respective jurisdictions. As such, the US has become the de facto generally accepted global plasma source. The supply of US source plasma has more than doubled between 2007 and 2014, with 26.5 million litres being collected in 2014.⁽²⁰⁾ This increase in supply is indicative of an elastic supply, which has adjusted to meet the increased demands of the market.

Compelling Domestic Market

Canada presently collects and fractionates almost 300,000 litres of blood plasma per year, which is processed into plasma-derived products by third parties in the US and Europe (Grifols and CSL), as there is currently no Canadian manufacturer of blood plasma protein therapeutics able to supply IVIG and albumin to Canadian Blood Services or Héma-Québec. With respect to IVIG, Canada presently has a demand for the equivalent of more than 950,000 litres of plasma per year, which demand has been growing at over 6.3% annually since 2005 according to Canadian Blood Services. The demand from Canadian Blood Services and Héma-Québec amounted to an estimated market size of almost \$700 million in 2013.⁽²¹⁾ Canada is, however, only able to satisfy 25%⁽²²⁾ of this demand using domestic supplies of plasma and, as such, needs to import IVIG manufactured from US plasma.

(17) MRB 2014 US and management estimates based on review of clinicaltrials.gov.

(18) “International Directory of Plasma Fractionators 2012” (2013): The Marketing Research Bureau Inc. at p. 13, (“**MRB 2012 Fractionators**”).

(19) MRB 2012 Fractionators at p. 8; MRB 2014 US at p. 18.

(20) MRB 2014 US at pg. IX.

(21) MRB “The Plasma Proteins Market in Canada 2013/14 (2014): The Marketing Research Bureau Inc. at p. 12–13 (“**MRB Canada**”).

(22) MRB Canada at p. 9, 42.

High Existing Barrier to Entry

Because the current process (cold ethanol fractionation) used to separate proteins from plasma is capital intensive, it tends to discourage small entrants into the market that would not be able to effectively compete by employing the same technology at a smaller scale. Therapure is able to overcome these barriers to entry as a result of its existing plasma protein manufacturing capabilities and its proprietary PlasmaCap technology. Consequently, the plasma-derived products market is led by three major players: Grifols, Baxalta (formerly known as Baxter International) and CSL, which collectively accounted for almost 83% of US sales in 2014.⁽²³⁾ Each of these companies has a broad product portfolio that includes products in all the major categories.

Established Paths to Market for Key Products in Canada and the US

Distribution channels for IVIG and albumin are very well established in the US with over 50% of IVIG product sold through distributors, based on management's analysis. In the US, product is largely distributed through one of four channels. First are the wholesalers/distributors that either provide product directly to or enter into distribution agreements with hospitals, group purchasing organizations ("GPOs") and physician offices. The distributor is generally paid service fees for products on a GPO contract, or they purchase products directly from manufacturers that are not part of a GPO contract. Second are direct purchases by the GPOs which represent hospitals and non-acute-care members that benefit through consolidated supply contracts. The third channel is the homecare and specialty pharmacy providers, who provide patient treatment in the home either through self-medication or with the assistance of a nurse. The fourth channel is physicians' offices or patients' homes which may choose to purchase directly from the manufacturer.

In Canada, Canadian Blood Services and Héma-Québec are the distributors of the majority of plasma protein therapeutics and work alongside Provincial and Territorial Ministries of Health. Historically, each of these entities has tendered out its plasma protein therapeutic needs every three to five years, and third parties with approved products submit their proposals. Canadian Blood Services and Héma-Québec each have their own established criteria with which to evaluate each proposal and select winning bidders. These tenders focus on both plasma collected domestically and product made from US-sourced plasma. The last tender was in April 2013 and the next tender is anticipated in 2018. The tender in 2013 was by both Canadian Blood Services and Hema-Quebec. Both Canadian Blood Services and Hema-Quebec have the ability to extend the tender or offer part of the tender once in the period to other partners, particularly in connection with the introduction of a Canadian producer, as the Corporation has discussed with Canadian Blood Services. While the opportunity to participate in the domestic market is an attractive one for the Corporation, the Corporation does not expect its business would be materially affected if it was unsuccessful in winning a bid, as the Corporation believes that the additional product could be sold into the United States market.

Competitive Strengths

Therapure's key competitive strengths related to manufacturing biologics for both third parties and its own proprietary products include the following:

- ***Extensive Expertise in Blood Plasma and Protein Production and Purification:*** Few other CDMOs have the development and manufacturing capabilities to work with blood or plasma-based products. Therapure's history and expertise with blood-related products, in combination with its facility that was specifically designed to meet the higher regulatory requirements for blood related product manufacturing, make the Corporation a leader in this space. In addition, Therapure has extensive experience with methods/processes available to inactivate or remove potential viruses that may be found in human blood as well as with sourcing, handling and the traceability requirements of raw plasma/plasma protein therapeutics. Therapure leverages these unique capabilities across both CDMO and Products segments.
- ***Disruptive Plasma Technology:*** Therapure believes that its proprietary PlasmaCap technology has significantly higher yields, lower capital requirements and cost benefits as compared with the plasma fractionation technologies used by Therapure's existing competitors. This proprietary technology gives

(23) MRB 2014 US at p. III.

Therapure an advantage compared with competitors for toll manufacturing contracts related to plasma proteins and for manufacturing Therapure's own pipeline of plasma-derived products.

- **Improved Access to High Margin Scarce Proteins:** The passive processing nature of the PlasmaCap technology tends to be gentle on proteins that may be labile. Also, the selective nature of the resin used results in lower losses of proteins that are not the target protein for that step. As a result, more of the protein that becomes the target in later steps remains (i.e. higher yields), making it economical to recover and purify scarce proteins. The opposite is true for cold ethanol fractionation, which is a relatively harsh process that destroys or damages many of the valuable proteins and concentrations of enzymes available from plasma. Also, because the cold ethanol fractionation process is not overly selective, except for albumin, it results in other potential proteins being too low in concentration to currently make recovery economical. Consequently, Therapure believes that its proprietary and selective PlasmaCap technology is able to purify proteins which are scarcer in plasma compared to Cohn fractionation at significantly improved yields. This provides for margin expansion and extracts more revenue opportunities from the same litre of plasma.
- **State-of-the-Art Facility:** Therapure's 130,000-square-foot facility was built specifically for the manufacture of therapeutic biologics. Therapure has continued to invest significantly in enhanced manufacturing capacity to support long-term commercial client projects and facility capacity to support continued growth. In addition, Therapure has invested in equipment and additional clean room space to respond to the specific requirements of existing clients as their product needs develop. Sustaining the infrastructure to produce biologics is a motivating factor for biotech companies to seek Therapure's CDMO services due to the long lead times, regulatory hurdles and costs to develop their own facilities. The replacement cost of Therapure's facility (including land value) is estimated at \$180 million⁽²⁴⁾ and would take a minimum of three to four years to reconstruct.
- **Demonstrated Expertise in Executing Complex Processes:** Management believes that Therapure's ability to handle complex processes has been a significant contributing factor in both the Corporation's growth and its clients' willingness to invest in Therapure's facility to meet their specific requirements. This is demonstrated by Therapure's solid track record of growth in the CDMO business. Since 2010, revenue from CDMO has grown at a 50% CAGR to approximately \$33 million in 2014.
- **Customer Centric Approach:** Therapure uses a broad service offering to attract a growing portfolio of client projects at all stages of development. In the field of biologics, the manufacturing process is integral to the quality and definition of the product, which makes it undesirable to change manufacturers once a CDMO relationship is established. As a result, relationships with clients tend to be long-term, which can provide significant future benefit in terms of repeat manufacturing as the product moves through the regulatory approval process and ultimately to commercial manufacturing. Therapure sees this investment as more than simply providing a service; the Corporation sees this investment as developing a partnership with the client, as CDMO clients have invested more than \$17 million in Therapure's facility. In addition, Therapure has invested and will continue to invest in the capacity to add commercial scale capabilities. This gives Therapure's clients the assurance they need to view their CDMO relationship with Therapure as a long-term partnership rather than a short-term transaction.
- **Highly Experienced Management Team:** Therapure's management team offers an extensive combination of technical, scientific, product development and managerial expertise and a strong corporate track record in the areas of business and financial management, sales and marketing, manufacturing and technology. Therapure's key management personnel have, on average, more than 20 years of experience in Therapure's target industries. Such management personnel are supported by approximately 300 employees, the majority of whom have extensive scientific and/or technical backgrounds.
- **Full-Service Offering:** Therapure offers a wide range of CDMO services, ranging from early-stage development, process optimization through protein manufacture, purification and aseptic fill/finish (including lyophilization), enabling the company to meet most of its clients' CDMO service needs in relation to drug substance and drug product.

(24) Independent third party appraisal report dated December 31, 2014 regarding specified property of Therapure Biopharma Inc. at 2585 Meadowpine Boulevard, Mississauga.

Growth Strategy

Therapure has made significant investments in its facility and its people, systems, processes and core capabilities over the course of the last seven years, which form the foundation of its strategy consisting of the following:

CDMO

Execute on Existing Contracts

Therapure and its clients have invested heavily in its Mississauga facility to establish manufacturing capacity for a significant number of commercial and late phase products (Phase III and beyond). Based on client projections for their own products, Therapure now has the capacity in place to support growth in the short term and also upon clients' products achieving approval for new indications and in new geographies. In many cases, Therapure is the sole commercial scale supplier of its clients' products.

Increase Market Penetration

Management believes Therapure is well positioned to capture additional share of the growing biologics market. With 4,000 biologic candidates in research or development, management believes that there are not enough CDMOs with the biologics experience and capacity necessary to meet the growing demand. Therapure relies upon its reputation (demonstrated by industry awards won) as well as its client centric approach to distinguish the Corporation in the CDMO market. As of September 30, 2015, Therapure's team of four business development professionals is actively pursuing a total of 43 opportunities and has issued quotes on 38 of these opportunities totalling \$135 million of business that Therapure is targeting in the near term. See "Description of the Business — Sales and Marketing — Services (CDMO)". These opportunities include new products from both existing and new customers. While Therapure's current business consists primarily of products that are in late stage development or commercially approved, the Corporation believes it can increase its market share by growing its number of clients' products in all phases of development.

Clinical Advancement of Manufacturing

The demand for Therapure's services increase as clients' products progress through the phases of clinical development and are commercially approved. Given that Management is not aware of any client having left Therapure for a competitor over the past four years, the progression of clients' products is expected to contribute significantly to growth. Approximately 53% of the total number of Therapure's 2014 projects were represented by products that are or will soon be in Phase III or have regulatory approval for commercial sale (see Figure 17). The lower attrition rate of biologics compared to small molecules creates a greater commercial opportunity for biologics CDMOs (such as Therapure) as opposed to small molecules CDMOs. Furthermore, given the specific expertise Therapure gained through the provision of services during the clinical process, its clients' ability and willingness to change manufacturers are often limited.

Products — Therapure Biologics

Develop and Commercialize its Own Catalogue of Plasma-Derived Products

In 2009, Therapure decided to leverage its biologics manufacturing capabilities to develop its own products to sell directly. In 2012, Therapure acquired the EBA Rights to complement its internal intellectual property and significant capabilities in the fields of chromatography, plasma protein purification and blood-related products. Once the technology was in place, Therapure initiated development of its own proprietary plasma protein therapeutics.

Under its Therapure Biologics banner, Therapure plans to use its PlasmaCap technology to isolate plasma proteins at higher yields and therefore lower cost than its competitors that rely on less efficient technology. Additionally, at present, the plasma protein therapeutics market is typically characterized by a relatively shorter path to market with certain regulatory bodies requiring more limited clinical trials due to the high level of patient safety associated with these products and as a result of plasma originating from the human body and these proteins acting as a supplement. See "Compliance and Regulatory".

Therapure’s plasma protein therapeutics strategy balances opportunity and associated risk as well as the ability to leverage the PlasmaCap technology. Therapure’s strategy to develop its plasma protein therapeutics has three main areas of focus:

- **Target two well-established proteins (IVIG and albumin) that have significant existing market demand and established distribution channels as its initial product candidates:** IVIG and albumin had global market sizes of US\$6.8 billion and US\$2.0 billion⁽²⁵⁾, respectively, in 2012. Additionally these proteins have well established distribution channels which Therapure plans to leverage in order to minimize sales and marketing efforts and market risks. See “Industry Background — Plasma-Derived Specialty Pharmaceutical Products — Established Paths to Market for Key Products in Canada and the US”. Therapure plans to limit risk by utilizing its existing manufacturing site for clinical production and then expanding this facility for commercial production. See “Description of the Business — Facility and Equipment — Proposed Expansion”.
- **Commercialize AAT following the launch of IVIG and albumin:** AAT, a third well-established protein in a high growth market, is currently targeted to be introduced to the market in 2020. AAT had a global market size of US\$600.7 million⁽²⁶⁾ in 2012. Management believes that Therapure has attained yields that are four times that of existing manufacturers (see “Description of the Business — Technology”) and the Corporation intends to use the experience it will have gained with plasma products to launch a targeted specialty sales force to focus on the AAT market and work with advocacy groups to address unmet patient needs.
- **Target launching additional high margin plasma-derived proteins:** Unlike the industry standard process, Cohn fractionation, Therapure’s proprietary PlasmaCap technology does not denature scarce proteins (see “Description of the Business — Technology”). Therapure has already identified additional plasma protein therapeutics that it plans to develop and commercialize following the launch of AAT. These follow-on products are expected to contribute to margin since they will be extracted from the same litre of plasma as Therapure’s IVIG, albumin and AAT products, limiting incremental raw material costs. It is estimated the global market size for other such proteins, excluding recombinant proteins, was \$5.8 billion⁽²⁷⁾ in 2012.

Given the importance of securing a supply of plasma, Therapure is taking a three-pronged approach to maintaining a long-term supply of plasma at competitive prices. The first strategy is to procure plasma from Canada as part of the tender process. Given the geographic location and expected improved yields, Therapure believes this is a viable path. The second strategy is to establish Therapure’s own collection centers managed by it or third parties, as appropriate. The third strategy involves open market purchases which represent short-term contracts. These short-term contracts would give Therapure the flexibility to increase or decrease supply to provide swing capacity as needed. Therapure is actively engaged in discussions with stakeholders in respect of all three approaches.

Provide a Domestic Solution for Canadian Demand for Plasma Proteins

As described above under the heading “Industry Background — Plasma-Derived Specialty Pharmaceutical Products — Compelling Domestic Market”, there is currently no Canadian manufacturer of plasma protein therapeutics able to supply IVIG and albumin to Canadian Blood Services or Héma-Québec. This void in the market creates both toll manufacturing and product sales prospects for the Corporation. Therapure believes there is a significant opportunity for a Canadian-based company, with a cost structure that includes a high proportion of Canadian dollar expenses and that is more closely aligned with the Canadian market than its foreign competitors, to supply a sizable portion of the Canadian market. Therapure’s additional capacity and higher yielding process in the marketplace would be a positive step toward fulfilling an expressed desire on the part of Canadian Blood Services for Canada to be self-sufficient in plasma protein therapeutics production.

(25) “The Worldwide Plasma Proteins Market 2012 (as revised September 15, 2014)” (2013): The Marketing Research Bureau Inc. at p. 11 and 12, (“MRB 2012 Worldwide”).

(26) MRB 2012 Worldwide at p. 9.

(27) MRB 2012 Worldwide at p. 9.

Additional factors supporting domestic production capabilities include the creation of an estimated 250 Canadian jobs, increased tax revenues and reduced transportation costs for plasma and plasma protein therapeutics.

Commercialize BioScavenger and Capture Additional Strategic Agreements in the Areas of Biodefence

Therapure has identified opportunities in two related fields for its nerve gas antidote product, BioScavenger. The first and likely shorter-term opportunity is to market the product for post-exposure use. If the regulatory approval for post-exposure use of the product is granted, as expected, through a special dispensation (Treatment IND or Emergency Use Authorization), BioScavenger has the potential to generate revenue for Therapure as early as 2017. Preliminary discussions have already been initiated with the Canadian Department of National Defence, which is acting on its own and on behalf of Germany, Australia and the United Kingdom. The second application, for which FDA approval is being sought, is as a prophylactic (pre-exposure). The product will be used to provide protection for those who enter fields where there is an exposure potential. As a result, this application may have a demand for both ongoing consumption as well stockpile by NATO countries and their allies.

Products and Services

CDMO

Therapure Biomanufacturing — Contract Development and Manufacturing of Biologics

Manufacturing pharmaceuticals is highly regulated and it is increasingly difficult and costly for companies to manufacture their products and bring them to market in a timely manner. As such, outsourcing is an attractive option for pharmaceutical companies. Therapure has established itself as a leading supplier of outsourced pharmaceutical process development and manufacturing services, primarily to the growing biologics sector. Therapure provides solutions to challenges faced by clients who are developing complex biologics products. Clients come to Therapure for development services because they lack the in-house expertise, capital and/or the time to develop processes that are robust enough to meet the stringent requirements, including regulatory approvals, for clinical or commercial materials. They also come to Therapure for manufacturing services because they lack the specialized facilities necessary or do not want to invest the time or capital to build their own. Therapure helps its clients move their products through the regulatory approval stages faster and with better processes, saving them money and time.

Therapure provides services from a state-of-the-art facility in Mississauga, Ontario that meets the requirements of major regulatory bodies, including the FDA and HC. Therapure has invested heavily to build and equip its facility, which has a broad and deep range of capabilities that Therapure's clients can leverage to enhance their product and process development. Therapure can provide fully customized arrangements for long-term clients. As an example, the DoD and Insmed have each made non-refundable contributions to the development of Therapure's facility to meet their specific needs. In addition to Therapure's technical expertise and robust quality systems, they benefit from a customized facility with reduced capital investment compared to building from the ground up.

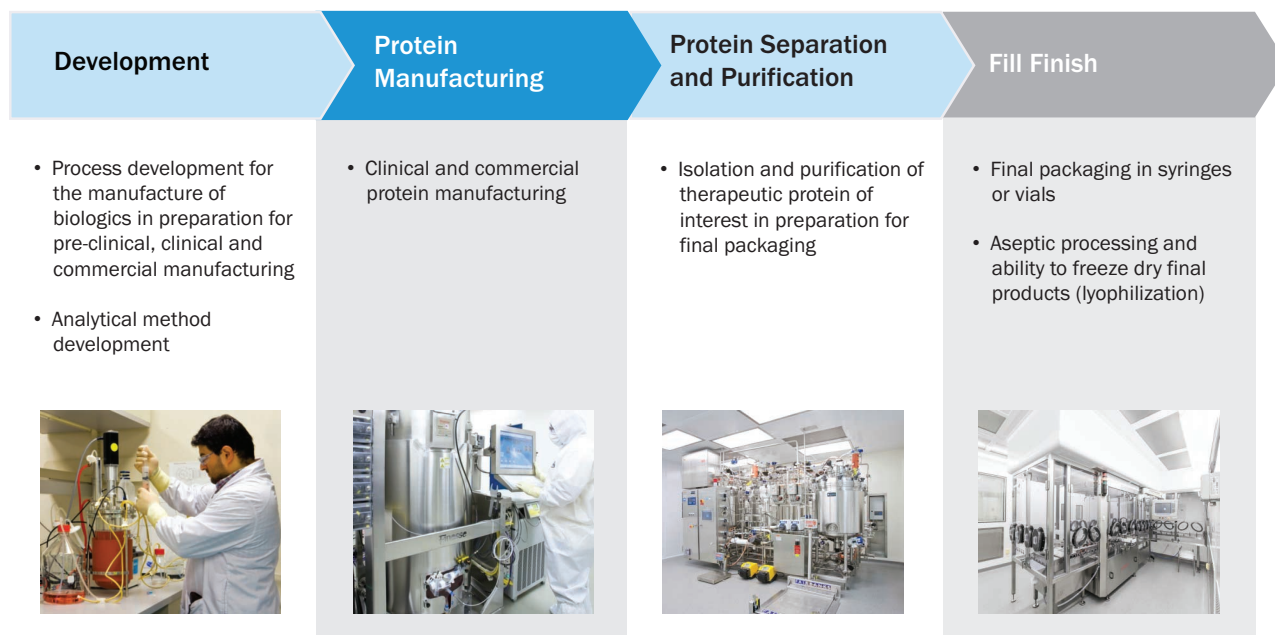
Therapure's comprehensive service offering includes process development, preclinical and CGMP manufacturing through all clinical phases and commercial production. Therapure has successfully provided development or manufacturing services (or both) for 39 unique clients on 70 different projects.

Therapure provides four key types of services and customizes the specifics for each client:

- **Process development:** the development, optimization and initial scale-up of a manufacturing process so that it produces the desired product with high yield, consistently and in a manner suitable for production at the required scale.
- **Protein manufacture:** the production of biologics at clinical and commercial scale, predominately using a manufacturing method referred to as mammalian cell culture. Mammalian cell culture is the process by which genetically modified mammalian cells are grown under controlled conditions, generally outside of their natural environment, to produce proteins for human health.

- **Protein separation and purification:** a series of processes intended to isolate one or a few proteins from a complex mixture, usually cells or tissues (including blood). Protein purification is vital for the characterization of the function, structure and interactions of the protein of interest. The purification process may separate the protein and non-protein parts of the mixture, and finally separate the desired protein from all other proteins. Separation of one protein from all others is typically the most difficult aspect of protein purification. Separation steps usually exploit differences in protein size, physico-chemical properties, binding affinity and biological activity. This process is applied to complex biological mixtures sourced from mammalian cell culture, plasma or transgenic starting materials.
- **Aseptic fill/finishing:** a critical last step in the manufacturing process during which the product is filled into vials or syringes under sterile conditions.

Figure 9: Process Flow Diagram of CDMO Activities



Products

Therapure Biologics — Products in Development

Plasma-Derived Specialty Pharmaceutical Products manufactured using PlasmaCap Technology

In 2009, Therapure made the decision to leverage its biologics manufacturing capabilities to develop its own products to sell directly into the market. In 2012, Therapure acquired the EBA Rights (as defined below) to complement its internal intellectual property and significant capabilities in the fields of chromatography, plasma protein purification and blood-related products. Therapure initiated development of its own proprietary plasma-derived products.

Therapure plans to seek marketing approval for three of the four most commercially successful plasma-derived proteins. Therapure plans to use its proprietary PlasmaCap technology to extract these proteins in a more efficient, higher yielding and cost-effective method than the current cold ethanol fractionation process utilized by competitors. Together, the proteins targeted constitute approximately 62% to 67% of plasma-derived

product sales in the world in 2012 and the US in 2014, respectively.⁽²⁸⁾ The three currently planned products are described below:

- **IVIG:** IVIG is a complex mixture of antibodies isolated from human plasma that is used for treating immune-related disorders, such as primary and secondary immune deficiencies and certain autoimmune disorders. Demand for IVIG has increased rapidly in recent years, and it represents the largest plasma-derived product by sales value with a global market size of US\$6.8 billion in 2012 and a CAGR of 12.4% since 2005.⁽²⁹⁾ It is one of the key growth drivers of the plasma-derived product industry, largely due to the increasing number of medical conditions for which IVIG is used, such as the treatment of primary immune deficiencies, acquired compromised immunity conditions, autoimmune disease and acute infections and many other off-label indications. Since IVIG is a complex mixture of antibody molecules, no recombinant (or synthetic) means of production currently exists; at present it can only be derived from human plasma. Therapure had a pre-IND meeting with the FDA and a pre-CTA meeting with HC regarding Therapure's clinical trial plans for IVIG, with the result that Therapure anticipates proceeding with a 40 person trial in 2016. The FDA confirmed in the pre-IND meeting that, as per their guidance documents, a single Phase III trial would suffice for approval of the product, significantly reducing the time to market. As a result of these reduced clinical trial requirements and subject to the results of this trial and regulatory requirements, Therapure plans to bring IVIG product to market in 2018. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors".
- **Albumin:** Albumin is used as an expander of plasma volume after significant blood losses during surgery or trauma, and in patients with severe burns or acute liver or kidney failures. Since 2000, the prices and demand for albumin have shown a steady growth rate as prescribers have recognized that albumin continues to have therapeutic significance. The global market size for albumin in 2012 was US\$2.0 billion, with a CAGR of 12.3% since 2005.⁽³⁰⁾ Based on discussions with regulatory consultants, prior regulatory body approvals and the fact that in the US albumin is governed by the code of federal regulations (21 CFR 640 Subpart H), Therapure believes that albumin does not require clinical trials for approval in the US and, subject to regulatory requirements, plans to bring an albumin product to market in 2018 at the same time as IVIG. Similarly, regulatory strategies for Canada are currently being pursued. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors".
- **Alpha-1 Antitrypsin:** AAT is an enzyme used as an ongoing therapy to help protect the lungs of emphysema patients from the damaging effects of inflammation associated with a deficiency of the AAT protein naturally produced by the patient. Advocacy groups are working hard to increase patient identification and physician education. Demand for AAT products is expected to increase as a result, which will drive continued growth of the market. The global market size for AAT in 2012 was US\$600.7 million, with a CAGR of 10.8% since 2005.⁽³¹⁾ Therapure is characterizing a process with which it can seek regulatory approval. Based on other clinical approvals, Therapure plans to seek approval with a limited clinical trial showing bioequivalence compared to existing commercial products. For further information regarding the clinical trial process, see "Compliance and Regulatory". Subject to results of clinical trials and regulatory requirements, Therapure plans to have an AAT product on the market in 2020. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors".

In parallel with preparing for the launch of IVIG and albumin through successful regulatory meetings with the FDA and HC and initiation of manufacturing clinical product, Therapure is characterizing the manufacturing process for AAT to prepare for product launch by performing small scale studies in the lab. Because the PlasmaCap technology allows for sequential capture of different target proteins from the same initial starting material, it is expected that the margins for AAT manufacturing will benefit from the fact that the cost of the plasma and much of the manufacturing footprint and associated manufacturing costs will have been

(28) MRB 2012 Worldwide at p. 17; MRB 2014 US at p. 51.

(29) MRB 2012 Worldwide at p. 47.

(30) MRB 2012 Worldwide at p. 87.

(31) MRB 2012 Worldwide at p. 129.

absorbed by IVIG and albumin manufacturing. Therapure believes that the high yields achievable by the PlasmaCap technology will further enhance margins.

For future development, Therapure is screening other rare plasma-derived proteins that are targeted toward specialized medical indications whose needs are not currently addressable by existing cold ethanol fractionation or other commercially available products. These additional potential products are expected to further drive margins by producing more revenue from the same litre of plasma and act as a pipeline moving forward. In addition, Therapure plans to commercialize the PlasmaCap technology through either specific licences or process licences to jurisdictions in which Therapure does not plan to distribute its own products.

Anti-Nerve Gas Agent (BioScavenger)

Following a rigorous selection and approval process, Therapure was subcontracted to conduct process transfer, optimization and manufacture of all clinical and nonclinical materials to support DynPort Vaccine Company LLC's ("**DynPort**") contract with the US DoD's Chemical Biological Medical Systems office. Dynport's contract is for developing, testing and obtaining FDA approval for a protein found in human plasma for use as a prophylactic treatment for exposure to certain nerve gases. The product, BioScavenger, is an enzyme called human butyrylcholinesterase ("**HuBChE**") that is found in very small quantities in human plasma. The enzyme is intended to act to neutralize and eliminate nerve gas agents before they can cause neurological damage. Because the basic premise for HuBChE is to neutralize organophosphate poisoning, which is the basis for nerve gas, it may also be used to treat exposure to other sources of organophosphate poisoning such as insecticides and other pesticides and also potentially for the treatment of cocaine addiction.⁽³²⁾

The clinical plan for the BioScavenger product includes repeating a previously successful Phase I safety trial (that was conducted by a different company), followed by Phase II/III studies of safety, dosing and route of administration. For further information regarding the requirements for the clinical trial phases, see "Regulatory". Because of the nature of the therapy (protection against nerve gas), the product will be tested only on animals to confirm its performance.

In addition to being a significant contract manufacturing opportunity, the BioScavenger product is expected to be one of Therapure's first products to be launched. Under the terms and conditions of a license agreement dated May 13, 2013 between Therapure and DynPort (the "**BioScavenger License Agreement**"), Therapure has the exclusive manufacturing rights for this product, as well as exclusive global marketing rights, subject to the right of the US DoD to approve (i) any advertising material concerning the services performed under the principal contract, and (ii) jurisdictions of sale. Accordingly, to the extent any global marketing of the BioScavenger product references DynPort's prime contract with the US DoD, Therapure's agreement with DynPort, or the work performed under either, Therapure's agreement with DynPort requires Therapure to obtain written consent of the US DoD to such publicity, and the US DoD may prevent the Corporation from marketing the product in a specific jurisdiction. Therapure can obtain the required written consent by making a request through the DynPort subcontract manager who will elevate the request to its established contacts on the project at the DoD. As the principal contract between DynPort and the DoD ends upon completion, after which the Corporation's right to market the product will continue to exist, the approval process after the completion of the principal contract will be determined at such time. The referenced approval is not a specific US DoD approval to which Therapure is subject to as a condition in order to exercise its rights to manufacture the product, or a blanket requirement regarding all the marketing of the BioScavenger product under the BioScavenger License Agreement. Based upon initial discussions with the DoD, Therapure believes that the DoD will not have an issue with Therapure supplying other NATO countries and their allies.

(32) "Butyrylcholinesterase: An Enzyme Antidote for Cocaine Intoxication", Wiley Online Library, online: <<http://onlinelibrary.wiley.com/doi/10.1080/13556219872236/abstract>>.

As consideration under the BioScavenger License Agreement, Therapure will pay DynPort royalty payments based on the following percentages of annual net sales of BioScavenger: (i) a percentage in the low single digits (for the use of BioScavenger other than as a nerve gas antidote product in humans); and (ii) a percentage in the high single digits (for use of BioScavenger as a nerve gas antidote product for nerve agents in humans, for so long as DynPort holds the applicable US regulatory approvals), excepting direct sales to the US federal government by DynPort, for which no royalty is payable.

Therapure anticipates that BioScavenger could be approved by the FDA by 2020; however, it has the potential to generate revenue for Therapure as a product as early as 2017 through a special dispensation (Treatment IND or Emergency Use Authorization) given to national security organizations, which would not necessitate the usual regulatory approvals. The size of the market for BioScavenger is estimated to be up to \$500 million.⁽³³⁾ These anticipated launch dates are based on a published report from a US government agency that includes a timeline for a 2020 launch. Because BioScavenger will only be tested using animals (as it would be unethical to subject human patients to nerve gas (such as Sarin) to ascertain the effectiveness of the product), the tests are anticipated to be a Phase II/III trial. A previously successful Phase I trial will also be repeated because of a change in the manufacturing site. The specialized nature of the BioScavenger product and the potential for it to be lifesaving under certain circumstances is the basis for the Corporation's anticipation that the product could be stockpiled for use under a "Treatment IND or Emergency Use Authorization". This usage would be similar to how patients have been treated for the Ebola virus using preclinical products during the 12-18 months prior to the date of this prospectus. Therapure believes it currently has installed capacity for BioScavenger to serve approximately 20% of the addressable market for NATO countries and their allies and anticipates to double its installed capacity by 2020 to meet additional market demand.

See "Risk Factors — Risks Associated with BioScavenger". Specifically, see "Risk Factors — Risks Associated with BioScavenger — Exercising March-In Rights."

Therapure Innovations — Drug Development Pipeline

Through Therapure's experience as a biotechnology company and CDMO, it has developed extensive expertise in working with blood cells and blood proteins, particularly blood-forming stem cells and hemoglobin, respectively. Therapure Innovations' pipeline is building on that capability in areas where its technology can address important unmet medical need. Therapure Innovations intends to develop its products through the early clinical trial phases. Because these products address indications that would benefit from a specialized global sales force, Therapure sees partnering as the most appropriate/likely strategy for these assets following Phase I clinical trials.

Several of Therapure Innovations' products are based on platform technologies that are derived from Therapure's expertise in modifying proteins, specifically human hemoglobin. These platforms include a drug conjugation platform that uses hemoglobin as a vehicle to specifically deliver therapeutics to tissue in order to potentially reduce side effects of therapeutic drugs. Another platform technology Therapure has developed uses oxidized hydroxyethyl starch to extend the half-life of therapeutic proteins, thereby increasing their bioavailability and allowing for a controlled, slow release to the body.

Therapure Innovations is currently focusing on the following products and US regulatory strategies set forth below. Therapure is also developing its regulatory strategies for these products in Canada and other jurisdictions:

(33) Market size estimate conducted by an independent third party (includes pre — and post-exposure treatments) and assumes expected product profile is achieved.

A Platform Technology Aimed at Treating Liver Cancer — TBI 302 — US\$1.3 Billion Market⁽³⁴⁾

Primary liver cancer is an extremely difficult cancer to treat with only a 15% 5-year survival rate, and it is the second highest cause of cancer-related deaths worldwide according to WHO Globocan 2012.⁽³⁵⁾ Its incidence is on the rise in the United States, with an estimated 30,000 new cases reported per year. TBI 302 uses a proprietary drug-delivery technology that links an approved drug (in this case the anticancer drug floxuridine) to human hemoglobin as a way of specifically targeting the drug to the liver for the treatment of primary liver cancer. Hemoglobin is naturally metabolized by the liver and, in the case of TBI 302, hemoglobin is used as a carrier to deliver the drug directly to the desired site of action, the liver, thereby reducing exposure of other organs to the drug and avoiding other more invasive procedures. In preclinical studies, TBI 302 has shown better efficacy than free floxuridine in an animal model of primary liver cancer.⁽³⁶⁾ Therapure recently completed good laboratory practice (“GLP”) toxicology studies and filed an IND application with the FDA for a Phase I study of TBI 302 in liver cancer, which was approved in February, 2015.

A Potential Antibody Therapy for Anemia -TBI 304H — US\$0.7 Billion Market⁽³⁷⁾

Anemia is defined as a decrease in the number of red blood cells and/or the amount of hemoglobin in blood. It is a common disorder of the blood with a global prevalence of 33% in 2010.⁽³⁸⁾ Anemia may result from traumatic blood loss or from decreased red blood cell production or increased red blood cell destruction. Chronic kidney disease, chemotherapy and dialysis may cause decreased red blood cell production, and in the United States 70% of the 1.7 million patients who underwent chemotherapy developed anemia according to recent statistics.⁽³⁹⁾ Medications that stimulate red blood cell production (such as erythropoietin (“EPO”)) have historically been the preferred treatment method, but their use in oncology patients is decreasing because of clinical concerns and a high number of non-responders.⁽⁴⁰⁾ EPO was one of the first biologics to reach “blockbuster” status, with sales of US\$3.4 billion achieved in 2013.⁽⁴¹⁾

TBI 304H is a monoclonal antibody developed by Therapure that is intended for use in the treatment of anemia. This is the first product of its type based on a new mechanism of action that differs from that of EPO. Its mechanism of action is to mimic the effect of hemoglobin on stimulating the production of red blood cells and TBI 304H has demonstrated this in preclinical studies. Therapure plans to develop this product as an adjunct to EPO therapy or to replace it entirely for treating chemotherapy-induced anemia. Therapure has completed GLP toxicology studies and established its CGMP, mammalian cell culture and downstream manufacturing for TBI 304H, and has recently filed an IND application with the FDA for a Phase I study of TBI 304H in chemotherapy-induced anemia, which was also approved in February, 2015.

(34) Management estimate of annual market size at the estimated peak year of sales (2027) in the US, France, Germany, Italy, Spain, United Kingdom and Japan, based on incidence and eligibility for chemotherapy according to the Barcelona Clinic Liver Cancer staging criteria for hepatocellular carcinoma patients and current 6-month treatment costs (sorafenib).

(35) “Cancer Fact Sheets” (2012): WHO Globocan, online: <http://globocan.iarc.fr/Pages/fact_sheets_cancer.aspx>, see Liver.

(36) “Evaluation of the Potential Anti-Tumor Activity & Determination of Treatment Effects on Haptoglobin Levels in the HCC Experimental Murine Orthotopic Model”, (2011): Experimental Report at p. 9–10.

(37) Management estimate of annual market size in the US based on the treatment of 50% of non-curative cancer-induced anemia who require intervention and current EPO treatment costs.

(38) Nicholas J. Kassebaum et al., “A Systematic Analysis of Global Anemia Burden from 1990 to 2010” (2013), *Blood* at p. 615, online: <<http://www.bloodjournal.org>>.

(39) “SEER Cancer Statistics Review 1975–2010” (2010): National Cancer Institute, online: <http://seer.cancer.gov/archive/csr/1975_2010/>; George M. Rodgers et al., “Cancer and Chemotherapy Induced Anemia” (2012): *Journal of the National Comprehensive Cancer Network* at p. 628–629 online: <<http://www.jnccn.org/content/10/5/628.full.pdf+html>>.

(40) J. Douglas Rizzo et al., “American Society of Clinical Oncology/American Society of Hematology Clinical Practice Guideline Update on the Use of Epoetin and Darbepoetin in Adult Patients with Cancer” (2010): *Journal of Clinical Oncology* at p. 317-319, Table 1.

(41) Biosimilars of epoetin alfa, GaBi Online, 19 June 2015, Online: <<http://www.gabionline.net/Biosimilars/General/Biosimilars-of-epoetin-alfa>>.

Modified Hemoglobin for Use in Organ Transplantation — TBI 310 — US\$0.2 Billion Market⁽⁴²⁾

Approximately 11,000 liver transplants are performed annually in the United States and the top 5 European markets combined.⁽⁴³⁾ However, there is a shortage of available livers, and approximately 25% of transplants use donor livers that are considered marginal in quality because of damage sustained, in part, due to poor oxygenation using current collection and preservation technologies.⁽⁴⁴⁾ Transplants involving these marginal livers typically have poor outcomes. TBI 310 is a modified form of purified human hemoglobin designed to be used as an oxygen-carrying solution. It is under investigation in research models to determine if it can improve the viability of marginal livers by delivering oxygen more effectively to the tissue during storage and thus helping to alleviate the organ shortage. The TBI 310 solution would be flushed out prior to transplantation. This could classify TBI 310 as a medical device, which could have a shortened regulatory approval or clearance process compared to a therapeutic drug. Therapure is working with leading experts in liver transplantation at the University Health Network in Toronto, and has demonstrated a proof-of-concept with this product. Preclinical studies in large animals are ongoing to support the submission to the FDA for an investigational device exemption. Further studies to evaluate the product's use in other organs for transplantation including kidney, limb and heart are planned.

Other Pipeline Products

Other technologies in the Therapure Innovations pipeline include another drug-delivery product (TBI 301) that has been shown to be effective in the treatment of hepatitis C virus infection in preclinical models⁽⁴⁵⁾ and a drug half-life extension platform technology (TBI 303).⁽⁴⁶⁾ Preclinical studies are ongoing to provide data to further support the development of these two product opportunities.

Figure 10 below outlines all of the Corporation's products, their current stage of production/development, their current stage of approval, any additional measures or approvals required for commercialization, and expected timing of commercialization (if known).

(42) Management estimate of annual market size in the US based on the treatment of 100% of the patients on the US liver transplant waiting list.

(43) Newsletter Transplant: International Figures on Donation and Transplantation — 2013 (Volume 19, No 1, September 2014).

(44) "United States Organ Transplantation: OPTN & SRTR Annual Data Report 2011" (2012): U.S. Department of Health and Human Services at p. 191-192.

(45) Brookes S. et al., "Synthesis and Characterization of a Hemoglobin-Ribavirin Conjugate for Targeted Drug Delivery" (2006): *Bioconjugate Chemistry*, 17(2), 530-7; Levy G.A. et al., "Targeted Delivery of Ribavirin Improves Outcome of Murine Viral Fulminant Hepatitis via Enhanced Anti-Viral Activity" (2006): *Hepatology*, 43(3), 581-91.

(46) Adamson, G; Bell, D; Brookes, S. US 20150010494 A1 Polysaccharide-protein Conjugates Reversibly Coupled via Imine Bonds.

Figure 10: Products and Product Status

Product	Preclinical	Phase 1	Phase 2	Phase 3	Est Launch	Market Size	Planned Regulatory Approval Process
BioScavenger	Manufacture of clinical materials at commercial scale in 2016				2017 2020 (prophylactic)	\$0.5B	Emergency needs exemption Repeat of Phase I then Phase II/III (“animal rule”)
Intravenous Immunoglobulin (IVIG)	Preclinical testing complete. Manufacturing process finalized. IND filing planned for 2016				2018	US\$6.8B	40 person single-arm clinical trial confirmed with FDA
Human Serum Albumin (HSA)	In development				2018	US\$2.0B	No clinical trial requirement
Alpha-1 Antitrypsin (AAT)	In development				2020	US\$0.6B	Approval through bioequivalence trial
Other Plasma Proteins	Assessing target proteins				2020+	US\$5.8B	To be determined
TBI 302 (Liver Cancer)	IND Approved				NA	US\$1.3B	Phase I to commence 2016
TBI 304H (Anemia)	IND Approved				NA	US\$0.7B	Phase I to commence 2016

Notes:

- (1) For a description of the assumptions and basis for the estimates related to expected timing of trials, regulatory applications and approvals, and commercialization, where disclosed, see “Products — Therapure Biologics — Products in Development”.
- (2) Revenues related to the development of the the BioScavenger product are being recognized in the CDMO segment.

Technology

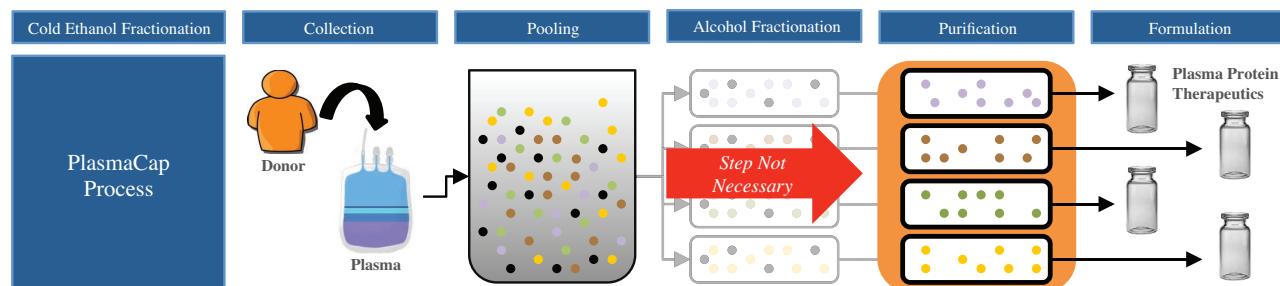
Therapure has many years of experience developing and operating pharmaceutical processes to yield highly purified therapeutic proteins. Therapure has developed a number of technology platforms, both in-house and through in-licensed technologies, that it uses along with more traditional technologies in its manufacturing processes. Therapure’s experience in developing these processes is expected to be useful in isolating therapeutic proteins from plasma.

PlasmaCap™

Plasma is a complex mix of proteins. Purifying these naturally occurring proteins can be achieved by separating them from plasma. To Therapure’s knowledge, all commercially relevant product currently sold in the North American market is derived from the manufacturing process using the cold ethanol fractionation approach developed in the 1940s as its primary step. Cold ethanol producers have made significant capital investments in facilities and in multiple product approvals across a variety of jurisdictions, which are tied to both the facility and the process. These high costs and time associated with these factors make switching technologies difficult for incumbents. Therapure is using PlasmaCap, its proprietary and proven EBA chromatography system for protein purification, which it believes is superior to competing technology as it does not use cold ethanol fractionation. To the Corporation’s knowledge, no other commercial fractionators use a process similar to PlasmaCap. The Corporation understands that there is one commercial fractionator in Australia that uses a chromatographic process, but such process differs from PlasmaCap as it is not EBA chromatography. The Corporation does not believe that the product manufactured using this process in Australia is sold in North America. The Corporation believes there are some small niche plasma products being produced and developed using other technologies, but does not believe these impact the Corporation’s business plan.

Cold ethanol fractionation subjects plasma to varying alcohol concentrations, acidity levels and temperatures to separate protein-containing fractions from the plasma. These fractions are then subjected to further processing to isolate the proteins of interest from other proteins. A process using a gentler chemistry (not ethanol) reduces the denaturation of proteins and allows the process to have higher yields due to removing reliance on an inefficient process step as described in Figure 11, below.

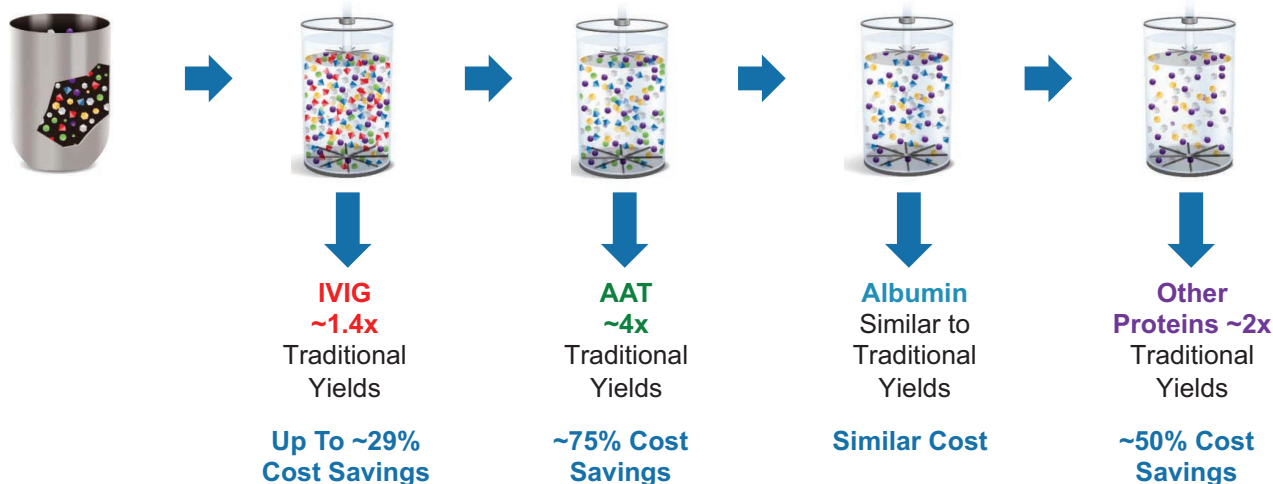
Figure 11: Steps in plasma protein fractionation



In contrast to cold ethanol fractionation, chromatography separates plasma proteins directly by specifically targeting the unique characteristics of each protein (molecular size, charge or known interactions with specific molecules) through the use of a selective chemical matrix. Chromatography utilizes a more accurate targeting mechanism for specific proteins and the gentler chemistry is expected to result in superior product yields compared with cold ethanol fractionation. Chromatographic techniques also reduce costs compared with cold ethanol fractionation by removing the requirements for alcohol (which requires special handling because of its flammability) and cold temperature control.

The PlasmaCap technology is a further improvement on traditional chromatography. While it includes the benefits of traditional chromatography, PlasmaCap uses EBA chromatography, which affords additional benefits over traditional chromatography such as operating at ambient pressure levels rather than high pressure, handling high viscosity starting materials such as plasma and requiring fewer steps and less handling between manufacturing runs. As such, EBA chromatography is more amenable to large scale production than traditional chromatography, as seen in the production of other biologics and food products. The PlasmaCap process captures the target protein while allowing the remaining material to pass through unchanged, which provides the opportunity to sequentially capture additional proteins in subsequent columns (as illustrated in Figure 12) as opposed to cold ethanol fractionation which denatures proteins as well as separates proteins in a bulk format.

Figure 12: Illustrative process and accompanying yields based on internal development and Lihme, 2010⁽⁴⁷⁾



Based on the peer reviewed article published by Lihme⁽⁴⁸⁾ as well as internal development work done at Therapure, management believes that, on average, Therapure’s plasma-derived therapeutics will generate significantly higher revenue per litre of plasma (as described in Figure 13, below) for IVIG, albumin and AAT on a collective basis than existing competitors achieve using cold ethanol fractionation due to the higher yields of the PlasmaCap technology as well as lower costs due to removing the cold alcohol of the Cohn fractionation process.

Figure 13: Product Revenue Per Litre

Product (Anticipated Launch Date)	Price (US\$/g) ⁽¹⁾	Anticipated Therapure Yield (g/L) ⁽²⁾	Anticipated Therapure Revenue per Litre (US\$) ⁽³⁾	Estimated Industry Yield (g/L) ⁽⁴⁾	Estimated Industry Revenue per Litre (US\$)
IVIG (2018)	\$ 75.70	4.9	\$370.93	3.5	\$264.95
Albumin (2018)	\$ 4.40	25.3	\$111.32	25.5	\$112.20
AAT (2020)	\$425.00	1.0	\$425.00	0.25	\$106.25

Notes:

- (1) Centers for Medicare and Medicaid Services (Q2 2015).
- (2) Management estimate based on Lihme et al 2010 Analytical Biochemistry, as well as internal development work done at Therapure.
- (3) See “Cautionary Note Regarding Forward-Looking Statements” and “Risk Factors”.
- (4) MRB 2014 US at p. 47-50 and management estimate.

The anticipated substantial advantages of the PlasmaCap technology over cold ethanol fractionation and traditional chromatography are critical to Therapure’s growth strategy.

In preparation for the clinical trials, Therapure has characterized the process parameters of the PlasmaCap process for IVIG. Therapure has completed detailed engineering studies for the larger clinical facility, equipment has been procured and qualified, and engineering runs are ongoing. Data indicate yields for IVIG that, on average, are 1.4 times those of existing fractionators based on lab scale runs with early indications on larger scale equipment confirming or improving upon these yields. Therapure has increased the scale by

(47) Cost savings described are management estimates based on assumed equivalent manufacturing costs.

(48) Allan Lihme et al., “A Novel Core Fractionation Process of Human Plasma by Expanded Bed Adsorption Chromatography” (2010): Analytical Biochemistry, 399 at pp. 102-109.

100 times compared to the lab and experienced no scale-up issues, and has demonstrated increased yields throughout the scale-up. The development work has been further validated through completion of preclinical trials, which have been presented to both the FDA and HC at the pre-IND and pre-CTA meetings respectively. Therapure was also able to formulate and validate through a third party that its product will meet or exceed specifications of the current market-leading IVIG products. This validation process also reflects the consensus specifications of the independent market research that Therapure commissioned which surveyed leading physicians and pharmacists.

As Therapure scales up operations to commercial scale, in addition to its own internal assessment of the scalability of the technology, EBA has been validated by the use of EBA chromatography in commercial applications in the food and biologics industry at scales significantly larger than contemplated for Therapure's commercial facility (food industry applications of EBA chromatography are 100x larger than Therapure's planned commercial scale). EBA chromatography is also used for protein purification in numerous therapeutics to manufacture other clinical products which have been completed under CGMP conditions consistent with commercial manufacturing. Additionally, PlasmaCap is licensed by Therapure to an existing plasma fractionator to improve IVIG yields as part of the back-end of its approved cold ethanol fractionation process, further validating the technology. This licensing agreement includes payments to Therapure based on pre-determined milestones and an ongoing royalty stream upon commercialization.

Facility & Equipment

Existing Facility

Therapure owns a manufacturing facility located in Mississauga, Ontario, which consists of a single, highly secure multi-storey building located in an industrial area. This facility includes more than 130,000 square feet of office, clean manufacturing and research space; quality control laboratories; and a warehouse built to FDA, EMA, and HC standards for the aseptic handling and purification of proteins. The storage areas, air handling systems, clean suites, water systems, security and all other systems, such as clean steam and compressed air, are all state-of-the-art, validated and maintained as appropriate for CGMP manufacturing.

Figure 14: Therapure's Existing Facility



Since acquiring the facility in 2007, Therapure has made significant improvements to it and the facility has a current value of approximately \$180 million based on replacement cost (including land value). In addition, Therapure's customers have made non-refundable contributions of approximately \$17 million towards the development of Therapure's facility for the manufacture of their products. At the completion of a project related to a customer's product, Therapure retains any equipment and other assets.

Therapure has invested heavily over the past few years to establish capacity and expanded capabilities. In 2014, Therapure utilized approximately 15% of its capacity with a significant proportion of the additional capacity of the facility undergoing modification to establish manufacturing units to support its existing contractual commitments. As these units come online during 2015/16, management expects these facilities to contribute significantly toward increased capacity utilization. Management anticipates 60% total capacity utilization by 2018, with 40% capacity utilization from existing contracts and 20% expected from clients in early stage clinical development or new business.⁽⁴⁹⁾

Therapure has recently entered into a long-term lease for additional warehousing (37,060 square feet) and office space (6,380 square feet) to support its continued business growth.

Proposed Expansion

Therapure's current facility has a flexible design in order to meet the needs of Therapure's CDMO clients. As large scale manufacture of plasma protein therapeutics does not require the same level of flexibility, Therapure plans to expand the existing facility to provide a purpose built space designed for the efficient manufacture of plasma protein therapeutics using the PlasmaCap technology. As such, Therapure intends to expand the current 130,000 square foot facility by an additional 80,000 square feet. The expanded facility space is intended primarily as single purpose for entry into plasma protein therapeutics market and is expected to provide an annual plasma protein therapeutics manufacturing capacity of 750,000 litres per year. Management does not believe using the existing CDMO space for the manufacture of plasma protein therapeutics would be cost effective or efficient given the different layouts and equipment required. The cost of the facility build related to the production of IVIG and albumin is anticipated to be approximately \$121 million.⁽⁵⁰⁾ Management is pursuing government grants to partially offset this cost. Additional expansion to the facility for the production of AAT is planned at an estimated cost of \$37 million.⁽⁵¹⁾ The facility is designed to have the flexibility to increase capacity to 1,000,000 litres for an additional capital outlay of approximately \$17.4 million.⁽⁵²⁾ Given the long lead times to build a facility, this process has been initiated and is expected to be completed for IVIG and albumin production by the end of 2017. Due to the scale and dedicated requirement of the plasma protein therapeutics, a purpose built facility is considered to be the more cost effective when compared with the repurposing of the existing highly flexible CDMO facility.

The project has had a feasibility study conducted by a leading engineering firm and is based on detailed equipment costs and facility engineering. The time frame and breakdown of costs is estimated in Figure 15 below.

(49) Estimates regarding capacity utilization are forward-looking statements and as such it is uncertain whether estimates of capacity utilization will be realized. Such estimates are based on indications of client demand, as well as on assessments of new business Therapure expects to attract. Therapure estimates capacity utilization based upon the historical and committed CDMO pricing per square foot of facility space. The Therapure facility is designed to be very flexible and, as a result, a large proportion of the equipment can be changed over to accommodate different processes. Management therefore views the pricing generated per square foot of facility space as the best measurement of capacity utilization, rather than other measures such as volume of equipment. A number of factors could cause actual results to differ materially from these forward-looking statements, including, but not limited to, regulatory approvals for products and the timing thereof, expected market demand for the product or products in question, introduction of competition for the indication in question, changes in clients' sourcing strategy which could result in the introduction of other suppliers, and variation in the order volume described in "Description of the Business — Clients and Contractual Agreements — Therapure Biomanufacturing (CDMO)" as well as the factors described under "Cautionary Note Regarding Forward-Looking Statements" and the risk factors described under "Risk Factors" herein.

(50) This figure includes approximately US\$50 million of costs which are anticipated to be incurred in US funds. Such costs have been converted to Canadian funds based on a US to Canadian foreign exchange rate of 1.32.

(51) This figure includes approximately US\$23 million of costs which are anticipated to be incurred in US funds. Such costs have been converted to Canadian funds based on a US to Canadian foreign exchange rate of 1.32.

(52) This figure includes approximately US\$7.5 million of costs which are anticipated to be incurred in US funds. Such costs have been converted to Canadian funds based on a US to Canadian foreign exchange rate of 1.32.

Figure 15: Estimated timelines and cost allocation for facility expansion

Activities	Planned Timing	Estimated % of Cost
Preliminary Design	2014 – 2015	4%
Detailed Design	2015 – 2016	8%
Procurement and Construction	2015 – 2017	48%
Installation, Commissioning, and Validation	2016 – 2017	15%
IVIG & Albumin Facility Completion	2017	
Add AAT Production Capabilities	2018 – 2019	25%

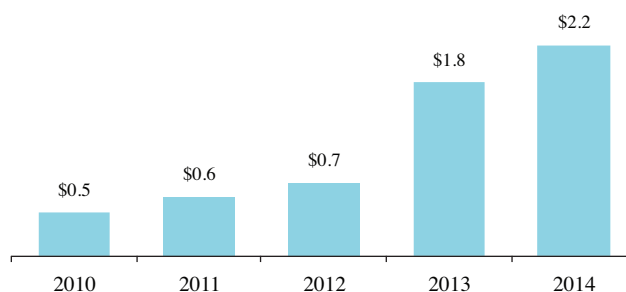
Upon completion of the proposed facility expansion, Therapure expects to be capable of supporting additional proprietary protein products with minimal additional capital expenditures.

Clients and Contractual Agreements

Therapure Biomanufacturing (CDMO)

Therapure’s clients range in size from top ten big pharma clients listed on the NASDAQ with market capitalizations in excess of US\$1 billion, to a number of mid-sized pharma and biotech/emerging pharma companies. Therapure has successfully leveraged its knowledge, expertise, and facility to secure multiple long-term contracts. As shown in Figure 16 below, average revenue per client per year has steadily increased since 2010. This trend is a result of a number of factors, which include customers’ products progressing through the regulatory process and the customers demanding more volume for continuing clinical trials and then commercialized products. As well, management believes that Therapure’s reputation and capabilities enable it to support and originate relationships with customers with products in the later stages of the clinical approval process and/or already commercially approved.

Figure 16: Average Revenue Per Client, per Year (\$ millions)⁽⁵³⁾



The terms of Therapure’s major manufacturing supply agreements are typically five to seven years, with regular renewals of one to three years, although some of its agreements are terminable upon shorter notice periods, such as thirty or ninety days. Therapure generally enters into a broad range of contractual arrangements with its customers, including agreements with respect to feasibility, development, supply, licenses, and quality. The terms of these contracts vary significantly depending on the services provided and the client’s requirements. Some of Therapure’s agreements include a variety of revenue arrangements such as fee-for-service and fixed fees.

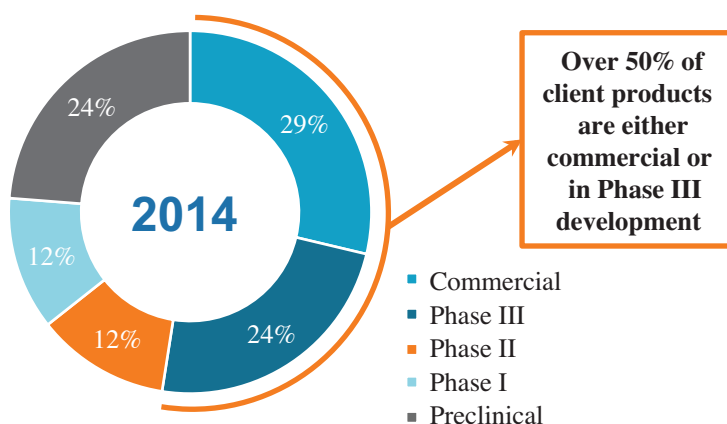
Therapure has a long-term toll manufacturing agreement with LFB for the manufacture of two approved plasma proteins. Therapure also has a long-term take or pay contract with Insmad for the manufacture of its cystic fibrosis therapy. Insmad is contributing capital to retrofit one of Therapure’s manufacturing suites.

⁽⁵³⁾ Includes all clients with greater than \$50,000 in revenue in the year noted.

Therapure generally secures pricing mechanisms in its supply agreements that allow for periodic resetting of pricing terms. Therapure’s customers are generally responsible for the cost of materials required for their products. Therapure’s typical supply agreements include indemnification from its customers for product liability and intellectual property matters and caps on its contractual liabilities, subject in each case to negotiated exclusions. For Therapure’s development solutions offerings, it may enter into master service agreements, which provide for standardized terms and conditions, which facilitates the ability of customers with multiple development needs to access Therapure’s services.

Therapure’s clients have made non-refundable contributions of approximately \$17 million towards the development of Therapure’s facility to support their specific manufacturing needs. These contributions along with the specialization of a customer-specific developed process help create long-term relationships with clients. Because the manufacturing process is integral to their product, Therapure’s clients generally are dependent on its services, which often leads to exclusive relationships and opportunities to grow the business as the client accesses alternative markets or new indications for the product. This dependency also gives rise to organic growth potential, because demand for products increases as they progress through the stages of development to commercialization. Figure 17 below presents an overview of Therapure’s 2014 projects by phase of clinical development.

Figure 17: CDMO Projects by Phase of Clinical Development (Based on Projects with 2014 Revenues)⁽⁵⁴⁾



Notes:

- (1) For the year ended December 31, 2014, Therapure’s top three customers’ products would broadly be considered as being in Phase II/III, commercial and Phase I/II, respectively.

Therapure typically enters into long-term contracts for services with its CDMO customers. Certain major customers have provided estimates of future volumes for products that the Corporation supplies under a contract. Assuming these orders are received by Therapure in the amounts and along the timelines included in the customer provided estimates and any necessary regulatory approvals are obtained, Therapure would receive \$800 million for services for these customers through 2022 (as of September 30, 2015). To the extent projects are delayed, necessary regulatory approvals are not received or contracts are cancelled, the timing of orders and the amount of the Corporation’s revenues and net income would be affected, and the impact may be material. Although many of Therapure’s customer contracts include termination rights, management is not aware of any customer leaving for a competitor since 2011, and contracts may require the payment of compensation to the Corporation for at least a portion of its lost profits.

(54) For the purpose of this analysis, BioScavenger is categorized as being in Phase III because: (i) there has been a previously successful Phase I trial conducted by a different company that may require replication at Therapure’s facility (unless the FDA waives this requirement); and (ii) there will be a combined Phase II/III trial to be conducted under the animal rule as agreed with the FDA. See “Description of the Business — Compliance and Regulatory — Regulation of Drugs — FDA Animal Efficacy Rule”.

The \$800 million estimated total indicated demand for services can be broken down into following categories (per Figure 18): (i) Commercial Products (products that are commercially approved), (ii) Pre-Commercial (products that have already completed Phase III clinical trials (in either Europe or US) and are awaiting regulatory approval), (iii) New Geography (products that are already commercially approved or have completed Phase III clinical trials in either the US or Europe and are seeking regulatory approval in a different geography), (iv) New Indication (products that are already commercially approved for one indication and seeking regulatory approval for another), (v) Clinical Materials (materials related to clinical trials) and (vi) Other.

Included in the \$800 million estimated total indicated demand for services are customer contracts containing provisions regarding take-or-pay amounts, fixed fees for services, minimum commitments or purchase order values listed in the following table. The remaining \$608 million estimated total indicated demand for services are customers' estimates which are not subject to a contractual obligation and are fully cancellable by such customers.

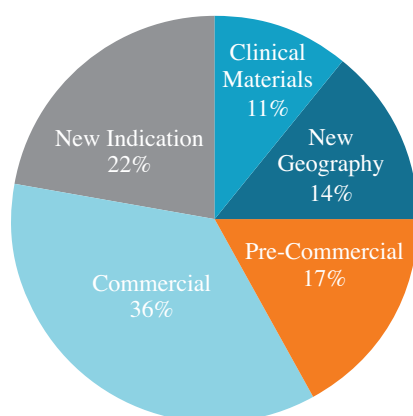
Category	Amount (in \$ millions)
Take or Pay ⁽¹⁾	72
Fixed Price ⁽²⁾	72
Minimum Commitments ⁽³⁾	34
Purchase Order Values ⁽⁴⁾	14
Total	192

Notes:

- (1) "Take or Pay" means a contract with annual purchase requirements or minimum volumes for each year, which may be cancelled or terminated subject to a penalty.
- (2) "Fixed Price" means contracts executed at a fixed price.
- (3) "Minimum Commitments" means contracts with minimum purchase commitments.
- (4) "Purchase Order Values" means the value of purchase orders received.

Out of the \$192 million amount above, \$34 million is in respect of products that have completed Phase III clinical trials but the commercialization thereof is still subject to the receipt of regulatory approvals.

Figure 18: Customer Contracts by Stage (as % of Total Indicated Demand)



The foregoing estimates relating to the total indicated demand for Therapure's services may be considered forward-looking statements. A summary of the principal assumptions used and factors considered by management for the purposes of preparing these forward-looking statements is set out below.

- annual inflation of 3% for contracts that include annual inflation price adjustments;
- US to Canadian foreign exchange rate of 1.32;
- calculations are based on volume forecasts provided by Therapure's customers that management believes to be reasonable;
- monetary amounts are based on pricing as established in the contracts except where customers have indicated that additional volumes may not be achieved under this level of pricing. In these instances, management has reduced pricing to levels currently proposed to (but not necessarily accepted by) these customers;
- materials are required to deliver services and where specific pricing for materials is not included in the contract, the amounts for materials are included based on historical levels for 2014 and 2015;
- contracts are not cancelled and remain in place throughout the period;
- all necessary regulatory approvals and marketing authorizations for customer products are received without excessive delay; and
- regulatory approvals and marketing authorizations of Therapure manufacturing processes are received and in the timeframe estimated by management.

The foregoing assumptions and factors could cause actual results to differ materially from these forward-looking statements. See also "Cautionary Note Regarding Forward-Looking Statements" and the risk factors described under "Risk Factors" herein.

DoD US\$157 Million Investment in Nerve Gas Treatment⁽⁵⁵⁾

In 2013, the DoD entered into a contract with DynPort whereby the DoD agreed to invest approximately US\$157 million to cover the capital expenditure, development and clinical trial costs for a human plasma-derived nerve gas antidote. Therapure was awarded a DoD subcontract by DynPort for a seven-year, fixed price contract, representing US\$63 million in revenue for process optimization and manufacturing of all clinical and nonclinical materials to support DynPort's contract with the DoD to develop, test and obtain FDA approval for a human plasma-derived nerve gas antidote (see "Products and Services"). Additionally, Therapure negotiated exclusive manufacturing and commercial rights to supply the BioScavenger product to other departments of defence in other countries as approved by the DoD. While parties other than Therapure are to receive the remaining funds of approximately US\$94 million under the DoD contract for their project and clinical trial management services, Therapure views the entire US\$157M investment by the DoD as an investment in Therapure because of Therapure's future exclusive global sales and manufacturing rights referenced above.

Due to the absence of any effective anti-nerve gas therapeutics, there is no established market for the BioScavenger product today. However, assuming favourable clinical trial results, Therapure expects the demand may be significant. The US government has demonstrated its commitment to developing an effective prophylactic treatment through the award of the DynPort contract during the budget sequestration in 2013 where the US government had instigated reductions in spending authority of more than \$85 billion, with approximately 50% of these savings directed at defence.

(55) "Notable Contracts: DynPort Nerve Agent Countermeasure Development" (13 May 2013), Global Biodefense: News on Pathogens and Preparedness, online: <<http://globalbiodefense.com/2013/05/13/notable-contracts-dynport-nerve-agent-countermeasure-development/>>.

Competition

Therapure Biomanufacturing

The biologics CDMO space is led by two large multinational players, Lonza and Boehringer Ingelheim, which collectively represent approximately 60% of the market based on capacity.⁽⁵⁶⁾ The remaining market is serviced by a relatively low number of small to mid-sized players, which are predominately privately held and located in either Europe or the US. These include: Althea, Catalent, Cook Pharmica, CMC Biologics, Cytovance, Fuji-Diosynth, KBI, Patheon, Goodwin, Renthschler and Therapure. The relatively limited number of players is due in part to the technical complexity of this sector as well as the barriers to entry associated with establishing the necessary capabilities and capacity. Due to the complexity of manufacturing biologics and regulatory requirements, management does not anticipate significant competition from developing nations in the foreseeable future. The above companies represent the Corporation's major competitors with respect to mammalian cell culture manufacture. While Therapure experiences some competition on a relatively limited scale in the transgenic niche, it sees relatively little or no competition in the plasma-derived product sector aside from companies that do in-house manufacturing, namely Grifols, Baxalta and CSL.

Therapure Biologics

Therapure expects to face competition from both US-based and other foreign producers of plasma protein therapeutics. The number of major producers of plasma protein therapeutics globally decreased from thirteen in 1990 to eight in 2002, to five in 2005 and to three currently, as a result of major consolidation within the industry. The three major producers, Grifols, Baxalta, and CSL, collectively accounted for almost 83% of 2014 US sales of plasma-derived products⁽⁵⁷⁾ as compared to a 59% European market share for the same group of companies in 2012.⁽⁵⁸⁾ In Europe, the industry is highly regulated and healthcare systems vary from country to country. As local companies may have greater knowledge of local healthcare and regulatory systems, more established infrastructure and existing regulatory approvals, they may be able to market their products more quickly even compared to the three large producers. Therapure also expects to face competition in specific countries from local, non-profit organizations. Canada currently does not have any domestic plasma protein manufacturing capacity for the two products required by Canadian Blood Services and Héma-Québec (IVIG and albumin). However, Therapure is aware of other potential entrants into the Canadian domestic plasma manufacturing marketplace. See "Risk Factors".

Therapure Innovations

Therapure Innovations' product candidates potentially address large markets of unmet medical needs by providing a new approach to their product categories. Nevertheless, existing products are well established in their respective markets and new therapies will have to demonstrate significant benefit in order to compete effectively.

For TBI 302, such commercial products include sorafenib and yttrium-90 glass microspheres. Phase III trials are underway for several products, including nivolumab, ramucirumab, regorafenib, cabozantinib and lenvatinib, which have been previously approved for other indicated uses. Potential competing products tivantinib and sacituzumab govitecan are currently in clinical development as well.

For TBI 304H, competing products available commercially include EPO and darbepoetin alfa. Potential competing products which are currently in clinical development include roxadustat, sotatercept, PBI-1402 and PRS-080.

Intellectual Property

Therapure's success depends in part upon its ability to exploit intellectual property protection covering its products and technologies, and to operate without infringing the proprietary rights of others. With respect to the

(56) Eric A. Langer, "Bio News & Views, Too Much CMO Capacity?" (7 March 2014): Contract Pharma at p. 3.

(57) MRB 2014 US at p. III.

(58) MRB 2012 Worldwide at p. 22.

former, Therapure’s policy is to in-license technology that is the subject of patents or patent applications and to file for patent protection for key components of its technology. Further measures include filing for trade-mark protection on product and technology names in key markets. Another part of Therapure’s strategy is the use of and maintenance of confidential know-how/trade secrets. Therapure seeks to avoid infringing the proprietary rights of others by searching patents and publications, as appropriate, in its product areas and technologies in order to be aware of any developments that may affect its business and, to the extent any such developments are identified, by evaluating and taking appropriate courses of action.

As part of the acquisition of assets from Upfront (see “General Development of the Business”), Therapure has licensed from Patheon Biologics B.V. (“**Patheon**”, formerly DSM) patents and patent applications within seven patent families relating to EBA chromatography, on a perpetual, royalty-free, fully paid up, worldwide exclusive basis, with rights to sublicense in the human plasma field. Additionally, Therapure owns patent applications and issued patents in Europe, Australia (3), India and China for the process related to isolation of proteins from plasma, which, subject to issuance, validity claims and procedural patent term adjustments are expected to extend until at least 2027. Therapure expects that, together, these owned and licensed intellectual property assets give Therapure the right to manufacture the necessary components and equipment to practice EBA chromatography as well as certain worldwide exclusive right to practice EBA chromatography to capture target proteins from plasma and the right to prevent others from using EBA chromatography where patents exist. Moreover, the license with Patheon allows Therapure to generate future revenue by sub-licensing the right to use EBA technology in turnkey facilities. It is expected that as the EBA process is further developed and characterized, additional intellectual property will be generated by Therapure in the form of know-how and/or new patent applications to further protect its business plan. Additionally, Therapure has applied in key markets to register several trade-marks, including PlasmaCap™, in order to support brand awareness for its unique processes and product offerings.

In addition to the intellectual property protecting the PlasmaCap technology, Therapure currently holds the rights to 15 patent families relating to its Therapure Innovations pipeline.

Current Canadian and US patent laws provide that, subject to validity claims and procedural patent term adjustments, the Corporation’s patents are expected to be enforceable for a period of 20 years after their filing dates. Material patents held by Therapure are detailed in Figure 19 below. In addition, the Corporation has patent applications pending in various jurisdictions for some of these patent families, in particular in Europe and the United States.

Figure 19: Material Patents of the Corporation

Name/Identifier of IP	Countries	Filing Date	Expiration Date
Blood Cell Production via Activation of CD163	DE, ES, FR, GB, IT, CA, CN, JP, KR, SG, US, ZA	03/26/2002	03/25/2022
Hemoglobin-haptoglobin complexes	CA, JP	04/30/1999	04/30/2019
Hemoglobin-polysaccharide conjugates	CA, CN, DE, ES, FR, GB, IT, JP, RU, US	03/25/1999	03/25/2019
Isolation of Human Plasma or Serum Proteins	AT, AU, BE, CH, CN, CZ, DE, DK, ES, FI, FR, GB, HU, IE, IN, IT, NL, PL, PT, RO, SE, SK, TR	06/07/2005	06/07/2025
Method of Reducing a Schiff Base	US	08/15/1997	08/15/2017
Targeted delivery of anti-viral compounds through hemoglobin bioconjugation	CA, US	05/17/2004	05/17/2024

Therapure further protects its proprietary information by requiring applicable employees, consultants, contractors and other advisors to enter into nondisclosure and assignment of invention agreements upon

commencement of their engagements. Furthermore, Therapure protects its proprietary information by entering into written agreements of confidentiality with outside parties that are exposed to confidential information. Where appropriate, Therapure also employs material transfer agreements that govern the use, intellectual property rights and transfer of materials when delivering them to third parties.

Sales and Marketing

Services (CDMO)

Therapure's sales force consists of four business development professionals, who are supported by two marketing professionals. Together, they focus on North America and Europe, with one person based locally in Europe. The Corporation is presently seeking to expand its US presence with the addition of a business development professional.

The Corporation uses a variety of tools to identify clients based on a number of criteria to determine both project and client fit, as well as the attractiveness of the opportunity. As opportunities are identified, they are processed through a five-step gating process by which the various areas of the business become involved to assess the opportunity and ensure a timely and well-developed quote is issued, as well as successful execution.

As of September 30, 2015, the Corporation is actively pursuing a total of 43 opportunities and has issued quotes on 38 of these opportunities. These quotes total \$135 million for the initial project phase which lasts from 2 months to 30 months (average 13 months). The initial project phase generally covers the technology transfer of a commercial or clinical process or the manufacture of materials for a single clinical phase. Commercial manufacturing is not included in this quote amount.

Products

Therapure plans to establish a small, dedicated team of account managers that will leverage the existing distributor network to bring IVIG and albumin to market. Therapure plans to augment the distributor network with a small sales force covering key customers and geographies. As these represent the first products to enter the market for Therapure, leveraging the experience of the existing distributors with these products is expected to reduce the market risk and marketing cost significantly and eliminates the need for a large sales force. In relation to the domestic (Canadian) market, there are only two agencies that procure plasma-derived products, Canadian Blood Services and Héma-Québec.

For the launch of AAT, Therapure intends to use the experience it will have gained with its IVIG and albumin plasma protein therapeutics to launch a targeted specialty sales force to focus on the AAT market and work with advocacy groups to address unmet patient needs.

Employees

As of September 30, 2015, Therapure had approximately 300 employees. Therapure's employees are not unionized. From time to time the Corporation also uses consultants, hired on a contract basis.

Therapure's key management personnel have an average of over 20 years of experience in Therapure's target industries.

In addition to Therapure's strong management team, Therapure Biologics and Therapure Innovations have advisory boards comprised of experienced professionals with a depth of experience in their fields. Such advisory board members include former FDA members and marketing executives, as well as development, clinical, regulatory, and manufacturing experts.

Environmental, Health & Safety

Therapure's operations are subject to environmental, health and safety ("EH&S") laws and regulations set at federal, provincial, regional and municipal levels. These laws and regulations govern Therapure's operations with respect to, among other things, air emissions, effluent discharges, waste material handling, hazardous

substances (including the use, transport, storage and disposal of those substances), soil and groundwater contamination and employee health and safety.

The following is a general description of certain material EH&S aspects of Therapure's business that may occur in the course of operations:

- Environmental:
 - air emissions: gaseous discharges from fume hood, process and utility vent stacks;
 - effluent discharges: aqueous waste from process equipment cleaning;
 - waste material handling: non-hazardous materials, many of which are reduced, reused or recycled;
 - hazardous substances: chemical and biological materials deemed hazardous by government regulators; and
 - soil and groundwater contamination.
- Health and Safety:
 - accidents: workplace injury or illness;
 - work refusal: if unsafe working conditions are present; and
 - fire and explosion.

To prudently manage the EH&S aspects of its operations, including those described above, Therapure operates under the guidance of an environmental policy and an occupational health and safety policy. There are a number of procedures that then support the policies (e.g. use of personal protective equipment; hazardous and non-hazardous waste segregation and disposal; visitor and contractor access control; and emergency preparedness).

Furthermore, the senior leadership team monitors EH&S compliance through a monthly review meeting. Therapure has a dedicated EH&S employee and a member of the senior leadership team has specific responsibility for EH&S including the role of company safety officer. All work group managers have specific EH&S responsibilities and performance objectives. Every Therapure employee has a specific EH&S training program that is actively monitored. Therapure has a joint health and safety committee that holds monthly meetings, reviews policies and procedures, conducts monthly workplace inspections and assists with company-wide program implementations. There is also an environmental awareness committee responsible for recycling and other initiatives to encourage environmental awareness in employees and help the company operate the required reduce-reuse-recycle program.

All new project activities as well as changes to existing project activities are subject to risk assessment. Therapure has assessment vehicles that consider health exposure potential, operational safety, environmental compliance and ergonomic impacts. Projects involving major engineering change are subject to a full multi-disciplinary hazard and operability study. The outputs from the risk assessments are considered in the design, operation, documentation and training for all new projects.

Therapure also has certain reporting requirements that are triggered through normal operating activities, through an annual requirement, whenever there is a change involving the type or quality of air emissions from Therapure's operations or if there is a significant adverse EH&S event. For example, Therapure submits routine reports of monthly effluent discharge testing by the local water authority.

In addition, Therapure is required to give notice to the Workplace Safety and Insurance Board if an employee suffers a workplace injury or illness that requires treatment from a healthcare professional and/or results in time lost from work; give notice to the Ministry of Labour if a worker suffers critical workplace injury or occupational illness; give notice to the Ministry of the Environment and Climate Change if Therapure makes changes to equipment or operations authorized under its Environmental Compliance Approval, or makes changes that would affect its air sampling parameters; report annually to the Ministry of the Environment and

Climate Change on its facility activities; and report annually to Environment Canada if the National Pollutant Release Inventory emissions reporting thresholds are met.

Therapure also reviews various EH&S performance aspects on an annual basis, such as non-hazardous waste audits and accident/incident key performance indicators. There are certain approvals and registrations that Therapure maintains as part of EH&S compliance, including Environmental Compliance Approval, as well as approvals and/or registrations relating to the National Pollutant Release Inventory, the Hazardous Waste Information Network and the Workplace Safety and Insurance Board. Therapure also operates a number of internal permit controls (lock-out procedures) relating to hot work and confined space conditions.

To minimize risk to its employees, the public and the environment, Therapure also implements various controls in respect of the hazardous substances it handles in the course of its operations. For example, all flammable and combustible liquids are stored in a custom built and rated solvent storage room. Their use is restricted to certain areas of the facility where precautions have been taken to avoid the potential for fires. Bulk organic waste is collected and stored in an underground storage tank and the tank is subject to regular inspection. All compressed gas cylinders are stored in cages when not in use and are always secured when being used. Liquid nitrogen is stored in an external tank and its use within the facility has been fully hazard assessed to minimize the risk from the cryogenic nature and the asphyxiating potential of this material. Hazardous waste storage and disposal is strictly controlled with dedicated storage areas, prescribed packaging procedures, handover and acceptance forms and hazardous waste manifests, all of which are subject to external audit. Biological waste streams are either detoxified with proven agents or are submitted for incineration. Specialist contractors are used for the disposal of waste materials including hazardous waste. The materials (hazardous and non-hazardous) that are used in Therapure's CDMO and Products business activities are stored in an access controlled warehouse and used in access controlled production suites. Liquid waste can be packaged for controlled disposal or as part of the aqueous effluent stream to the main sewer. All wastes streams are assessed for suitability for the chosen route of disposal.

Compliance and Regulatory

Therapure operates within a highly regulated industry. Regulations apply to manufacturing processes as well as the drugs produced using those processes. All jurisdictions have their own regulations, but their content is often similar and the ultimate goal is protection of the consumers who use the drugs.

CGMP

All aspects of Therapure's business are governed by the principles and guidelines of CGMP. Generally, CGMP are guidelines to help meet regulatory requirements and are intended to ensure the identity, strength, quality and purity of drugs through the proper design and appropriate monitoring and control of manufacturing facilities and processes. Raw materials, quality management systems, operating procedures and testing all fit within the scope of CGMP. The "current" part of the current good manufacturing practices requirements means that companies must keep equipment and processes updated and undergo inspections by regulatory agencies. Therapure continually invests in its facility and processes, with particular emphasis on quality operations. Approximately 25% of Therapure's workforce is dedicated to these associated activities.

As a CDMO, Therapure's clients' target markets fall under multiple regulatory agencies. Therapure holds a drug establishment license issued by HC and a medical device establishment registration from the FDA's Center for Devices and Radiological Health. Its facilities have also been inspected by two third-party authorities from the European Union.

Regulation of Drugs

Drugs used in humans, such as those being developed by Therapure Biologics and Therapure Innovations, must be evaluated and approved by regulatory authorities in any jurisdiction where they are sold. Research, development, testing, manufacturing, packaging, marketing, advertising and distribution of drugs are also regulated. The process of obtaining regulatory approvals and the subsequent compliance with applicable laws require the expenditure of substantial time and financial resources.

In the US, the FDA evaluates and approves new drugs. Certain drugs are regulated by the FDA's Center for Drug Evaluation and Research (“**CDER**”), others by the Center for Biologics Evaluation and Research (“**CBER**”) and others by the Medical Devices division. While the drugs Therapure Biologics and Therapure Innovations are developing are considered to be biologics, some of those drugs fall under the purview of CDER (e.g., TBI 304H, which is a monoclonal antibody) and others under CBER (e.g., IVIG and albumin). Whether they fall under CDER or CBER, because of their complexity and the difficulty of identifying the clinically active components, biologics differ from traditional small-molecule drugs in that the manufacturing process is an integral part of the drug. Therefore, any changes to the process, equipment or facilities used to produce such drugs may require additional clinical studies to demonstrate the product has not been altered. The difficulty in changing processes, equipment or facilities is important to Therapure's CDMO business, as it incentivizes long-term client relationships and the development of Therapure's own products, since Therapure benefits from having the capability to manufacture clinical trial materials and commercial materials in-house.

In Canada, HC reviews and approves new drugs under the Therapeutic Products Directorate and the Biologics and Genetic Therapies Directorate. The section below generally describes the US approval process and notes where the Canadian process varies from that used in the US.

The Approval Process

The approval process is similar for all drugs, although certain products or classes of products can undergo accelerated approval. Generally, a drug must first be extensively characterized in a laboratory setting and evaluated in preclinical testing to determine if it is likely to be safe for initial testing in humans and to demonstrate that it has desirable pharmacological activity. Preclinical testing must comply with good laboratory practice, or GLP, requirements, which establish basic requirements such as the need to have an appropriate protocol in order to ensure the validity of the results. The results of these analyses along with proposed clinical trial protocols are submitted to the FDA in the form of an IND. If, after 30 days, the FDA has no questions, finds no fault with the data and the proposed trials, and does not impose a clinical hold, the IND goes into effect and the sponsor company may begin clinical trials. In Canada, the HC process is called a clinical trial application (“**CTA**”), and during the 30 day review, a ‘No Objection Letter’ is issued to the sponsor company if the application is deemed acceptable. All clinical testing is subject to rigorous regulatory requirements, including the requirement to follow good clinical practices, obtain study subject informed consent, and obtain institutional review board or independent ethics committee approval. FDA, HC other regulatory authorities, and the institutional review board or independent ethics committee may suspend a clinical trial at any time.

The first level of clinical testing, Phase I, is generally conducted in a small number of healthy volunteers (typically 20–100) and is used to determine if the drug has an acceptable safety profile, identify any common side-effects and establish how the drug is metabolized (pharmacokinetics). If the results from the Phase I testing are acceptable to the applicable regulatory authority to proceed, the sponsor company will seek approval for a Phase II clinical trial. Phase II clinical trials generally concentrate on effectiveness at treating the disease or condition along with gaining more safety data and gathering further information about the optimal dosage based on what was determined during Phase I. Phase II trials are usually larger (about 100–300 patients) and are conducted with patients who have the disease or condition the drug is intended to treat. Usually the study drug is given to some of the patients, while either an established drug or an inactive substance (placebo) is given to others. The results of the treatments are compared and safety is monitored.

If the preliminary efficacy results look promising, the sponsor company usually meets with the applicable regulatory authority to determine the design of the larger Phase III studies. Depending on the disease or condition, Phase III testing may involve 1,000 to 2,000 patients, although in some therapeutic settings the number of patients involved will be considerably smaller. If Phase III clinical trials are successful, the sponsor

company may file either a new drug application (“NDA”) or a biological license application (“BLA”) with the FDA depending on whether the drug is regulated as a biological or non-biological drug. The NDA or BLA contains all the information about the drug, including manufacturing data, laboratory analysis and the results of preclinical and clinical trials. A significant user fee must be paid with the NDA or BLA, except in narrow circumstances where an exception or waiver applies. In Canada, the submission is referred to as a new drug submission (“NDS”).

For both the FDA and HC, a review team evaluates the application and considers the study design, analyses and conclusions. The FDA has committed to performance goals under which it seeks to review and act upon 90% of standard drug NDAs and BLAs within ten months, with an additional two months added for new molecular entities. Shorter timelines apply to so-called priority review drugs. Both agencies also inspect the facilities where the drug is to be manufactured and review and approve the labelling (which includes the package insert setting forth information about how the drug is to be used). If all is acceptable and the drug’s benefits are deemed to outweigh any risks, the agencies approve the application and the drug may be marketed in the US and/or Canada. The agencies may limit the approval, require that the sponsor company conduct post-market studies, or impose a requirement for a risk management plan referred to as a risk evaluation and mitigation strategy at the FDA and a risk management plan at HC. Following approval, the sponsor must monitor the drug for any adverse events and report to the FDA and/or HC, including expedited reporting for serious and unexpected adverse events. Additional post-approval requirements also apply.

Accelerated or Abbreviated Approval

In certain situations, the approval process can be accelerated or abbreviated. In the case of IVIG, many regulatory agencies (notably the FDA and the EMA) have published guidance documents for manufacturers to follow in order to bring these products to market. The guidance documents call for a single-arm trial of 40 patients, with efficacy compared to historical norms. In the case of albumin, the FDA has established a pathway to bring products to market in the US without the requirement for new clinical trials, in accordance with standards set out by the FDA in the Code of Federal Regulations (21 CFR Part 640 Subpart H). These standards relate to (i) processing, (ii) testing to confirm protein concentration, protein composition, sodium concentration, potassium concentration and heat stability, (iii) general requirements for storage and absence of preservatives and (iv) labeling.

Apart from these special pathways for IVIG and albumin, other drugs may receive accelerated review under a variety of different FDA programs generally aimed at drugs that treat serious or life-threatening conditions with unmet medical need. For example, the FDA may give priority review to such drugs, under which they will review and act on the NDA or BLA in six months, or eight months if it is a new molecular entity. At HC, accelerated review falls under the Priority Review process.

Several of the drugs in Therapure’s development pipeline may qualify for an abbreviated or expedited approval process (such as the plasma-derived proteins or BioScavenger). However, even in cases with expedited approval, there is no guarantee of success at any stage of a drug’s development.

FDA Animal Efficacy Rule

Prior to FDA approval of the BioScavenger product, product efficacy must be proven. BioScavenger is a product developed for countermeasures which are lethal in most cases. Human challenge studies (exposing people to the threat agent) would not be feasible or ethical in this context and, as such, the FDA’s “Animal Rule” would apply. This rule generally provides that, where a drug is developed to ameliorate or prevent serious or life-threatening conditions caused by exposure to certain toxic substances, and where human challenge studies would not be ethical and field trials have not been feasible, the FDA may grant marketing approval based on animal efficacy studies meeting relevant criteria. The product would still be required to undergo safety studies in humans prior to FDA approval.

Regulation of Plasma-Derived Products

In the US, CBER regulates the collection of blood and blood components used for the manufacture of pharmaceuticals derived from plasma and establishes standards for the products themselves. CBER develops

and enforces quality standards, inspects plasma collection establishments and monitors reports of errors, accidents and adverse clinical events for the plasma-derived products as well as the collection of plasma. In Canada, an establishment that manufactures human plasma derived biologics product is regulated as a Schedule D (biologic) drug fabricator under the *Food and Drugs Act* and is regulated by HC's Biologics and Genetic Therapies Directorate.

Regulation of Biosimilars (also known as follow-on-biologics or subsequent entry biologics)

A biosimilar is a biologic medical product which is developed to be a functionally equivalent version of an original product that is manufactured by a different company, the originator, and is able to come to market through an abbreviated regulatory approval pathway. The biosimilar product is intended to be similar to the original product based on the comparable methods of analysis, functional activity, as well as safety and effectiveness. Biosimilars are officially approved versions of original "innovator" products, and generally may be manufactured once the original product's applicable patent(s) or other applicable period of exclusivity expires.

Unlike the more common small molecule drugs, or traditional pharmaceuticals, biologics generally have high molecular complexity and may be quite sensitive to changes in manufacturing processes. Follow-on manufacturers typically do not have access to the originator's molecular clone and original cell bank, nor to the exact production and purification processes, methods of analysis and data, nor to the active drug substance itself. In many cases this increases the extent and sophistication of analysis that a biosimilar manufacturer must complete in order to support the claim of comparability.

Drug-related authorities such as FDA, HC and EMA have developed their own guidance on requirements for demonstration of the similar nature of two biological products.

Government Funding and Support

Therapure has received financing from the Canadian government through the Advanced Manufacturing Fund managed by the Federal Economic Development Agency for Southern Ontario to support its efforts to develop and obtain market approval for IVIG and albumin using the PlasmaCap technology for plasma protein purification. The funding, provided under the Contribution Agreement, is in the form of an interest-free repayable loan of up to \$20,000,000 covering up to 34.6% of total spending through 2018 and repayable starting in 2020. The loan may be prepaid at any time without penalty. As at November 20, 2015, approximately \$9.2 million has been received pursuant to the Contribution Agreement.

Therapure is pursuing additional government support to assist in funding the construction of the commercial facility. See "Description of the Business — Facility and Equipment — Proposed Expansion".

Government Relations

The biopharmaceutical industry is generally well supported by local and federal governments. Therapure has worked closely with a variety of government agencies in many areas to promote the sector and its activities. All levels of government are generally seen as supportive and have shown this support in the form of a Biopharmaceutical Investment Program grant (\$4 million; all of which has been spent and which for clarity is separate and distinct from any grants currently being pursued to offset the cost of the proposed facility expansion for the commercial production of IVIG and albumin) and funding under the Contribution Agreement as well as other initiatives such as BioTalent Canada, which focuses on building partnerships and skills for Canada's bio-economy to ensure the industry has access to job-ready people. The Corporation intends to continue to leverage these relationships and support as it continues to execute its strategy, growth and investment in the plasma proteins business.

Insurance

Therapure maintains insurance coverage it believes to be consistent in practice with other manufacturers in the pharmaceutical industry, including general liability, product liability, errors and omissions, property, pollution liability, worker's compensation and directors and officers liability insurance. It also maintains wrap-up liability insurance relating to interior alterations to its facility.

USE OF PROCEEDS

Offering

The net proceeds to be received by Therapure and the Selling Shareholder from the Offering are estimated to be \$ ● (\$ ● if the Over-Allotment Option is exercised in full), after deducting the Underwriting Fee of \$ ● million (or \$ ● if the Over-Allotment Option is exercised in full) and the expenses of the Offering payable by Therapure, which are estimated to be \$ ●. Each of Therapure and the Selling Shareholder will receive the net proceeds from the Offered Shares sold by such seller.

Principal Purposes

Therapure expects to use its anticipated net proceeds of the Offering of \$ ● primarily for (i) plant expansion related to the production of IVIG and albumin and (ii) development of the Therapure Biologics business. See “Description of the Business — Facility and Equipment — Proposed Expansion”. The proceeds may also be used for working capital and general corporate and administrative purposes. If the total net proceeds received by the Corporation in connection with the Offering are not allocated to or sufficient for the plant expansion, additional financing will be required to complete the plant expansion.

While Therapure currently anticipates that it will use the net proceeds of the Offering received by it as set forth above, it may re-allocate the net proceeds of the Offering received by it, having consideration to its strategy relative to market and other conditions in effect at the time. Pending use of the net proceeds of the Offering, such net proceeds will be invested as determined by the Board.

Therapure has had negative operating cash flow from operating activities in its most recently completed financial year for which financial statements have been included in this prospectus. To the extent the Corporation has negative cash flow in future periods, the Corporation may use a portion of its working capital to fund such negative cash flow. See “Risk Factors”.

ELIGIBILITY FOR INVESTMENT

In the opinion of Fasken Martineau DuMoulin LLP, counsel to the Corporation, and Torys LLP, counsel to the Underwriters, based on the provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”) in force on the date hereof, provided the Offered Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSX), the Offered Shares will be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan (“**RRSP**”), registered retirement income fund (“**RRIF**”), registered education savings plan, registered disability savings plan, deferred profit sharing plan or tax-free savings account (“**TFSA**”), all as defined in the Tax Act.

Notwithstanding that Offered Shares may be qualified investments for a trust governed by a RRSP, RRIF or TFSA, the annuitant under a RRSP or RRIF and the holder of a TFSA that holds Offered Shares will be subject to a penalty tax if Offered Shares constitute a “prohibited investment” (as defined in the Tax Act) for the trust. Offered Shares will not be a prohibited investment for a trust governed by a RRSP, RRIF or TFSA provided the annuitant or holder of such RRSP, RRIF, or TFSA, as the case may be, deals at arm’s length with the Corporation for purposes of the Tax Act and does not have a “significant interest” (as defined in the Tax Act for the purpose of the prohibited investment rules) in the Corporation. “Significant interest” in the Corporation for these purposes includes, but is not limited to, the ownership of 10% or more of the issued shares of any class of the capital stock of the Corporation or any corporation related to the Corporation within the meaning of the Tax Act. In addition, the Offered Shares will not be a prohibited investment if they are “excluded property” (as defined in the Tax Act) for a trust governed by a TFSA, RRSP or RRIF.

Prospective investors who intend to hold the Offered Shares in a RRSP, RRIF or TFSA should consult their own tax advisors as to whether the Offered Shares will be a prohibited investment in their particular circumstances.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations should be read in conjunction with "Prospectus Summary — Summary of Selected Financial Information", and Therapure's consolidated financial statements and related notes that appear elsewhere in this prospectus. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect Therapure's plans, estimates, and beliefs. Actual results could differ materially from those discussed in the forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements". Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus. See "Risk Factors".

Overview

Through the knowledge and experience of the Corporation's employees and its manufacturing capacity, Therapure provides outsourced pharmaceutical development and manufacturing services to its customers. Therapure's customers participate primarily in the biologics sector, which has experienced significant growth. Over the past 15 years the pharmaceutical industry has undergone a 'biologics boom'.⁽⁵⁹⁾ Insulated from the adverse impact of generic competition due to the complexity of biologics manufacturing and product characterization, biologic pharmaceuticals have out-performed traditional small molecule pharmaceuticals.

The Corporation also plans to participate in the plasma therapeutic segment of the pharmaceutical market through the development and commercialization of its own plasma protein therapeutics. By building on its proprietary purification technology (PlasmaCap), its experience in protein purification, its history, knowledge and expertise with blood and blood plasma and its state-of-the-art facility, Therapure is developing and intends to license a portfolio of plasma protein therapeutics primarily for sale in the North American market.

Additionally, the Corporation has a portfolio of proprietary drug development candidates that have been approved to enter Phase I clinical trials targeted at major unmet medical needs in the areas of liver cancer and anemia.

The Corporation reports its financial results under three segments: CDMO (under the banner Therapure Biomanufacturing), Biologics (under the banner Therapure Biologics) and Innovations (under the banner Therapure Innovations). Currently all of the Corporation's revenue is generated by the CDMO segment. The Therapure Biologics segment is focused on the development of Therapure's own plasma protein therapeutics and Therapure Innovations is focused on its proprietary drug development candidates.

Therapure Biomanufacturing — Contract Development and Manufacturing

The Corporation is a leading supplier of outsourced services primarily to the biologics sector of the pharmaceutical market. Through its extensive capabilities and significant expertise in process development, preclinical, clinical and commercial manufacturing of both drug substance and drug product, Therapure assists its clients with manufacturing solutions that would typically be cost prohibitive and often too complex for them to develop and build on their own. Its services are provided from a state-of-the-art CGMP facility in Mississauga, Ontario. Therapure's core philosophy is to make a positive customer experience the primary focus at every point of contact with its clients.

Clients range in size from large pharmaceutical companies to mid-sized and emerging biotech companies. Therapure believes that its clients value it because not only is it able to provide its services from a state-of-the-art flexible and well equipped facility, but it has a history of providing these services at a high level of quality, on a timely basis and in a manner that meets or exceeds client expectations.

Among the many services required to manufacture products for use in clinical trials or for ongoing commercial supply, customers contract with Therapure to: establish manufacturing processes for customer products in the Corporation's facility; develop new processes or enhance existing manufacturing processes; build manufacturing capacity; and produce finished products, including their final packaging. Revenue from manufacturing services to produce finished product, including packaging, is recognized on a percentage of

(59) FirstWord.

completion, on acceptance, or when complete, depending upon contract terms. Customer demand for finished product while it is in clinical trials and/or awaiting regulatory approval may vary on a quarterly and annual basis. Demand for commercial products tends to be more consistent compared with products in clinical trials, resulting in a steady, or growing, revenues for these products. Revenue associated with the development and enhancement of manufacturing process or technology transfer is primarily based on the percentage of completion and may not be consistent from quarter to quarter, as such revenue depends upon the extent of the manufacturing process or technology transfer.

To date, a large proportion of revenue from the CDMO segment has been from the development and technology transfer of manufacturing processes in preparation for contractual obligations to supply late stage clinical and commercial volumes of associated products. The manufacturing volumes associated with these contractual obligations are anticipated to ramp up in the fourth quarter of 2015 and in 2016 and 2017, based on, among other things, indicated demand, orders, and contractual obligations. In addition, increased manufacturing volumes are expected as certain customers' products move from clinical to commercial production. Other expected drivers of increased utilization include expected increases in market penetration by clients, and the resultant increase in demand for their products, as well as increased demand resulting from the addition of new customers.

The Corporation currently has one significant project with a customer that has not yet generated revenue. Therapure has a toll manufacturing agreement on a Take or Pay basis (as defined in the agreement) with LFB SA (“LFB”) for the manufacture of two commercial plasma proteins. LFB is the world’s 6th largest manufacturer of plasma-derived medicinal products and the largest fractionator in France.

The agreement provides for a build of a workshop in Therapure’s facilities, in order to provide LFB a second dedicated production facility. The workshop is expected to extend LFB’s market penetration for the licensed products in all of the countries in which LFB held marketing authorizations as well as new markets. The LFB products are produced from proprietary processes for the purification of factors co-extracted from plasma intermediates.

The initial term of the agreement is for 12 years and is automatically extended for periods of 2 years unless terminated by one year of notice prior to the expiration of the agreement. LFB will purchase product from Therapure on a “Take or Pay” basis as defined in the agreement.

To date, the Corporation has invested an amount of approximately \$27 million in the workshop as required by the agreement. The workshop was completed and became available for use in 2014. A very minimal amount of capital enhancement is required to be made to the workshop over the term of the agreement.

The Corporation is in the process of manufacturing regulatory batches and conducting stability studies as required by the agreement. Precise timing is difficult to predict; however, Therapure anticipates that the completion of manufacturing of regulatory batches will be in 2016, while finalization of stability testing, filing for regulatory approval and commercial sales may occur in 2017.

As highlighted in the Components of Cost of Sales table below, costs of sales for CDMO are primarily related to full time employees, facilities costs, which the Corporation expects to decrease as a percentage of sales as the business grows, and depreciation. Costs of input materials for the manufacture of finished products and other variable costs make up a smaller percentage of costs of sales. As a result, gross margin varies with the level of revenue from quarter to quarter and year to year.

Components of Cost of Sales

	Full Year		9 months
	2013	2014	2015
Labour & other cost	43%	44%	44%
Materials	27%	21%	20%
Facilities	21%	19%	20%
Depreciation	9%	16%	16%
Total	100%	100%	100%

Fluctuations in the timing of revenue between the first and second half of the year have been primarily the result of growth in the business which required the Corporation to hire and train staff prior to delivering increased volumes of product and services in the year, the timing associated with clients' budgetary spending decisions, the annual operational maintenance periods associated with both Therapure's facilities and those of its customers, as well as clinical trial, research and development and manufacturing schedules. The trend of higher revenue in the second half of the year compared to the first half of the year may not occur in future years as the above factors are not inherently seasonal and the Corporation expects a higher percentage of its revenues in future years will be derived from commercial products that have more consistent demand throughout the year compared with products supplied for clinical trials.

The Corporation plans to continue to invest in capital expenditures to support its growth and continue facility improvements in the CDMO segment. However, Therapure expects the level of capital expenditures to support the growth in the CDMO segment will be lower in absolute dollar amounts than what has been expended during the last three years in light of the recent significant investment in its facilities and its current available capacity to meet growth.

Therapure Biologics — PlasmaCap Products

Human plasma-derived products are based on separating proteins out of plasma collected from donors. These proteins treat well-defined medical conditions, often as a replacement for missing or deficient proteins found in plasma of the treatment population. The market is large and complex, and requires significant capital investment to build new facilities.

The Corporation anticipates entering into the human plasma-derived products market using its proprietary state-of-the-art technology, PlasmaCap, which is expected to be more efficient in terms of both cost and manufacturing process than traditional technology in producing key proteins. To the Corporation's knowledge, the substantial majority of current production is based on technology developed in the 1940s. Therapure intends to pursue a three part strategy to exploit PlasmaCap. First, the Corporation plans to commercialize IVIG for immunodeficiency and albumin for traumatic blood loss — two of the largest well-established plasma proteins by market size (US\$6.8 billion and US\$2.0 billion worldwide markets, respectively, in 2012). Second, after entering into the market for IVIG and albumin, Therapure plans to commercialize AAT for emphysema. Third, the Corporation plans to target additional high margin plasma-derived proteins.

To date, Therapure has focused on the development and scale-up of its PlasmaCap technology. The Corporation has capitalized the development costs associated with PlasmaCap for the commercialization of IVIG and albumin primarily due to the three main factors: (i) use of an established technology, (ii) the validation of its products against specifications, and (iii) the limited regulatory approval requirements. The development costs incurred to date for these products is approximately \$22 million. The base technology underlying PlasmaCap is well established in other industries and production environments that process higher volumes of product than will be the case for the Corporation. Secondly, Therapure was able to formulate and validate through a third party that its product will meet or exceed specifications of the current market-leading IVIG products. Finally, Therapure has obtained feedback from the FDA and HC in relation to the requirements for commercialization of IVIG and albumin. At present, the plasma protein therapeutics market is typically characterized by a relatively shorter path to market with certain regulatory bodies requiring more limited clinical trials due to the high level of patient safety associated with these products and as a result of plasma originating from the human body and these proteins acting as a supplement. For IVIG, Therapure had a pre-IND meeting with the FDA and a pre-clinical trial application meeting with HC regarding Therapure's clinical plans, with the result that Therapure anticipates proceeding with a 40 person trial in 2016. The Corporation expects that albumin can be approved without clinical trials.

The Corporation expects to launch its IVIG product into the market in 2018 assuming successful completion of clinical trials scheduled to commence in 2016. The Corporation also expects to launch its albumin product into the market in 2018 assuming no clinical trials are required. Prior to launching these products, the Corporation intends to build an expansion to its facility capable of processing at least 750,000 litres of plasma per year and to obtain the necessary regulatory approvals for such production at such facility. The Corporation's current estimate for the cost of building this new facility expansion for the commercial production of IVIG and

albumin is approximately \$121 million; management is pursuing government grants to partially offset this cost. Regardless of whether such grants are obtained, the Corporation expects to begin the construction of the facility following the successful completion of the Offering. The Corporation estimates that the aggregate cost to bringing IVIG and albumin to market using PlasmaCap technology and inclusive of clinical trials, regulatory approvals and manufacturing cost of product for the trials will be approximately \$21 million which are in addition to the \$121 million facilities cost discussed above.

Following the launch of IVIG and albumin, subject to the requisite availability of funds at that time, Therapure's business plan calls for it to produce AAT, which requires an additional investment in its facilities of approximately \$37 million. The Corporation currently is scheduled to launch this product in 2020 upon satisfactory completion of clinical trials and the acquisition of all required regulatory approvals and assuming the additional investment in Therapure's facilities is commenced in 2018. The Corporation estimates that the aggregate cost to it of bringing AAT to market using PlasmaCap technology and inclusive of clinical trials, regulatory approvals and manufacturing cost of product for the trials will be approximately \$25 million which are in addition to the \$37 million facilities cost discussed above.

Based upon the Corporation's knowledge of the market, it anticipates being able to market albumin, IVIG and AAT at prices consistent with the price of such products or similar products in the marketplace. However, Therapure expects its manufacturing will yield higher volumes of proteins per litre of plasma processed compared with current competitors as a result of the increased efficiency of PlasmaCap technology.

Therapure Biologics — Plasma-Derived Anti-Nerve Gas Agent

As part of the BioScavenger License Agreement, Therapure has exclusive manufacturing and commercial rights to BioScavenger (with certain process disclosures and jurisdictions of sale being subject to DoD approval). The clinical plan for the BioScavenger product includes repeating a previously successful Phase I safety trial (that was conducted by a different company), followed by Phase II/III studies of safety, dosing and route of administration. Because of the nature of the therapy (protection against nerve gas), the product will be tested only on animals to confirm its performance.

The Corporation intends to work with the DoD and international defense agencies to supply this critical protective therapeutic to their respective militaries.

Therapure anticipates that BioScavenger could be approved by the FDA by 2020. Starting in 2017, the Corporation anticipates being able to sell BioScavenger to certain NATO members and other countries for use post-exposure to nerve gas based on exemptions from the health authorities in those countries.

The size of the market for BioScavenger is estimated to be up to \$500 million. Based on the current capacity of Therapure's existing facility, it estimates that it can supply approximately 20% of this demand. Therapure's business plan calls for it to expand its capacity to produce BioScavenger following FDA approval.

Any revenue associated with the manufacture of material for clinical trials of BioScavenger is included in the Corporation's CDMO segment. Once Therapure launches a commercial product, which is planned for 2017, the revenues from commercial sales are expected to be reported in the Corporation's Therapure Biologics segment.

Therapure Innovations — Drug Development Pipeline

Therapure's drug development activities are focused on the development of innovative products for the treatment of human disease. Its development programs are based on its unique expertise in blood proteins and blood cells, specifically human hemoglobin and hematopoietic, or blood-forming, stem cells. Therapure has a proprietary drug delivery platform that uses hemoglobin as a tissue-specific targeting agent for the delivery of drugs. Therapure's first lead drug delivery candidate using this platform is designed initially to address the treatment of liver cancer (TBI 302), to be followed by a monoclonal antibody intended to increase the production of red blood cells for the treatment of anemia (TBI 304H). Therapure has received confirmation from the FDA that these two lead candidates may proceed with Phase I clinical trials. Therapure is also developing a modified form of purified human hemoglobin designed to transport oxygen to tissue. Pre-clinical studies in animal models were initiated in 2014 to investigate the effectiveness of this product in delivering

oxygen to donor livers prior to transplant to recipients. Results of these studies to date demonstrate the efficacy of the product.

Therapure's strategy for its drug development pipeline is to proceed with clinical trials and to seek to partner with larger pharmaceutical companies for later stage clinical development and commercialization in return for milestone and royalty payments; such partnering is often used in the pharmaceutical industry in order to better manage risk and the cost of bringing new products to market.

Therapure records the costs associated with its drug development activities as research and development and spent \$2.1 million and \$6.2 million on these research and development activities in the first nine months of 2015 and for the year ended 2014, respectively. The Corporation estimates that the aggregate cost of moving to the next phase of the project plan, which includes performing direct clinical trials, will be \$2.0 to \$3.0 million for each of TBI 302 and TBI 304H.

Selling, General and Administrative Expense

Certain selling, general and administrative expenses ("SG&A") and other income and expense are reported as corporate within Therapure's segment reporting. The Corporation currently does not allocate SG&A to the Therapure Biologics and Therapure Innovations segments.

Therapure plans to continue to hire salespeople and invest in marketing to support the growth of its business. However, the Corporation expects its SG&A for the CDMO business will grow at a slower rate than CDMO revenue. General and administrative ("G&A") functions are common across Therapure's business. Therapure expects G&A expense to increase as its business grows but at a slower rate than in previous years as its infrastructure has been developed to anticipate a more robust product line and a higher volume of business. G&A costs will increase from current levels due to the additional costs associated with operating as a public company and due to the initiation of equity compensation plans. See "Executive Officers and Directors Compensation — Components of Total Compensation — Incentive Plan" and "Executive Officers and Directors Compensation — Components of Total Compensation — 2016 Restricted Share Plans".

Funding

In July 2015, the Corporation entered into the Contribution Agreement with the Federal Economic Development Agency for Southern Ontario for funding through the Advanced Manufacturing Fund to support its efforts to develop and commercialize PlasmaCap. The funding is in the form of an interest free repayable contribution of up to \$20.0 million covering up to 34.6% of project spending through 2018. The loan is repayable beginning in 2020, with each of the first 24 monthly installments being in the amount of approximately \$0.2 million, and each of the remaining monthly installments being in the amount of approximately \$0.3 million. Interest is payable on any overdue payments. The final payment on the loan is expected in 2025. As of November 20, 2015, the Corporation has received approximately \$9.2 million of funding under the Contribution Agreement.

Business Highlights

2012

- Grew revenue by 33% compared with 2011.
- Acquired exclusive worldwide rights to intellectual property used in PlasmaCap. This technology has been further developed by the Corporation and is to be used in the planned production of albumin, IVIG, AAT and other proteins.

2013

- Grew revenue by 116% compared with 2012.
- Entered into a development and manufacturing subcontract for the US DoD BioScavenger program.

2014

- Grew revenue by 31% compared with 2013.
- Signed a long term manufacturing agreement with Insmed Incorporated for the commercial supply of Arikace.
- Initiated and significantly advanced the construction of a plasma protein clinical facility.
- Completed the construction of a manufacturing facility for LFB.

Nine Months ended September 30, 2015

- Grew revenue by 53% compared with the first nine months of 2014.
- Received confirmation from the FDA that phase I clinical trials may proceed for internally developed drug candidates for liver cancer (TBI 302) and anemia (TBI 304H).
- Received an interest free repayable contribution of up to \$20.0 million from Federal Economic Development Agency for Southern Ontario to support Therapure's efforts to develop and commercialize PlasmaCap.
- In July 2015, pursuant to an internal recapitalization of the Corporation ("the **Recapitalization**"), the balance under an existing shareholder loan was extinguished and an additional 1,323,836 Common Shares were issued.

Developments After the Quarter ended September 30, 2015

On November 20, 2015, the Corporation entered into a credit and security agreement with a syndicate of lenders (the "**Credit Agreement**"). The amount to be provided by lenders is US\$30 million and consists of two credit facilities. The first credit facility is US\$20 million and was provided on the date of the agreement and the second credit facility is US\$10 million and will be provided to the Corporation after a qualifying initial public offering occurs. The interest rate on both credit facilities is LIBOR + 7.5% margin. The Corporation will repay the first and second credit facilities by making payments of approximately US\$0.7 million and US\$0.3 million, respectively, per month starting on June 1, 2017. Both credit facilities are due on November 1, 2019 and are secured by the Corporation's specific assets as defined in the Credit Agreement.

On November 25, 2015, the Corporation entered into an amendment to the employment agreement with Nicholas Green, the key senior manager referred to in note 18(iv) of the Financial Statements. In accordance with the amendment, Mr. Green was issued 62,288 RSs, representing 1.5% of the number of Common Shares outstanding as of that date, for no additional proceeds. In addition, Mr. Green is entitled to receive cash bonuses and additional RSs, for no additional proceeds, upon the completion of certain performance milestones. The number of RSs will be determined by reference to the performance milestones and could aggregate to an additional amount of up to 1.75% of the outstanding Common Shares as at the date of the filing of the preliminary prospectus. For further detail, please refer to "Executive Officers and Directors Compensation — Employment and Consulting Contracts — Nicholas Green". Mr. Green is further entitled to options, at a price equal to the offering price, for that number of Common Shares representing 0.5% of the issued and outstanding Common Shares as of the date of the Preliminary Prospectus. Such options will be granted immediately after Closing and the completion of the Post-Closing Transactions. The RSs are subject to forfeiture in certain circumstances. The Corporation is in the process of determining the amount of compensation expense to be recorded in 2015, which amount is likely to be material.

Key Performance Metrics — Non-IFRS Measures

Use of Adjusted EBITDA

The Corporation measures operating performance based on Adjusted EBITDA, which the Corporation defines as consolidated earnings (adjusted as described below) from continuing operations before interest expense, expense/(recovery) for income taxes and depreciation and amortization. For this purpose, the Corporation adjusts consolidated earnings for (i) research and development expenditures where those

expenditures do not have corresponding revenue and returns in periods being reported, (ii) cost adjustments related to the impact of material, non-recurring expenditures or expenditures not associated with operations, and (iii) foreign exchange gains or losses primarily from US denominated advances from a shareholder. Adjusted EBITDA does not have a standardized meaning under IFRS and is not a measure of operating income, operating performance or liquidity presented in accordance with IFRS and is subject to important limitations. The Corporation's definition of Adjusted EBITDA may not be the same as similarly titled measures used by other companies. The Corporation believes that Adjusted EBITDA will provide investors with a useful tool for assessing the comparability between periods of its ability to generate cash from operations. Adjusted EBITDA is presented in order to provide supplemental information to the Corporation's consolidated financial statements included elsewhere in this prospectus, and such information is not meant to replace or supersede IFRS measures.

The most directly comparable IFRS measure to adjusted EBITDA is earnings/(loss) from continuing operations. For a reconciliation of adjusted EBITDA to net income, see "Results of Operations."

Selected Financial Information and Overall Performance

(\$000)	Year Ended December 31			Nine Months Ended September 30	
	2014	2013	2012	2015	2014
Revenues	32,969	25,231	11,680	29,488	19,284
<i>growth compared with prior period</i>	<i>31%</i>	<i>116%</i>		<i>53%</i>	
Net Loss & Comprehensive Loss	(13,374)	(11,800)	(11,988)	(10,869)	(11,067)
Adjusted EBITDA	(119)	(2,571)	(7,075)	(1,650)	(3,877)
Total Assets	104,757	78,473	62,052	119,238	97,728

The revenue growth of 116% in 2013 was primarily a result of increased volume of orders from existing clients and new business. The 2014 growth in revenue of 31% was largely driven by increased orders from existing clients and new business. In the first nine months of 2015, the revenue growth of 53% compared with the first nine months of 2014 was primarily a result of increased orders from existing clients in anticipation of commercial launch, as well as new business. Foreign exchange had a positive effect on revenue across all periods as revenue is largely generated in US dollars.

Revenue growth had a positive impact on net loss and Adjusted EBITDA as overhead costs did not grow at the same rate as revenue. SG&A growth was less than a quarter of the rate of growth of revenue between 2012 and 2014. As well, gross margin increased from -31% in 2012 to 7% in 2014. As a result of the revenue fluctuations previously discussed in "Therapure Biomanufacturing—Contract Development and Manufacturing", historically, revenue has been much higher in the second half of the year, and in particular in the fourth quarter, compared with the first half of the year and this pattern is expected to continue for 2015. The higher revenue in the fourth quarter is also expected to result in higher gross margins and earnings in the fourth quarter compared with the previous three quarters of 2015. As well, in 2015 gross margins have been impacted by start-up costs associated with scaling up new commercial opportunities and by the hiring and training of additional staff in the first half of the year to meet customer demand for increased volumes and orders in the second half of the year.

The Corporation's net loss was impacted in 2013 by a \$1.0 million write down of intangible assets related to a non-core technology acquired in 2011 from the receivership of a company to which the Corporation had provided contract services; foreign exchange losses of \$0.9 million, \$1.1 million and \$1.5 million as a result of a US dollar denominated loan in 2013, 2014 and the first nine months of 2015, respectively; and, \$0.9 million, \$0.8 million and \$0.6 million spent in 2013, 2014 and the first nine months of 2015, respectively, on SG&A costs not associated with operations. Research and development spending increased by \$1.2 million in 2013 as compared with 2012 and by an additional \$2.3 million in 2014 as the Corporation worked to complete preclinical activities related to internally developed drug candidates. In the first nine months of 2015, the level of research and development spending has reduced and was \$1.8 million lower than during the same period in 2014 as the Corporation had higher levels of activity in 2014 associated with completing preclinical work and preparations for the filing of INDs. The above items are excluded from Adjusted EBITDA.

Total assets grew by \$16.4 million or 26%, \$26.3 million or 33% and \$14.5 million or 14% in 2013, 2014 and the first nine months of 2015, respectively, compared with the prior comparable periods, primarily due to growth in the business, investments in facilities and the development of the process for producing plasma proteins. For 2013, 2014 and the first nine months of 2015, investment in property, plant and equipment was \$11.8 million, \$21.3 million and \$10.1 million, respectively, primarily to build out facilities for the manufacture of customer product. These facilities are expected, based on customer contractual commitments, to generate increasing recurring revenue in the future when used in the production of finished product. The Corporation's investment in acquiring rights to intellectual property as part of PlasmaCap and further development of the process to produce IVIG and albumin for 2013, 2014 and the first nine months of 2015 also increased assets as the Corporation progressed toward the initiation of a clinical trial for IVIG. Plasma protein investments of \$4.4 million, \$8.0 million and \$9.2 million, in 2013, 2014 and the first nine months of 2015, respectively, were recorded in intangible assets. These investments were the primary drivers of the growth in net assets.

Due to the Recapitalization that occurred during the third quarter of 2015, and the split of Common Shares to occur prior to Closing, the Corporation does not believe that earnings per share or non-current financial liabilities are meaningful in understanding the trends of the business. These items may be found in the Corporation's Financial Statements that are included in this prospectus.

The economic and industry factors affecting the business at the end of the 2014 fiscal year and the nine months ended September 30, 2015 were substantially unchanged.

September 30, 2015 Results of Operations

(\$000)	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Revenues	11,472	7,664	29,488	19,284
Cost of sales	10,303	8,465	29,678	20,545
Gross margin	1,169	(801)	(190)	(1,261)
	10%	-10%	-1%	-7%
SG&A	2,844	2,026	6,922	5,363
R&D	545	1,169	2,057	3,824
Loss(gain) on foreign exchange	101	480	1,541	419
Finance income	(4)	(5)	(11)	(18)
Net loss in an associate	56	72	170	218
Net loss and comprehensive loss	(2,373)	(4,543)	(10,869)	(11,067)
Net loss and comprehensive loss	(2,373)	(4,543)	(10,869)	(11,067)
Depreciation & Amortization	1,763	1,323	4,934	2,764
Interest (income)	(4)	(5)	(11)	(18)
R&D excluding depreciation	545	1,129	1,973	3,737
Cost adjustments				
Offering costs in SG&A	541	—	541	—
Strategic alternatives costs in SG&A	—	70	71	70
Net loss in an associate	56	72	170	218
Loss(gain) on foreign exchange	101	480	1,541	419
Adjusted EBITDA	629	(1,474)	(1,650)	(3,877)

Revenue

Revenue for the three months ended September 30, 2015 was \$11.5 million, an increase of \$3.8 million, or 50%, above revenue in the three months ended September 30, 2014. Excluding the impact of foreign exchange, revenue grew by approximately 29%. The growth in revenue was primarily due to increased volumes from

existing clients in anticipation of commercial launches of their respective products, new manufacturing facilities being brought into use, as well as the continued positive impact of new business.

Revenue for the nine month period ended September 30, 2015 was \$29.5 million, \$10.2 million or 53% above the nine month period ended September 30, 2014. Excluding the favourable impact from foreign exchange fluctuations, revenue grew by approximately 37%. Similar to the third quarter, revenue growth was due to higher volumes from existing clients in anticipation of commercial launch of their respective products, growth in volumes across most customers and the positive impact of new business primarily related to products in clinical trials. The growth was partially offset by lower activity from client projects in the first half of 2015 that ramped back up beginning in the third quarter of 2015.

Gross Margin

Gross margin for the quarter ended September 30, 2015 was \$1.2 million, \$2.0 million higher than the gross margin for the three months ending September 30, 2014, and gross margin for the nine months ended September 30, 2015 was (\$0.2) million, \$1.1 million higher than the gross margin for the nine months ending September 30, 2014. The increase in gross margin was primarily a result of the impact of higher revenues and the strengthening of the US dollar relative to the Canadian dollar as a large percentage of cost of sales are in Canadian dollars while significant revenue is received in US dollars. Partially offsetting the increases in gross margin for the first three and nine months of 2015, was the impact of increased costs. The cause of increased costs for the nine months ended September 30, 2015 included: (i) the \$0.8 million impact of a new leased warehousing and storage location that started operation in 2015, (ii) increased depreciation charges largely associated with the initiation of amortization of newly commissioned manufacturing investments of approximately \$2.0 million and (iii) approximately \$2.5 million start-up costs associated with scaling up new commercial opportunities.

Historically, Therapure has generated a significant portion of its annual margins in the fourth quarter of its fiscal year and it expects the same to occur in 2015 based on customer orders. Gross margins for the nine month period ended September 30, 2015 have been impacted by the hiring and training of additional staff in the first half of the year in anticipation of increased volumes and orders in the second half of the year.

Selling, General and Administrative Expenses

SG&A for the three months ended September 30, 2015 were \$2.8 million, increasing from \$2.0 million for the three months ended September 30, 2014. Increases in SG&A reflect \$0.5 million in cost related to the Offering and expenditures associated with staffing increases across support functions, including spending on improvements to information technology, which increased in the second half of 2014 to support the growth in the business and remained at the higher level of spending in 2015. Excluding cost adjustments related to the Offering and costs associated with assessing strategic alternatives in the third quarter of 2014, as a percentage of revenue, SG&A were 20% for the three months ended September 30, 2015 compared to 26% for the three months ended September 30, 2014. This downward trend is expected to continue as the business continues to grow faster than SG&A.

SG&A for the nine months period ended September 30, 2015 were \$6.9 million, \$1.6 million, or 29%, above the comparable period in 2014. Similar to the third quarter, increases in SG&A largely reflect expenditures associated the Offering and with staffing increases in support functions. Following the completion of the Offering, the Corporation does not currently anticipate incurring additional costs associated with assessing strategic alternatives.

Research and Development Expenses

Research expenditures for the three months ended September 30, 2015 were \$0.5 million as compared to \$1.2 million for the three months ended September 30, 2014, and \$2.1 million and \$3.8 million for the nine month periods ending September 30, 2015 and September 30, 2014, respectively. The reduction in research expenditures reflects higher levels of activity in 2014 associated with completing preclinical work and preparations for the filing of INDs with the FDA as compared to 2015 activities, where the Corporation was awaiting the outcome of the FDA review and is preparing for initiation of clinical trials.

Other (Income)/Expense

Other expense for the nine month period ended September 30, 2015 of \$1.7 million comprised a foreign exchange loss on US denominated shareholder advances. As a result of the conversion of those advances to Common Shares as part of the Recapitalization, the foreign exchange loss was significantly lower in the third quarter. Other expense for the nine month period ended September 30, 2014 was \$0.6 million and primarily related to a foreign exchange loss in the third quarter of 2014.

Segments

CDMO

(\$000)	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2015	2014	2015	2014
Revenues	11,472	7,664	29,488	19,284
Cost of sales	10,303	8,465	29,678	20,545
Gross margin	1,169	(801)	(190)	(1,261)
	10%	-10%	-1%	-7%
SG&A	1,695	1,352	4,745	3,853
Segment earnings (loss)	<u>(526)</u>	<u>(2,153)</u>	<u>(4,935)</u>	<u>(5,114)</u>

Therapure Biologics

(\$000)	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2015	2014	2015	2014
R&D	—	—	—	—
Segment earnings (loss)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Therapure Innovations

(\$000)	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2015	2014	2015	2014
R&D	545	1,169	2,057	3,824
Segment earnings (loss)	<u>(545)</u>	<u>(1,169)</u>	<u>(2,057)</u>	<u>(3,824)</u>

Corporate

(\$000)	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2015	2014	2015	2014
SG&A	1,149	674	2,177	1,510
Other (Income) Expense	153	547	1,700	619
Segment earnings (loss)	<u>(1,302)</u>	<u>(1,221)</u>	<u>(3,877)</u>	<u>(2,129)</u>

CDMO reported a \$0.5 million segment loss in the three months ended September 30, 2015 compared with a \$2.2 million segment loss in same period in 2014 primarily due to increased revenue. For first nine months of 2015, the segment loss was \$4.9 million compared with a segment loss of \$5.1 million in the first nine months of 2014. The impact of increased revenue was partially offset for the three and nine months ended September 30,

2015, respectively, by the impact of increased cost of sales previously described in gross margin for the Corporation and by increases in staffing levels within SG&A to support the business.

The costs of the Therapure Biologics segment are currently capitalized, as the technical feasibility of IVIG and albumin, as well as the Corporation's intent to complete these products to sell in the market, has been sufficiently demonstrated. Technical risks in bringing these products to market have been considered by the Corporation to be minimal. The required formulation for IVIG and albumin are known to the Corporation and thus well-defined. These two products have been in production by other manufacturers for several years and thus management believes that the Corporation's formulation does not represent a new discovery. While the Corporation still needs to complete limited clinical trials for IVIG, preclinical trials have been completed and plans presented to both the FDA and Health Canada at pre-IND and pre-CTA meetings, respectively. No IVIG product produced to known specifications has failed the limited phase III clinical trial, and in the case of albumin, the Corporation does not anticipate the need for a clinical trial. The Corporation has also acquired technology which provides it a platform from which to leverage expertise and capabilities in chromatography and plasma protein purification in order to develop its own proprietary plasma protein therapeutics. Further, these proteins have well established distribution channels which the Corporation plans to leverage in order to minimize sales risks, marketing efforts and market risks which support the Corporation's ability to sell the products. The Corporation also has evidence to support the fact that its product will meet or exceed specifications of the currently established, market-leading IVIG products. The Corporation thus believes that capitalizing costs associated to Therapure Biologics is in compliance with IAS 38.

The segment loss for Therapure Innovations reflects the Corporation's reduced spending in the first nine months of 2015 related to TBI 302 and TBI 304H as it prepares for clinical trials compared with higher preclinical activities in 2014 as described previously in the section "Research and Development Expenses". The Corporation has determined that Therapure Innovations is still in the research phase and accordingly, all expenses related to this segment are expensed as incurred. Specifically, Therapure Innovations is currently focusing on developing US and Canadian regulatory strategies for products TBI 302, TBI 304H and TBI 310. The first two of these products have received Phase I approval from the FDA, while the third product has demonstrated proof-of-concept. Unlike IVIG and albumin, these products are innovative drugs and no similar products or formulations exist in the market. Accordingly, whether they will ever work or pass broader preclinical trials is unknown and accordingly represents significant technological risk. As the criteria for capitalization under IAS 38 have not been met, the Corporation believes that expensing costs associated to Therapure Innovations is in compliance with IAS 38.

Corporate SG&A expense includes \$0.5 million in cost associated with the Offering and \$0.1 million in costs associated with assessing strategic alternatives in the first nine months of 2015 and \$0.1 million in costs associated with assessing strategic alternatives in the first nine months of 2014. Excluding these cost adjustments, corporate SG&A for the first nine months of 2015 has increased by \$0.1 million on a year-over-year basis due to staff increases. Other income has varied primarily as a result of foreign exchange gains and losses.

The CDMO, Therapure Biologics, Therapure Innovations and corporate segment earnings or losses total the net loss for the Corporation.

Annual Results of Operations

(\$000)	Year Ended December 31		
	2014	2013	2012
Revenues	32,969	25,231	11,680
Cost of sales	30,808	22,624	15,296
Gross margin	2,161	2,607	(3,616)
	7%	10%	- 31%
SG&A	7,991	8,155	5,345
R&D	6,227	3,955	2,730
Loss (gain) on foreign exchange	1,051	925	(84)
Finance Income	(26)	(20)	(18)
Net loss in an associate	292	391	399
Write-down of intangible assets	—	1,001	—
Net loss and comprehensive loss	<u>(13,374)</u>	<u>(11,800)</u>	<u>(11,988)</u>

Reconciliation of Adjusted EBITDA

Net loss and comprehensive loss	(13,374)	(11,800)	(11,988)
Depreciation and Amoritization	5,034	2,071	1,886
Interest (income)	(26)	(20)	(18)
R&D excluding depreciation	6,100	3,955	2,730
Cost adjustments			
IFRS Conversion costs (in SG&A)	333	—	—
Strategic alternatives costs (in SG&A)	471	906	—
Net loss in an associate	292	391	399
loss (gain) on foreign exchange	1,051	925	(84)
Write-down of intangible assets	—	1,001	—
Adjusted EBITDA	<u>(119)</u>	<u>(2,571)</u>	<u>(7,075)</u>

Revenue

For the year ended December 31, 2014 revenue was \$33.0 million, \$7.7 million or 31% above the prior year amount of \$25.2 million. Excluding the favourable impact from foreign exchange fluctuation of approximately \$1.8 million, revenue increased by \$5.9 million or 23% as compared to the year ended December 31, 2013. Revenue growth for the year is primarily the result of increased volumes of business from existing clients, higher revenue associated with work to complete technology transfer of manufacturing processes for customer products and new clients primarily for the manufacture of products for clinical trials.

This growth was partially offset by declines primarily due to reduced orders related to timing associated with a customer's clinical trial activities. Prior to regular commercial production, when processes are being developed and validated, or when products are in clinical trials, revenue may vary from quarter to quarter or year to year.

For the year ended December 31, 2013 revenue was \$25.2 million; an increase of \$13.6 million or 116% above the prior year. Excluding the favourable impact from foreign exchange fluctuation, revenue increased by 110% compared with the year ended December 31, 2012. Revenue growth for the year reflected a number of new programs initiated including a large development program, the start of manufacturing for a number of clinical and commercial products in the year and increased volumes from existing clients.

Gross Margin

Gross margin for the year ended December 31, 2014 was \$2.2 million, \$0.4 million below the gross margin for the year ended December 31, 2013 of \$2.6 million. Included in gross margin for the year ended December 31,

2014 is a \$2.8 million increase in depreciation costs primarily related to the completion of two production units to support future commercial-scale manufacture. In addition there were start-up costs associated with scaling up new commercial opportunities. Partially offsetting the increased depreciation and start-up costs was the impact of increased project volumes and the positive impact of foreign exchange.

Gross margin for the year ended December 31, 2013 was \$2.6 million, \$6.2 million above the gross margin for the year ended December 31, 2012. Gross margin contributions from increased revenue contributed the majority of the gross margin impact. The majority of the foreign exchange impact on revenue resulted in a positive effect on gross margin. Partially offsetting these improvements was a higher proportion of costs of materials, which are billed to customers at a lower gross margin than services.

Selling, General and Administrative Expenses

SG&A for the year ended December 31, 2014 was \$8.0 million, a decrease of \$0.2 million compared with spending for the year ended December 31, 2013. Included in SG&A for the year ended December 31, 2014 was approximately \$0.8 million of non-recurring costs related to IFRS transition and costs associated with assessing strategic alternatives, which are reflected as cost adjustments. As a percentage of revenue, SG&A were 24% for the year ended December 31, 2014 compared to 32% for the year ended December 31, 2013. This downward trend is expected to continue as the business continues to grow.

SG&A for the year ended December 31, 2013 was \$8.2 million, \$2.8 million or 53%, above the prior year. Increases in SG&A reflect growth in the business and \$0.9 million related to costs associated with assessing strategic alternatives.

Research and Development Expenses

Research expenditures on Therapure Innovations' programs for the year ended December 31, 2014 were \$6.2 million as compared to \$4.0 million for the year ended December 31, 2013. Research achievements during the year ended December 31, 2014 included:

- TBI 302 for liver cancer: Therapure completed a toxicology study identifying a safe starting dose in humans. In addition, an amendment to the IND was prepared for submission to the FDA regarding the use of TBI 302 linked to an anticancer drug.
- TBI 304H for anemia: Therapure completed a toxicology study identifying a safe starting dose in humans, obtained FDA guidance and prepared an IND re-submission for a trial for patients who became anemic after undergoing chemotherapy.
- Therapure also established processes for manufacture of TBI 302 and TBI 304H needed for clinical trials.

Research expenditures on Therapure Innovation's programs for the year ended December 31, 2013 were \$4.0 million as compared to \$2.7 million for the year ended December 31, 2012. Research achievements during the year ended December 31, 2013 included:

- TBI 302 additional toxicology studies in support of FDA requests were completed and pre-clinical tolerability studies to support the design of an additional toxicology study were initiated.
- TBI 304H studies were completed or initiated relating to toxicology and establishing how the drug is metabolized.

Other (Income)/Expense

Other expense for the year ended December 31, 2014 of \$1.3 million was largely comprised of \$1.1 million of foreign exchange losses on US denominated shareholder advances.

Other expense for the year ended December 31, 2013 of \$2.3 million largely reflects a foreign exchange loss on US denominated shareholder advances of \$0.9 million as well as a \$1.0 million write down of a technology acquired in 2011 from the receivership of a company Therapure had provided contract services to.

Other income for the year ended December 31, 2012 of \$0.3 million largely reflects Therapure’s share of the losses of an associated company (see “Transactions Between Related Parties”).

Income Taxes

As a result of the Corporation’s startup costs, investments in research and development and capital investment programs, as at December 31, 2014, the Corporation has accumulated future tax attributes in the form of loss carry forwards in the aggregate amount of \$46.9 million and undepreciated capital and intangible costs in the aggregate amount of \$104.4 million and investment tax credits of \$4.0 million. The Corporation does not currently pay income taxes and does not expect to pay income taxes for the foreseeable future.

Revenue Profile

In 2013, approximately 60% of the Corporation’s revenue was recorded in the second half. In 2014, the revenue in the second half increased to 65% of the total year revenue. The factors that result in the trend of higher revenues in the second half are discussed in “Therapure Biomanufacturing — Contract Development and Manufacturing”.

Segments

CDMO

(\$000)	Year Ended December 31		
	2014	2013	2012
Revenues	32,969	25,231	11,680
Cost of sales	30,808	22,624	15,296
Gross margin	2,161	2,607	(3,616)
	7%	10%	-31%
SG&A	5,380	5,255	3,587
Segment earnings (loss)	<u>(3,219)</u>	<u>(2,648)</u>	<u>(7,203)</u>

Therapure Biologics

(\$000)	Year Ended December 31		
	2014	2013	2012
R&D	—	—	—
Segment earnings (loss)	<u>—</u>	<u>—</u>	<u>—</u>

Therapure Innovations

(\$000)	Year Ended December 31		
	2014	2013	2012
R&D	6,227	3,955	2,730
Segment earnings (loss)	<u>(6,227)</u>	<u>(3,955)</u>	<u>(2,730)</u>

Corporate

(\$000)	Year Ended December 31		
	2014	2013	2012
SG&A	2,611	2,900	1,758
Other (Income) Expense	1,317	2,297	297
Segment earnings (loss)	<u>(3,928)</u>	<u>(5,197)</u>	<u>(2,055)</u>

The CDMO segment reported a \$3.2 million segment loss in 2014, down \$0.6 million from 2013 primarily due to the increased depreciation costs, start-up costs and growth in SG&A to support the business. These decreases were partially offset by the impact of growth in revenue of 31%. The improvement of \$4.6 million in the segment loss in 2013 compared with 2012 was primarily a result of revenue growth and gross margin improvement, which was partially offset by growth in SG&A to support the business.

The costs of the Therapure Biologics segment are currently capitalized, as the technical feasibility of IVIG and albumin, as well as the Corporation's intent to complete these products to sell in the market, has been sufficiently demonstrated. Technical risks in bringing these products to market have been considered by the Corporation to be minimal. The required formulation for IVIG and albumin are known to the Corporation and thus well-defined. These two products have been in production by other manufacturers for several years and thus management believes that the Corporation's formulation does not represent a new discovery. While the Corporation still needs to complete limited clinical trials for IVIG, preclinical trials have been completed and plans presented to both the FDA and Health Canada at pre-IND and pre-CTA meetings, respectively. No IVIG product produced to known specifications has failed the limited phase III clinical trial, and in the case of albumin, the Corporation does not anticipate the need for a clinical trial. The Corporation has also acquired technology which provides it a platform from which to leverage expertise and capabilities in chromatography and plasma protein purification in order to develop its own proprietary plasma protein therapeutics. Further, these proteins have well established distribution channels which the Corporation plans to leverage in order to minimize sales risks, marketing efforts and market risks which support the Corporation's ability to sell the products. The Corporation also has evidence to support the fact that its product will meet or exceed specifications of the currently established, market-leading IVIG products. The Corporation thus believes that capitalizing costs associated to Biologics is in compliance with IAS 38.

The loss for the Therapure Innovations segment reflects the Corporation's continued investment in Therapure Innovations and primarily relates to TBI 302 and TBI 304H, as described previously in the section "Research and Development Expenses". The Corporation has determined that Therapure Innovations is still in the research phase and accordingly, all expenses related to this segment are expensed as incurred. Specifically, Therapure Innovations is currently focusing on developing US and Canadian regulatory strategies for products TBI 302, TBI 304H and TBI 310. The first two of these products have received Phase I approval from the FDA, while the third product has demonstrated proof-of-concept. Unlike IVIG and albumin, these products are innovative drugs and no similar products or formulations exist in the market. Accordingly, whether they will ever work or pass broader preclinical trials is unknown and accordingly represents significant technological risk. As the criteria for capitalization under IAS 38 have not been met, the Corporation believes that expensing costs associated to Therapure Innovations is in compliance with IAS 38.

Corporate SG&A expense includes non-recurring costs and costs associated with assessing strategic alternatives of \$0.8 million in 2014 and \$0.9 million in 2013 that were previously described. Other income has varied primarily as a result of foreign exchange losses in 2013 and 2014 and a \$1.0 million write down in 2013.

The CDMO, Therapure Biologics, Therapure Innovations and corporate segment earnings or losses total the net loss for the Corporation.

Liquidity and Capital Resources

Overview

Historically, Therapure's principal source of liquidity has been funding from a shareholder by way of equity and non-interest bearing advances.

Over the past several years the Corporation has invested heavily in its state-of-the-art facility and working capital to support its growth. Going forward, the Corporation expects that the CDMO segment will not require further cash investment. Cash flows from this segment, along with the proceeds of the Offering, government grants, the Contribution Agreement and the Credit Agreement can be used to support the Corporation's planned development and production of plasma proteins. This would include an estimated \$121 million investment to expand the Corporation's production facility to meet the requirements of IVIG and albumin commercial production.

As well, the Corporation expects to continue to make capital expenditures in order to support growth and to maintain its state-of-the-art facilities in contract development and manufacturing. However, Therapure expects the level of capital expenditures to support the growth in contract development and manufacturing in the future to be lower in absolute dollar amounts than what has been expended during the last three years in light of the significant amounts it has recently invested in its facility and its current available capacity to meet growth in CDMO.

The Corporation expects to fund ongoing capital expenditures with a portion of the proceeds from the Offering and from cash on hand including cash derived from operations. The Corporation also expects to use remaining funding from the Contribution Agreement of up to approximately \$10.8 million to support the development of plasma protein therapeutics and intends to apply for additional government grants to support the building of its planned plasma protein manufacturing facility.

Based on the expected revenue growth, the Corporation expects its working capital requirements will also increase with accounts receivable and inventory growing at a similar rate to revenue. Payment terms are similar across Therapure's customers as are the material supplies required to support the delivery of products. The Corporation plans to hold higher cash balances following the receipt of cash from the Offering to provide it with its main source of liquidity and to manage fluctuations in working capital requirements.

The Corporation does not have a credit facility or any other source of short term liquidity but will give consideration to establishing such a facility if desirable.

Financial Condition

Cash Flows

The following table summarizes Therapure's consolidated statement of cash flows from continuing operations:

(\$000)	Year Ended December 31			Nine Months Ended September 30	
	2014	2013	2012	2015	2014
Net loss	(13,374)	(11,800)	(11,988)	(10,869)	(11,067)
Net Cash provided by (used in)					
Operating activities	(2,261)	2,331	(7,086)	1,079	(7,078)
Financing activities	28,610	13,754	20,046	18,528	25,410
Investing activities	(29,343)	(16,185)	(11,430)	(19,287)	(19,574)
Net change in cash	(2,994)	(100)	1,530	320	(1,242)
Cash Balance	1,446	4,440	4,540	1,766	3,198

Operating Activities

For the year ended December 31, 2014, cash used in operating activities was \$2.3 million compared to cash provided by operating activities of \$2.3 million for the year ended December 31, 2013. The most significant contributor to this increased use of cash was a reduction in the change of customer deposits compared to the prior period as the Corporation initiated major programs in 2013 causing a larger increase in deposits from 2012 to 2013 than 2013 to 2014.

For the year ended December 31, 2013, cash provided by operating activities was \$2.3 million compared with cash used by operating activities of \$7.1 million for the year ended December 31, 2012. The main driver of the reduction in use of cash was higher deferred revenue associated with new projects in 2013. This reduction in the use of cash was also due to an improvement in net loss after adjusting for non-cash items.

For the nine months ended September 30, 2015, cash generated by operating activities was \$1.1 million compared with \$7.1 million for the nine months ended September 30, 2014. This reduction in the use of cash was primarily a result of a reduction in the loss after adjusting primarily for depreciation and foreign exchange, and working capital changes that were partially offset by a decrease in cash received from customers as payments towards the cost of construction of facilities.

Financing Activities

Financing for the Corporation's business has been primarily provided by secured, non-interest bearing advances from a shareholder in the amounts of \$18.5 million, \$12.9 million, \$28.6 million in 2012, 2013 and 2014, respectively. In addition, \$13.0 million was received in the first half of 2015. In July 2015, pursuant to the Recapitalization, the existing balance of these advances was extinguished and 1,323,836 Common Shares were issued.

Other financing was received in the form of government grants (amounting to \$1.6 million and \$0.9 million in 2012 and 2013, respectively, and which for clarity are separate and distinct from any grants currently being pursued to offset the cost of the proposed facility expansion for the commercial production of IVIG and albumin). In the third quarter of 2015, the Corporation received \$5.6 million from the Contribution Agreement.

In July 2015, the Corporation entered into the Contribution Agreement with the Federal Economic Development Agency for Southern Ontario for funding through the Advanced Manufacturing Fund to support the development and commercialization of PlasmaCap. The funding is in the form of an interest free repayable contribution of up to \$20.0 million covering up to 34.6% of project spending through 2018. The loan is repayable beginning in 2020, with each of the first 24 monthly installments being in the amount of approximately \$0.2 million, and each of the remaining monthly installments being in the amount of approximately \$0.3 million.

Investing Activities

The primary focus of the Corporation's investing activities has been in property, plant and equipment as it has built out its manufacturing and development facilities. The Corporation spent \$9.0 million, \$11.8 million, \$21.3 million and \$10.1 million in 2012, 2013, 2014 and the first nine months of 2015, respectively, primarily on investments in facilities. These investments primarily relate to building out facilities for customers, however a total of \$4.3 million was expended for the build out of the clinical manufacturing facility for plasma proteins in 2014. The remaining investments primarily related to the development of plasma protein technology over the past three and one half years.

Contractual Obligations

The following table summarizes Therapure's significant contractual obligations as of September 30, 2015:

(\$000)	Total	Payments due in				
		2015	2016	2017	2018	2019 & beyond
Debt	5,592	—				5,592
Operating leases	2,234	56	226	233	240	1,479
Purchasing commitments	1,909	1,909				
Other commitments	2,002	2,002				
Total	11,737	3,967	226	233	240	7,071

In the third quarter of 2015, the Corporation received approximately \$5.6 million under the \$20 million Contribution Agreement, for which repayment begins in 2020.

The Corporation's operating lease commitments relate to a lease that extends to 2024 for warehousing and office space for administrative functions in Mississauga, Ontario.

Pursuant to the Upfront APA, the Corporation has future obligations of up to US\$1.5 million which may be payable in 2015, subject to the achievement of certain milestones.

Foreign Exchange Risk

The majority of the Corporation's revenue and associated accounts receivable are denominated in US dollars. The Corporation does not use derivative instruments to reduce its exposure to foreign currency risk.

Guarantees and Security

Advances from a shareholder were secured against all the Corporation's assets. The amount of advances was \$83.6 million as at December 31, 2013 and \$113.7 million as at December 31, 2014. As discussed, in July 2015, pursuant to the Recapitalization, the existing balance of these advances was extinguished and additional Common Shares were issued.

The Corporation has entered into a security agreement with Upfront whereby if the Corporation fails to make payments associated with acquisition of the rights to the key intellectual property underlying the PlasmaCap technology, the intellectual property will revert to Upfront. As at September 30, 2015, the Corporation had amounts remaining to be paid to Upfront of up to US\$1.3 million subject to the achievement of certain milestones. Subsequent to September 30, 2015, the US\$1.3 million has been paid.

Off-Balance Sheet Arrangements

Other than operating leases and the payments to Upfront, discussed in "Contractual Obligations", the Corporation does not have any material off-balance sheet arrangements as of September 30, 2015.

Risk Factors

For risk factors relating to revenue, operating results, financial condition and business and operations, please refer to the "Risk Factors" section of this prospectus.

Outstanding Share Data

The Corporation is authorized to issue an unlimited number of Common Shares. As at the date of this prospectus, there are a total of 4,214,834 Common Shares issued and outstanding.

Prior to the Closing of the Offering, the Corporation intends to amend its articles to complete a share split and to authorize the issuance of an unlimited number of Preferred Shares, issuable in series. See "Pre-Closing Transaction".

Transactions Between Related Parties

Balances and transactions between the Corporation and its subsidiary, which is a related party of the Corporation, have been eliminated on consolidation. Details of the other transactions between the Corporation and related parties are disclosed herein.

During fiscal 2008, the Corporation made a series of investments to acquire a common share interest in Induce Biologics Inc., an Ontario-based development-stage company focused on cost-effective growth factors for mammalian skeletal regeneration. As at December 31, 2014, the Corporation had a 14.6% ownership in Induce Biologics, which has been recorded using the equity method. In conjunction with the signing of an initial subscription agreement, the Corporation has entered into a service agreement with Induce Biologics, under which the Corporation provides certain contract development services to Induce Biologics. Revenue related to the service contract with Induce Biologics was \$1.3 million, \$0.4 million, \$0.5 million and a nominal amount in 2012, 2013, 2014 and the first nine months of 2015, respectively.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, the accompanying notes and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

Judgments:

In the process of applying the Corporation's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

- (a) **Revenue recognition:** The Corporation assesses contractual arrangements with a customer and management applies significant judgment to determine the existence of multiple element arrangements. Such judgment takes into consideration obligations under each element of the contract and whether consideration was received in exchange for services that have a standalone value to the customer. Management applies significant judgment to the accounting of change orders, contract modifications and subsequent statements of work and concludes, based on contract specifics and circumstances, whether to account separately for such changes or combine changes with the original contract. The Corporation assesses any payments received in exchange for access to intellectual property and recognizes in revenue such payments when they are considered receivable, taking into consideration any existing obligations at the time of recognition.
- (b) **Amortization of deferred revenue:** Revenues that are deferred and amortized over the life of the Corporation's contracts with customers involve significant management judgment in the assessment and determination of these amortization periods.
- (c) **Major components of property, plant and equipment:** Due to the specialized nature of many of the Corporation's capital additions, management is required to apply significant judgment to determine separate items of property, plant and equipment for purposes of calculating depreciation and amortization expenses.
- (d) **Impairment assessment on intangible and tangible assets:** Impairment assessments of intangible assets involve the assessment of many future events such as market size, competition, pricing, costs to complete development, regulatory approval, cost of capital investments, costs to manufacture, costs of raw materials and timing of sales, if any. Management applies significant judgment in the assessment of its intangible assets for impairment of value.
- (e) **Financial instruments:** The fair value of financial instruments that are not traded in an active market is determined using an appropriate valuation technique based on the type of asset or liability being

valued. Management uses judgment in selecting the appropriate valuation techniques and assumptions applicable to each financial instrument.

- (f) **Research and development expenditure:** The application of the Corporation's accounting policy for research and development expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Corporation, which may be based on assumptions about future events or circumstances. The determination of whether internal development costs have reached technological feasibility requires the application of significant judgment. Estimates and assumptions made may change if new information becomes available. If after an expenditure is capitalized, information becomes available suggesting that the recovery of a capitalized expenditure is unlikely, the amount capitalized is written off in the consolidated statement of loss and comprehensive loss in the period the new information becomes available.
- (g) **Valuation of deferred income taxes:** Management exercises judgment to determine the extent to which realization of future taxable benefits is probable considering budgets, forecasts, timing differences, unused tax losses and availability of tax strategies.
- (h) **Assessment of going concern:** Management assesses the Corporation's ability to continue as a going concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events whose subsequent changes could materially impact such an assessment.
- (i) As part of the extinguishment of the shareholder loan, discussed in note 13 to the Corporation's interim condensed consolidated financial statements for the period ending September 30, 2015, the Board of Directors determined the number of shares based on a rights offering to which the shareholder loan was to be settled for. Accordingly, this related party transaction required judgment and estimation.

Estimates and assumptions:

- (a) **Provisions:** The Corporation records provisions for matters where a legal or constructive obligation exists at the consolidated statement of financial position date, as a result of past events and a reliable estimate can be made of the obligation. These matters might include restructuring projects, legal matters, disputed issues, and other items. These obligations may not be settled for a number of years and a reliable estimate has to be made of the likely outcome of each of these matters. These provisions represent the Corporation's best estimate of the costs that will be incurred, but actual costs may differ from the estimates made and therefore affect future financial results. The effects would be recognized in the consolidated statement of loss and comprehensive loss.
- (b) **Impairment:** Tangible assets and intangible assets with finite lives will be reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. Intangible assets with indefinite lives and intangible assets not yet put into use are evaluated for impairment at least annually. Whether an asset is impaired requires management to determine whether there is an indication of impairment based on the consideration of internal and external indicators. If an indication of impairment exists, management must determine if the carrying amount of an asset, or the cash generating units in which the asset is included, exceeds its recoverable amount. The assessment of the carrying amount often requires estimates and assumptions such as discount rates, exchange rates, future capital requirements and future operating performance. The estimation of the future cash flows requires assumptions to be made by management. Therefore, the determination of the recoverable amount implies estimates which may affect the amount of an impairment loss, if any.
- (c) **Inventory:** Inventory is valued at the lower of cost and net realizable value. Cost of inventory includes cost of purchase (purchase price, transport, handling, and other costs directly attributable to the acquisition of inventory), cost of conversion, and other costs incurred in bringing the inventory to its present location and condition. Net realizable value for inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to

make the sale. Provisions are made in consolidated statement of loss and comprehensive loss of the current period on any difference between book value and net realizable value.

- (d) **Property, plant and equipment:** The Corporation provides for depreciation expense on property, plant and equipment at rates designed to amortize the cost of individual items and their material components over their estimated useful lives. Management makes estimates of future useful life based on patterns of benefit consumption and impairments based on past experience and market conditions. Impairment losses and depreciation expenses are presented in the consolidated statement of loss and comprehensive loss of the current period. Management estimates the residual value of property, plant and equipment based on the current expected end of life market value for the assets. Estimates are reviewed at least annually and are updated if expectations change as a result of permanent market changes or technical or commercial obsolescence.

Standards, Amendments and Interpretations Not Yet Effective

Standards issued but not yet effective up to the date of issuance of the Corporation's consolidated financial statements are listed below. This listing includes standards and interpretations issued, which the Corporation reasonably expects to be applicable at a future date. The Corporation intends to adopt those standards when they become effective.

IFRS 9, "Financial instruments"

IFRS 9 is part of the International Accounting Standards Board's ("IASB") wider project to replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Corporation is in the process of evaluating the impact of the new standard on the accounting for available-for-sale investments.

IFRS 15, "Revenue from contracts with customers"

In May 2014, the IASB issued International Financial Reporting Standard 15, Revenue from Contracts with Customers ("IFRS 15") which replaces IAS 11, Construction Contracts, IAS 18, Revenue, and other interpretive guidance associated with revenue recognition. IFRS 15 provides a single, principles based model to be applied to all contracts with customers to determine the recognition and measurement of revenue. On July 22, 2015, the IASB deferred the effective date of this standard to January 1, 2018, with earlier adoption permitted. The Company is currently assessing the impact of adopting this new standard.

IAS 16, "Property, plant and equipment" and IAS 38, "Intangible assets"

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amount of the asset.

Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortization

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Corporation given that the Corporation has not used a revenue-based method to depreciate its non-current assets.

Changes In Accounting Policies

There were no significant changes in accounting policies for the quarter ended September 30, 2015 or the year ended December 31, 2014. The Corporation's significant accounting policies are described in Note 3 to the Financial Statements. The Corporation implemented the following accounting policy in the third quarter of 2015.

Capitalization of borrowing costs

The Corporation capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Borrowing costs include interest on borrowings, finance charges on finance leases, exchange differences on foreign currency borrowings where they are regarded as an adjustment to interest costs and interest calculated by the effective interest method. If funds are borrowed generally, the amount of borrowing costs eligible for capitalization are determined by applying a capitalization rate. Capitalization ceases when substantially all the activities necessary to prepare the qualifying asset to its intended use or sale are complete.

The adoption of this accounting policy has no impact on prior accounting periods.

DESCRIPTION OF SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Common Shares, of which 80,924,813 will be outstanding after giving effect to the Pre-Closing Transaction and prior to giving effect to the Offering. Prior to Closing, the Corporation intends to amend its articles to authorize the issuance of an unlimited number of Preferred Shares, issuable in series, of which none will be outstanding after giving effect to the Pre-Closing Transaction and prior to giving effect to the Offering. While the Corporation has no current intention of issuing any Preferred Shares, the Preferred Shares are being created to provide Therapure with the flexibility for future funding requirements.

Common Shares

The holders of Common Shares are entitled to receive notice of, and to cast one vote per share at, every meeting of shareholders of the Corporation, to receive such dividends as the Board may declare and to share equally in the assets of Therapure remaining upon the liquidation of Therapure after the creditors of Therapure have been satisfied, subject to prior rights of holders of Preferred Shares.

Preferred Shares

The Preferred Shares will be issuable in series, with each series consisting of such number of shares and having such rights, privileges, restrictions and conditions as may be determined by the Board prior to the issuance thereof. With respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the Preferred Shares are entitled to preference over the Common Shares and any other shares ranking junior to the Preferred Shares and may also be given such other preference over the Common Shares and any other shares ranking junior to the Preferred Shares as may be determined at the time of creation of each series.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of Therapure: (i) as at December 31, 2014; (ii) as at September 30, 2015; (iii) as at September 30, 2015 after giving effect to the Pre-Closing Transaction and the Credit Agreement; and (iv) as at September 30, 2015 after giving effect to the Pre-Closing Transaction, the Credit Agreement, and the Offering. The table below should be read together with "Prospectus Summary — Summary of Selected Financial Information", "Management's Discussion and Analysis of Financial Condition

and Results of Operations”, “Use of Proceeds” and Therapure’s financial statements and related notes included elsewhere in this prospectus.

	Authorized	Outstanding as at December 31, 2014 (\$ thousand)	Outstanding as at September 30, 2015 (\$ thousand)	Outstanding as at September 30, 2015 after giving effect to the Pre- Closing Transaction and the Credit Agreement ⁽³⁾⁽⁴⁾⁽⁶⁾ (\$ thousand)	Outstanding as at September 30, 2015 after giving effect to the Pre- Closing Transaction, the Credit Agreement, and the Offering ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾ (\$ thousand)
Cash and cash equivalents	—	\$1,446	\$1,766	\$31,598	\$●
Total debt	—	\$113,671	\$3,576	\$32,450	\$32,450
Shareholder loan	—	\$113,671	\$—	\$—	\$—
Contribution Agreement	—	\$—	\$3,576	\$5,662	\$5,662
Credit Agreement	—	\$—	\$—	\$26,788	\$26,788
Share capital ⁽¹⁾					
Common Shares ⁽³⁾	unlimited	\$35,148 (2,828,710 Common Shares)	\$163,311 (4,152,546 Common Shares)	\$163,311 (79,728,883 Common Shares)	\$● (● Common Shares)
Preferred Shares	unlimited	\$— (nil Preferred Shares)	\$— (nil Preferred Shares)	\$— (nil Preferred Shares)	\$— (nil Preferred Shares)

Notes:

- (1) At Closing, the Corporation’s authorized share capital will consist of an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series. No series of Preferred Shares will be issued as at Closing. See “Description of Share Capital”.
- (2) This table does not reflect restricted share awards or Options outstanding to purchase Common Shares. See “Executive Officers and Directors Compensation — Components of Total Compensation — 2016 Restricted Share Plans”, “Executive Officers and Directors Compensation — Employment and Consulting Contracts” and “Executive Officers and Directors Compensation — Components of Total Compensation — Incentive Plan”.
- (3) Reflects accounting value of the cash receipts under the Contribution Agreement as of November 20, 2015.
- (4) Prior to or concurrently with Closing, the Corporation will complete the Pre-Closing Transaction. See “Pre-Closing Transaction”.
- (5) Immediately after Closing, the Corporation will:
 - (a) contingent upon the achievement of certain performance objectives related to the valuation of the Corporation immediately prior to completion of the Offering, award an aggregate of up to \$2.5 million in cash bonus payments to certain employees of the Corporation. Management expects that at least \$1.5 million will be payable;
 - (b) issue an aggregate of 195,302 Common Shares to certain employees in consideration for past services at a price equal to the Offering Price;
 - (c) issue an aggregate of 979,814 restricted shares to certain employees pursuant to the Corporation’s Canadian form of restricted share plan at a price equal to the Offering Price. See “Executive Officers and Directors Compensation — Components of Total Compensation — 2016 Restricted Share Plans”;
 - (d) contingent upon the achievement of certain specified financial performance targets and other business objectives, issue an aggregate of restricted 996,499 shares to Nicholas Green pursuant to the Corporation’s US form of restricted share plan at a price equal to the Offering Price. See “Executive Officers and Directors Compensation — Components of Total Compensation — 2016 Restricted Share Plans” and “Executive Officers and Directors Compensation — Employment and Consulting Contracts”;
 - (e) contingent upon the achievement of certain performance objectives related to the valuation of the Corporation immediately prior to completion of the Offering, issue up to an aggregate of 398,630 restricted shares to Nicholas Green pursuant to the Corporation’s US form of restricted share plan at a price equal to the Offering Price. See “Executive Officers and Directors Compensation — Components of Total Compensation — 2016 Restricted Share Plans” and “Executive Officers and Directors Compensation — Employment and Consulting Contracts”.

These Post-Closing Transactions (other than the restricted share awards) are reflected in this table.

- (6) Reflects accounting value of the cash receipts under the Credit Agreement as of November 20, 2015.
- (7) The net proceeds to the Corporation from the Offering are estimated to be \$ ● , based on the issuance of ● Offered Shares for aggregate gross proceeds of \$ ● less the Underwriting Fee of \$ ● and expenses of the Offering estimated to be \$ ● .

PRE-CLOSING TRANSACTION

Prior to the Closing, the Corporation will split its Common Shares on the basis that each currently issued and outstanding Common Share will be split into 19.2 post-split Common Shares (the “**Pre-Closing Transaction**”). The number of Common Shares issuable pursuant to outstanding Option grants will be adjusted to reflect the Pre-Closing Transaction. See “Executive Officers and Directors Compensation”. **References to Common Shares or security based compensation in this prospectus reflect the Pre-Closing Transaction unless otherwise indicated. The Corporation’s audited financial statements included in this prospectus and disclosure**

under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” do not reflect the Pre-Closing Transaction.

DIVIDENDS

Therapure has not declared or paid any dividends since its inception and does not anticipate paying dividends on the Common Shares in the foreseeable future. The declaration and payment of dividends on the Common Shares are at the discretion of the Board and will be established on the basis of Therapure’s earnings, financial requirements for Therapure’s operations, the satisfaction of solvency tests imposed by the corporate law for the declaration and payment of dividends, restrictions on dividend payments imposed by any lender and other relevant factors. See “Risk Factors”.

OPTIONS TO PURCHASE SECURITIES

As at the date of this prospectus, there are no options (“Options”) to purchase Common Shares currently issued and outstanding. Effective as of Closing, Therapure will issue Options to purchase ● % of the number of outstanding Common Shares immediately after Closing and the completion of the Post-Closing Transactions (being ● Options) to certain executive officers and employees pursuant to the Incentive Plan. Such Options will have an exercise price equal to the Offering Price. For a description of the Incentive Plan, please see “Executive Officers and Directors Compensation — Incentive Plan Awards -Incentive Plan”.

PRIOR SALES

Other than in connection with the Pre-Closing Transaction, the Recapitalization and Mr. Green’s employment agreement, the Corporation has not issued any Common Shares or securities convertible into Common Shares in the 12-month period prior to the date of this prospectus. See “Pre-Closing Transaction”, “Consolidated Capitalization” and “Executive Officers and Directors Compensation — Employment and Consulting Contracts”.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The following securities of the Corporation will be held in escrow, or be subject to contractual restriction on transfer, immediately following the closing of the Offering:

Designation of Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer ⁽¹⁾	Percentage of Class (%)
Common Shares	1,744,492 ⁽²⁾	●
Common Shares	979,814 ⁽³⁾	●
Common Shares	1,195,930 ⁽⁴⁾	●
Common Shares	● ⁽⁵⁾	●

Notes:

- (1) See also “Plan of Distribution — Restrictions on the Sales of Common Shares — Restrictions on Shareholders” for further contractual restrictions on transfer not included in the table.
- (2) In addition to the contractual restrictions on transfer described under the heading “Plan of Distribution — Restrictions on the Sales of Common Shares — Restrictions on Shareholders”, all Common Shares held by employees of the Corporation as at the time immediately following the closing of the Offering (the “Locked-up Shares”) will be subject to contractual restrictions on transfer such that each employee holding any of such Locked-up Shares will not be allowed to sell a proportion of his/her Locked-up Shares in excess of the proportion of Common Shares sold or distributed by Catalyst Fund II. For example, immediately after the Blackout Period, each employee will be permitted to sell a proportion of his/her Common Shares equal to the proportion of Catalyst Fund II’s Common Shares that it sells pursuant to the Offering, subject to any restrictions under applicable securities laws. Thereafter, each employee will be permitted to sell his/her Common Shares, but not in any greater proportion than those sold by Catalyst Fund II from time to time. The number of Locked-up Shares listed above includes the 195,302 Common Shares issuable as part of the Post-Closing Transactions other than those issuable pursuant to the RS Plan. See “Consolidated Capitalization”.
- (3) These Common Shares will be issued immediately following Closing pursuant to the Canadian RS Plan. See “Executive Officers and Directors Compensation — Components of Total Compensation — 2016 Restricted Share Plans”.

- (4) These Common Shares were issued pursuant to Nicholas Green's employment agreement and will be subject to the terms of the US RS Plan. See "Executive Officers and Directors Compensation — Components of Total Compensation — 2016 Restricted Share Plans" and "Executive Officers and Directors Compensation — Employment and Consulting Contracts".
- (5) These Common Shares will be issued immediately following Closing pursuant to the US RS Plan and Nicholas Green's employment agreement. See "Executive Officers and Directors Compensation — Components of Total Compensation — 2016 Restricted Share Plans" and "Executive Officers and Directors Compensation — Employment and Consulting Contracts".

PRINCIPAL SHAREHOLDERS

Other than as set forth below, no person or entity will beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the outstanding shares of any class of the Corporation upon completion of the Offering.

Following completion of the Pre-Closing Transaction, and prior to Closing, Catalyst Fund II will beneficially own 78,179,693 Common Shares, representing approximately 96.61% of the outstanding Common Shares, with current and former employees owning the approximately 3.39% of the remaining outstanding Common Shares. Immediately after Closing and completion of the Post-Closing Transactions (after taking into account the restricted shares to be issued immediately following Closing) and assuming the Over-Allotment Option has not been exercised, Catalyst Fund II will beneficially own 74,013,026 Common Shares, representing approximately 83.38% of the outstanding Common Shares (or approximately ● % on a fully-diluted basis). The foregoing assumes that the Over-Allotment Option is not exercised, in whole or in part, and that Catalyst Fund II does not acquire any Common Shares pursuant to the Offering.

Catalyst Fund II is managed, controlled and directed by CCGI or its affiliates. Gabriel de Alba, a director, Chairman and Secretary of the Corporation, is a key decision maker of CCGI and Catalyst Fund II and, as such, may be considered to exert direction or control, directly or indirectly, over any Common Shares beneficially owned by Catalyst Fund II.

Catalyst Fund II is a private equity fund. As with all similar funds, Catalyst Fund II has a specified period in which it invests committed capital, followed by a period in which it disposes of its investments or distributes them to its limited partners. Catalyst Fund II has commenced the process of disposing of its investments. While the term of Catalyst Fund II is scheduled to terminate on November 30, 2017, Catalyst Fund II anticipates obtaining the consent of its limited partners to extensions as may be necessary to permit an orderly disposition of its assets. Catalyst has from time to time sought similar extensions from the funds it manages and has always obtained such extensions when requested. However, there can be no assurance that any such extension would be obtained and, accordingly, Catalyst Fund II may be required to commence disposing of its holdings by November 30, 2017.

In the event that it disposes of its Common Shares, Catalyst Fund II intends to do so in a manner that will not materially adversely affect the trading price of the Common Shares. In particular, Catalyst Fund II only intends to sell its Common Shares in block sales for proceeds of at least \$20 million and does not intend to sell more than 20% of the outstanding Common Shares (on a fully diluted basis) in a single transaction. In lieu of selling Common Shares, Catalyst Fund II may make an in specie distribution of some or all of its Common Shares to its limited partners. If an in specie distribution is made by Catalyst Fund II of all of its remaining Common Shares after giving effect to the Offering, none of Catalyst Fund II's limited partners will receive more than 10% of the Common Shares held by Catalyst Fund II. See "Risk Factors — Risks Related to the Offering — Future Sales of Common Shares by Existing Shareholders".

Prior to Closing, Catalyst Fund II will enter into a lock-up agreement as described under the heading "Plan of Distribution — Restrictions on the Sales of Common Shares — Restrictions on Shareholders". Catalyst Fund II does not have any contractual director or management nomination rights.

INTEREST OF MANAGEMENT IN MATERIAL TRANSACTIONS

Except as described below or as otherwise described in this prospectus (see “Pre-Closing Transaction”), no director or executive officer of Therapure, or to the knowledge of Therapure, any of their respective associates or affiliates, has engaged in any transaction with Therapure or its subsidiaries that has materially affected, or that could reasonably be expected to materially affect, Therapure.

EXECUTIVE OFFICERS AND DIRECTORS

Summary Information

The following table sets forth certain summary information in respect of the executive officers and directors of the Corporation as at the Closing Date.

Name, City and Country of Residence	Position with the Corporation	Date of Appointment	Principal Occupation During the Five Preceding Years
Nicholas Green (Mississauga, Canada)	President and CEO Director	May 6, 2011 ●	President and CEO of Therapure; CEO of Global Pharma Solutions LLC
David Long (Oakville, Canada)	CFO	November 18, 2015	CFO of Softchoice Corporation
Brian Hadfield (Oakville, Canada)	Chief Manufacturing Officer	July 22, 2015	Chief Manufacturing Officer of Therapure; CEO of CryptoLogic Limited
David N. Bell (Oakville, Canada)	Vice President, Drug Development and Chief Scientific Officer	July 9, 2007	Vice President, Drug Development and Chief Scientific Officer of Therapure
Dirk Alkema (Stayner, Canada)	Vice President, Technical Operations	July 9, 2007	Vice President, Technical Operations of Therapure
Gabriel de Alba (Toronto, Canada)	Director, Chairman and Secretary	January 16, 2008 January 16, 2008 May 6, 2011	Managing Director and Partner of CCGI
John Langstaff ⁽¹⁾ (Winnipeg, Canada)	Director	●	President and Chief Executive Officer, Cangene Corporation
Ian Mumford ⁽¹⁾ (Ottawa, Canada)	Director	●	Chief Supply Chain Officer, Canadian Blood Services
Lloyd M. Segal ⁽¹⁾ (Westmount, Canada)	Director	●	Partner, Persistence Capital Partners
Johan Vandersande ⁽¹⁾ (Santa Clarita, US)	Director	●	Vice-President of Global Engineering and Technical Services, Baxter International

Notes:

- (1) Nicholas Green, John Langstaff, Ian Mumford, Lloyd M. Segal and Johan Vandersande are not currently members of the Board but have agreed to become directors, subject to regulatory approval, on or prior to Closing. It is expected that these individuals will be elected by the shareholders of the Corporation prior to Closing, with such election to become effective on or prior to Closing. As Nicholas Green, John Langstaff, Ian Mumford, Lloyd M. Segal and Johan Vandersande are not members of the Board or executive officers of the Corporation at the time of this prospectus, the Corporation does not believe that these individuals have any liability for the contents of this prospectus in such capacity under applicable Canadian securities laws. Newton Glassman is currently a member of the Board, but intends to resign from the Board prior to Closing.
- (2) Member of the Audit & Risk Committee.
- (3) Member of the Compensation and Governance Committee.

Biographies

The following are biographies of the directors and executive officers of Therapure as at the completion of the Offering.

Nicholas Green, Director, President and Chief Executive Officer. Mr. Green has more than 30 years of experience in the industry. Since starting his career in a family-owned business, Mr. Green has held a number of senior management roles, most notably Managing Director of Nipa Laboratories Ltd., Head of the Life Science Division of Clariant International Ltd. in the USA, President and CEO of Rhodia Pharma Solutions Ltd. and President of Codexis, Inc.'s Pharma Division. Mr. Green holds a B.Sc. (Hons) in Chemistry from Queen Mary College in London and an M.B.A. from the University of Huddersfield.

David Long, Chief Financial Officer. Mr. Long has over 25 years of experience in finance, having held progressively senior roles throughout his career. Most recently he was CFO of Softchoice Corporation, an IT solutions and services company serving the North American market. Prior to that, Mr. Long was CFO of Tundra Semiconductor. Both Softchoice Corporation and Tundra Semiconductor were listed on the Toronto Stock Exchange at the time that Mr. Long was CFO of such companies. Mr Long has spent most of his career in public companies of all sizes with operations around the world. He has a Bachelor's degree in Business Administration from St Francis Xavier University and an M.B.A in Finance from Dalhousie University. Additionally, Mr. Long is a Chartered Professional Accountant (CPA/CGA).

Brian Hadfield, Chief Manufacturing Officer. Mr. Hadfield has extensive experience in both leading and advising organisations in a variety of sectors including healthcare, education, financial services, technology, travel and leisure and the public sector. In addition to his advisory services, he has held the positions of Chief Operating Officer, Managing Director and Chief Executive Officer (most recently as CEO of CryptoLogic Limited) as well as a variety of non-executive positions. He has run small, medium and large organizations with staffing of up to 9,000 people. These have been located in the USA, Canada, UK, Middle East, Africa and India. Finally, he has been Chairman of Sigma Capital and Elephant Family and co-founder of International Women of Excellence (a not-for-profit organisation to help women in business) and has served on the Princess Royal's Industry Advisory Board.

David N. Bell, Vice President, Drug Development and Chief Scientific Officer. Dr. Bell's primary responsibility at Therapure is the development of a pipeline consisting of new protein and cell-culture-based product candidates for the treatment of anemia, cancer and infectious diseases. He also leads the team offering development services for new product entries. Dr. Bell previously served as Vice President, Drug Development and Chief Scientific Officer of Hemosol. Prior to joining Hemosol in 1994, Dr. Bell was Group Leader of Cancer Biology at BioChem Therapeutic, Inc. and before that, Laboratory Director of the BioVentures Division of FAA in Worcester, Massachusetts, USA. Dr. Bell received his M.Sc. from McGill University and his Ph.D. from the Department of Medicine at McGill University in 1988 and completed a postdoctoral fellowship at the McGill Cancer Centre.

Dirk Alkema, Vice President, Technical Operations. Dr. Alkema oversees Therapure's clinical and commercial manufacturing operations and its biomanufacturing services. Dr. Alkema previously served as Vice President, Operations of Hemosol. Prior to joining Hemosol in early 1994, Dr. Alkema worked at American Cyanamid, in the veterinary vaccines division, with responsibility for all manufacturing activities. Prior to that Dr. Alkema was at Connaught Laboratories Ltd. where he held a number of production management positions prior to his appointment to Director, Viral Vaccine Manufacturing Division in 1989. During his tenure at Connaught, Dr. Alkema managed the plasma fractionation facility that serviced the Canadian market. Dr. Alkema holds a Ph.D. in Biochemistry from McMaster University.

Gabriel de Alba, Director, Chairman and Secretary. Mr. de Alba is a Managing Director and Partner of CCGI. Mr. de Alba's responsibilities at CCGI have included acting as a director or senior officer of various CCGI portfolio companies, including Natural Markets Restaurants Corp., World Color Press Inc., Cable Satisfaction International Inc./Cabovisão, Richtree Market Restaurants Inc. and Sonar Entertainment Inc. CCGI and funds managed by it have, since 2002, been involved in numerous distressed and/or under-valued situations including (in addition to the portfolio companies previously referred to) AT&T Canada, Call-Net Inc.,

Stelco Inc., IMAX Corporation, Countryside Power Income Fund, Canwest, Callidus Capital Corporation and YRC Worldwide Inc. Prior to joining CCGI at its inception in 2002, Mr. de Alba worked at AT&T Latin America. Mr. de Alba was a founding member of the Bank of America International Merchant Banking Group and, prior to that, worked in Bankers Trust's New York Merchant Banking Group. Mr. de Alba is fluent in five languages and holds a double B.S. in Finance and Economics from the NYU Stern School of Business, an M.B.A. from Columbia University and has completed graduate courses in Mathematics, Information Technology and Computer Sciences at Harvard University.

John Langstaff, Director. Mr. Langstaff is an individual who is actively committed to the development of science and to the advancement of the healthcare industry in Canada. Mr. Langstaff, a 2001 Distinguished Alumnus of The University of Winnipeg, is an international leader in pharmaceutical research and development. As President and Chief Executive Officer of Cangene Corporation (“**Cangene**”), Mr. Langstaff was been influential in developing excellence in the biotechnology industry in Canada. Under Mr. Langstaff's leadership, Cangene has become a world leader in the development, manufacture and commercialization of specialty hyperimmune plasma and biotechnology products. These antibody products aid in the fight against challenging diseases such as Hepatitis B, smallpox, Ebola, anthrax and SARS. His direction made Cangene one of Canada's best employers, one of Canada's fastest growing companies and one of the world's Top-100 biotechnology companies. His industry contributions outside of Cangene are also significant. A present member of the Board of Directors for Biotec Canada and the University of North Dakota Research Foundation, Mr. Langstaff has also served as a member of the Board of Directors for the International Centre for Disease Control and the chairman of Bionet — an Industry Development Initiative of the Government of Canada.

Ian Mumford, Director. Mr. Mumford, as Chief Supply Chain Officer, ensured that Canadian Blood Services consistently provided high-quality blood, plasma protein and stem cell products to customers at the right time and right cost. Mr. Mumford was responsible for maintaining predictability and consistency in meeting customer needs, providing an outstanding experience for donors, standardizing collection, production, testing and logistics processes across the country, and ensuring productive, efficient operations. Mr. Mumford joined Canadian Blood Services at its founding in 1998 as a vice-president tasked with increasing blood collections, rebuilding the donor base and restoring public trust in the nation's blood system. His successful programs received numerous national and international awards. Prior to joining Canadian Blood Services, Mr. Mumford held various executive positions of increasing scope and complexity in the health, energy and communications sectors. Mr. Mumford is chair of the Ottawa Hospital Research Institute, and is a past chair of the Hospice at May Court and the Ottawa Civic Hospital.

Lloyd M. Segal, Director. Mr. Segal is currently a Special Advisor at Persistence Capital Partners, a Canadian private equity fund focused on high-growth opportunities in Canadian healthcare. From 2010 to 2015, Mr. Segal was a Managing Partner with Persistence Capital Partners following a career as a successful healthcare entrepreneur and corporate leader. Mr. Segal currently serves as Chairman of LMC Diabetes & Endocrinology, Canada's largest endocrinology practice. In 2013, Mr. Segal was honored as the Financial Times' Outstanding Director of the Year for his role as an independent member of the Board of Directors of Valeant Pharmaceuticals International, where he served as a Director from 2007 to 2014. Mr. Segal also serves on the Board of the GBC American Fund and on the Advisory Council of the School of Science at Brandeis University. He has previously served as a director of several public and private corporations in the U.S. and Canada. Mr. Segal was CEO of Thallion Pharmaceuticals, a biotechnology company sold to Bellus Health in 2013; was founding CEO of Caprion Pharmaceuticals (now Caprion Proteomics, acquired by Chicago Growth Partners in 2013), a proteomics laboratory services company; and CEO of Advanced Bioconcept, an early innovator in the development and sale of novel discovery tools for life science research, which was sold to NEN Life Sciences Products (now PerkinElmer, Inc.). Mr. Segal holds a BA in politics from Brandeis University and an MBA from Harvard Business School; he began his career as a Management Consultant at McKinsey & Co.

Johan Vandersande, Director. Mr. Vandersande spent his 40 year career in Process Engineering and Manufacturing of Biologics, both Recombinant and Human Plasma derived proteins. Mr. Vandersande spent the first 13 years of his career working for the New York Blood Center and was responsible for product development and the design and construction of a plasma protein fractionation facility that he managed. Following New York Blood Center, Mr. Vandersande worked for Baxter Healthcare. Over 27 years at Baxter Healthcare,

Mr. Vandersande worked in various plasma proteins-focused roles, including VP of Global Operations for the Hyland/Immuno division. In this role, Mr. Vandersande oversaw all plasma processing plants in the US and Europe. Prior to his retirement from Baxter, Mr. Vandersande was VP of Global Engineering and Technical Services and was responsible for major capital projects (plant renovations and expansions), evaluation and implementation of new technologies as well as process and yield improvements. Mr. Vandersande has a Bachelor's degree in Mechanical Engineering and a Master's degree in Refrigeration Engineering and Food Technology from Deft University of Technology.

Common Share Ownership

The directors and executive officers as a group beneficially own, or control or direct, 4,174,147 Common Shares (including RSs), representing 99.04% of the outstanding Common Shares as at the date of this prospectus. See "Principal Shareholders".

Terms of Directors and Executive Officers

Directors are elected for a term expiring at the conclusion of the next annual meeting of shareholders of the Corporation, or until their successors are duly elected or appointed pursuant to the OBCA and such directors will be eligible for re-election. Executive officers serve at the discretion of the Board.

Corporate Cease Trade Orders and Bankruptcies

To the knowledge of the Corporation, except as described herein, no director or executive officer of the Corporation (nor any personal holding company of any such persons) is, as at the date of this prospectus, or was within 10 years before the date of this prospectus, a director, chief executive officer or chief financial officer of any company (including the Corporation), that: (i) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), and that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Dr. Alkema and Dr. Bell were officers of Hemosol in December of 2005, when it filed an application for a court-supervised restructuring under the *Companies' Creditors Arrangement Act* (Canada). PricewaterhouseCoopers Inc. acted as the interim receiver. In July of 2007, the interim receiver, on behalf of Hemosol, entered into a transaction with Therapure wherein Therapure acquired all of Hemosol's issued and outstanding shares and a number of its contracts and financial assets. In June of 2007, Dr. Alkema and Dr. Bell ceased to be employed by Hemosol in their relative capacities of Vice President of Operations and Vice President/Chief Scientific Officer, respectively. In December of 2008, the Ontario Securities Commission issued a cease trade order against Hemosol Corp. and the shares of Hemosol Corp. were delisted from the Toronto Stock Exchange. In December of 2009, the shares of Hemosol Corp. were delisted from NASDAQ.

To the knowledge of the Corporation, except as disclosed herein, no director or executive officer of the Corporation (nor any personal holding company of any such persons), or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation: (i) is, as at the date of this prospectus, or has been within the 10 years before the date of this prospectus, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the 10 years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties and Sanctions

To the knowledge of the Corporation, no director or executive officer of the Corporation (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Other than as disclosed in this prospectus (including the disclosure below), to the best of the Corporation's knowledge, there are no existing or potential material conflicts of interest among the Corporation and a director or officer of the Corporation at the date of this prospectus.

The Corporation's directors and officers are required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any conflicts to the Corporation if and when they arise. Prior to Closing, the Corporation will enter into indemnification agreements with each of its directors and executive officers. The indemnification agreements will generally require that the Corporation indemnify and hold the indemnitees harmless to the greatest extent permitted by law for liabilities arising out of the indemnitees' service to the Corporation as directors and executive officers, provided that the indemnitees acted honestly and in good faith with a view to the best interests of the Corporation and, with respect to criminal and administrative actions or proceedings that are enforced by monetary penalty, the indemnitees had reasonable grounds to believe that their conduct was lawful. The indemnification agreements will also provide for the advancement of defense expenses to the indemnitees by the Corporation.

EXECUTIVE OFFICERS AND DIRECTORS COMPENSATION

The following discussion describes the significant elements of the Corporation's executive compensation program upon Closing, with particular emphasis on the process for determining compensation payable to the Corporation's CEO, CFO, and, other than the CEO and the CFO, each of the three most highly compensated executive officers of the Corporation or any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity whose total compensation was, individually, more than \$150,000 for the most recently completed financial year (collectively, the "**Named Executive Officers**" or "**NEOs**").

The NEOs are Nicholas Green, David Long, David Bell, Dirk Alkema and Brian Hadfield.

Compensation Discussion and Analysis

Compensation Philosophy

The Corporation's executive compensation program to be adopted following Closing will be designed to reinforce a strong link between pay and performance in order to:

1. attract leading talent;
2. retain and motivate top performers;
3. promote a pay for performance culture with an emphasis on variable compensation, specifically annual incentives; and
4. position Therapure's compensation at the median of a target comparator group for good performance and above median for superior performance, with exceptions based on individual contribution and relevant scientific expertise as well as the importance of each individual's role at various points in time.

Market Positioning

Therapure engaged Mercer (Canada) Limited (“**Mercer**”), a consulting firm which provides independent advice in executive compensation and related governance issues, in June 2015 to provide a compensation benchmarking report for its senior leadership team. During this review, the following considerations were included: company growth, business strategy, and peer group to be used for benchmarking.

The peer group identified by Mercer for Therapure comprises publicly traded companies, with industry sector and business models comparable to Therapure. Such comparator companies are as follows: Adamas Pharmaceuticals, Inc.; Amphastar Pharmaceuticals, Inc.; ANI Pharmaceuticals, Inc.; Cipher Pharmaceuticals Inc.; Enanta Pharmaceuticals, Inc.; IGI Laboratories, Inc.; Momenta Pharmaceuticals, Inc.; Oncomed Pharmaceuticals, Inc.; Progenics Pharmaceuticals, Inc.; Raptor Pharmaceutical Corp., Sciclone Pharmaceuticals, Inc.; Sucampo Pharmaceuticals, Supernus Pharmaceuticals, Inc.; Vanda Pharmaceuticals Inc.; Xenon Pharmaceuticals Inc.; and Xenoport, Inc.

The use of comparative market data is just one of the factors used in setting compensation for the NEOs. An NEO’s compensation could be higher or lower than suggested by the comparator data as result of personal performance, skills, specific role or experience in this business.

Compensation Consultants

The Corporation retained the services of Mercer in fiscal 2015 to review the competitiveness of executive compensation and to assist in connection with executive compensation matters in the context of the Offering. Mercer provided consulting services, including a review of executive compensation, trends in the executive compensation landscape, best practice analysis and disclosure regarding executive and director compensation. The aggregate fees billed to the Corporation as of August 31, 2015 for fiscal 2015 for executive compensation-related services and all other services provided by Mercer are as set out below:

<u>External Compensation Consultant Service Fees</u>	<u>Fiscal year ended December 31, 2015 (as of September 1, 2015)</u>
	(\$)
Executive compensation-related fees	47,788.88
All other fees	—

Components of Total Compensation

Therapure’s executive compensation program consists primarily of the following elements with the purposes set forth below:

Compensation Element	Purpose of Element
Base Salary	To provide stable and competitive income.
Annual Incentives	To motivate and reward short-term behaviours, actions and results that drive long-term value creation.
Long-Term Incentives	To encourage executives to maximize long-term shareholder value (provided in the form of Options and deferred share units of the Corporation (“ DSUs ”)).

To accomplish both its short-term and long-term objectives, the compensation program emphasizes pay-for-performance, with two variable components. These variable components include annual and long-term incentives which are used to align each component of incentive compensation with the Corporation’s short and long-term business objectives.

As discussed below, a significant portion of variable compensation for executives is deferred in the form of DSUs and stock options to maintain the focus of the executives on sustained long-term performance and growth.

Listed below are the various components of compensation that executives (including the NEOs) may receive, depending on the executive's role and level within the organization:

Base Salary

The base salary component of compensation reflects the level of responsibility within the Corporation and is compared to similar positions in comparable companies in the biotechnology/pharmaceutical industry.

Annual Bonus

The annual bonus is intended to motivate senior management to achieving corporate and individual performance. Recommendations are presented to the board by the CEO and paid within the first quarter following the fiscal year end. The various weights are determined by level of responsibility and overall impact to the short and long term success of Therapure. Under the current plan, bonus eligibility is based partially on the financial achievement of the Corporation's EBITDA and partially on individual objectives. A performance rating is assigned based on the achievement of those individual objectives and a multiplier with a possible maximum payout under the plan of 2.00 times the target amount is assigned.

In 2016, the Corporation will introduce an annual bonus program for its executives that better aligns program payouts with financial and strategic priorities achievements for a bonus period (typically, a financial year). Payments to NEOs will be based on the achievement of specific corporate objectives and personal performance measures. Corporate objectives considered for these purposes will be based on overall profitability of the operations of the Corporation. Personal performance measures will include personal and overall contributions to the business.

The following table outlines the performance measures and weightings for each NEO for its first full fiscal year as a public company:

	Chief Executive Officer	Chief Financial Officer	Vice President, Drug Development and Chief Scientific Officer	Vice President, Technical Operations	Chief Manufacturing Officer
EBITDA Objectives	80%	80%	80%	80%	80%
Individual Objectives	20%	20%	20%	20%	20%

Incentive Plan

Effective ● , 2016, the Board approved an incentive plan (the "**Incentive Plan**"). The Incentive Plan is intended to provide the Corporation with share-related mechanisms to attract, retain and motivate qualified directors, employees, officers and consultants ("**Eligible Persons**"), to reward such of those Eligible Persons as may be granted equity-based compensation under the Incentive Plan by the Board from time to time for their contributions toward the long term goals and success of the Corporation, and to enable and encourage such directors, employees and consultants to acquire Common Shares as long term investments in the Corporation. The Incentive Plan will permit both Options and DSUs to be granted (collectively, the "**Grants**"). Previous Grants are taken into account when considering new Grants.

Options

The Board may from time to time authorize grants of Options upon such terms and conditions as it may determine in accordance with the terms of the Incentive Plan. The exercise price of all Options will be as set forth in an option certificate in respect of such Option and will not be less than the market value of the shares as at the date the Option was granted (which, if the Common Shares are traded on the TSX, will be the closing price of the Common Shares on the last trading day immediately preceding the date the option was awarded). In no case will the market value be less than the minimum prescribed by each of the organized trading facilities as would apply to the award date in question.

The vesting schedule for any Option outstanding under the Incentive Plan shall be determined by the Board, provided that the Option will vest over a certain period of time or upon the occurrence of certain events (for example, the Board may determine that a particular Option shall be only exercisable after a triggering event).

Unless otherwise determined by the Board or in the case of death, disability, or ceasing to be an Eligible Person, all Options outstanding under the Incentive Plan shall expire on the date so fixed by the Board at the time the particular Option is granted, provided that such date will be no later than the tenth anniversary of the date the Option was awarded pursuant to the Incentive Plan. If the expiry date for an Option falls within a blackout period or within ten business days after the date the blackout period expires, the expiry date will be the date which is ten days after the blackout period expiry date.

DSUs

The Board may from time to time authorize grants of DSUs upon such terms and conditions as it may determine in accordance with the terms of the Incentive Plan. In addition, independent directors may elect to receive up to 50% of their compensation as DSUs. Only independent directors will be eligible to receive director's DSUs under the Incentive Plan. Each grant will constitute an agreement to deliver Common Shares, cash or other consideration to the participant in the future in consideration of the performance of services after the participant's term of directorship ends. During the deferral period, the participant will not have any right to transfer the rights associated with the DSUs and will have no ownership or voting rights with respect to the DSU or the underlying shares associated with DSUs.

Key Features of the Incentive Plan

The key features of the Incentive Plan are as follows:

- Issuances
 - Subject to adjustment as provided for in the Incentive Plan, and any subsequent amendment to Incentive Plan, the number of Common Shares reserved for issuance and which will be available for purchase pursuant to Grants under the Incentive Plan, together with any proposed or previously existing security based compensation arrangement, shall be 10% on a rolling basis. The number of Common Shares that may be reserved for issuance to any one Eligible Person under the Incentive Plan will not exceed, in the aggregate, 5% of the outstanding Common Shares on each Grant date. If any Grant expires or otherwise terminates for any reason without having been exercised in full, or is exercised in full, the number of Common Shares in respect of which such Grant expired, terminated, or was exercised in full, as the case may be, will again be available for the purposes of the Incentive Plan.
 - In no case will the Grant under the Incentive Plan, together with any proposed or previously existing security based compensation arrangement, result in (in each case, as determined on the grant date):
 - (i) the number of Common Shares reserved for issuance pursuant to Grants to insiders exceeding 10% of the Corporation's issued and outstanding Common Shares (on a non-diluted basis) and
 - (ii) the issue to insiders, within any one-year period, of a number of Common Shares exceeding in the aggregate 10% of the Corporation's issued and outstanding Common Shares (on a non-diluted basis).
 - The number of Common Shares reserved for issuance to non-employee Directors under the Incentive Plan shall not exceed (i) for all non-employee directors, in the aggregate, a maximum of 1% of the number of outstanding Common Shares; and (ii) on an individual non-employee director basis, Grants per non-employee director in any one calendar year having a maximum aggregate value of \$100,000 at the time of the Grants (other than Grants under the Incentive Plan to a non-employee director in the year of his or her initial appointment to the Board).
- Termination
 - With cause: any Grant held by such person will expire on the date on which he or she ceased to be an Eligible Person.

- Without cause: the expiry date for any vested Option or portion of an Option will be the earlier of the date fixed by the Board at the time of the issuance of the Option, and 60 days following the date that the person ceased to be an Eligible Person, provided that no such Option may be exercised past its original expiry date. All DSUs previously granted to such person will become vested and will be redeemed and paid out.
- Death/disability: In the event of the death or permanent disability of an Eligible Person prior to the expiry time of an Option, any vested Option or portions of an Option will expire on the date that is one year after the date of the Option holder's death or permanent disability, as applicable, provided that no such Option may be exercised past its original expiry date. The expiry date for any unvested portion of the Option will be, in the case of death, the date of death, and in the case of permanent disability, unless the Board determines otherwise, the date on which the option holder is no longer able to perform his or her duties by reason of the disability. All DSUs previously granted to such person will become vested on death or permanent disability and will be redeemed and paid out.
- Except in the case of death, the expiry date for any unvested portion of any Option held by an Eligible Person will be the date such person ceases to be an Eligible Person.
- Other
 - Prior to the Closing of the Offering, the Board, certain regulatory authorities, the TSX, or the Underwriters may require that some or all of the Grants be cancelled, repriced upwards or otherwise revised, in which case the Board may deal with the Grants in the manner it deems fair and reasonable. Each Grant holder will enter into all such escrow, pooling or other agreements as are required by any regulatory authorities, the TSX, or the Underwriters in connection with the Offering.
 - Grants are not transferable or assignable.

Amendments to the Incentive Plan

The following amendments to the Incentive Plan require the approval of shareholders of the Corporation:

- any change to the maximum number of Common Shares issuable, either as a fixed number or a fixed percentage of the Corporation's outstanding Common Shares;
- any amendment which reduces the exercise price of any Option, other than an adjustment pursuant to the Incentive Plan;
- any amendment which would change the number of days in respect of the blackout period of the Incentive Plan with respect to the extension of the expiration date of Options expiring during or immediately following a blackout period;
- any amendment which extends the expiry date of an Option other than as then permitted under the Incentive Plan;
- any amendment which cancels any Option and replaces such Option with an Option which has a lower exercise price, other than an adjustment pursuant to the Incentive Plan;
- any amendment which would permit Options to be transferred or assigned;
- any amendment to increase the limits on Grants that may be issued to insiders; and
- any amendment in respect of the amending provision of the Incentive Plan.

2016 Restricted Share Plans

Effective ● , 2016, the Board approved the adoption by the Corporation of the Canadian form of the 2016 restricted share plan (the "**Canadian RS Plan**") and the US form of restricted share plan (the "**US RS Plan**") (collectively, the "**RS Plans**"). The RS Plans were designed to provide certain officers, employees and service providers of the Corporation and its related entities with the opportunity to acquire restricted shares ("**RSs**") of the Corporation in order to enable them to participate in the long-term success of the Corporation

and to promote a greater alignment of their interests with the interests of the Corporation's shareholders. There is a maximum of ● Common Shares reserved for issuance under grants of RSs under the RS Plans, representing ● % of the issued and outstanding Common Shares as at the date of this prospectus. The Compensation and Governance Committee (or such other committee the Board may appoint) is responsible for administering the RS Plans. Each of the RS Plans will terminate on the ten (10) year anniversary of such RS Plan's effective date, although any RSs issued at such time will remain outstanding beyond such date in accordance with their terms.

The RS Plans provide that the RSs issued to Participants (as such term is defined in the RS Plans) under the RS Plans will be subject to forfeiture over a period to be specified in the agreement to be entered into with the Participant with respect to the grant of RSs (an "RS Agreement"). The grant of RSs will not entitle a Participant to any shareholder rights, including, without limitation, voting rights, dividend entitlement or rights on liquidation until such time that Common Shares are delivered to such Participant. Unless earlier terminated or forfeited in accordance with the RS Agreement or otherwise specified in the RS Agreement, the forfeiture risk relating to one-third of the RSs granted to a Participant pursuant to an RS Agreement will lapse on the first anniversary of the grant date of the RSs, the forfeiture risk with respect to another one-third will lapse on the second anniversary of the grant date of the RSs and the forfeiture risk with respect to the remaining one-third of the RSs will lapse on the third anniversary of the grant date of the RSs.

In addition to the foregoing, the risk of forfeiture relating to any RSs will lapse upon the occurrence of one of the following qualifying events:

(a) a transaction or a series of related transactions, whether or not the Corporation is a party thereto, in which, after giving effect to such transaction or transactions, the Corporation's equity securities representing in excess of fifty percent (50%) of the voting power of the Corporation are owned directly, or indirectly through one or more persons other than CCGI;

(b) a transaction or series of related transactions in which there is a sale, lease or disposition of all or substantially all of the assets of the Corporation;

(c) upon the Participant ceasing to be in the role of Director, Employee or Service Provider (as such terms are defined in the RS Plans) due to termination without Cause (as such term is defined in the RS Agreement) or death of the Participant; or

(d) if the Participant goes onto long term disability (as such term is defined in the RS Agreement).

Upon the lapse of the risk of forfeiture, subject to the conditions provided in the RS Plan, the restrictions on each RS will be lifted and one Common Share for each such RS will be released from Escrow (as such term is defined in the RS Plan) and delivered to the Participant.

The Canadian RS Plan and the US RS Plan contain essentially the same terms, with the primary exception being the escrow arrangement in the Canadian RS Plan, which provides that upon the lapse of the risk of forfeiture, subject to the conditions provided in the Canadian RS Plan, the restrictions on each RS will be lifted and one Common Share for each such RS will be released from Escrow (as such term is defined in the Canadian RS Plan) and delivered to the Participant. The US RS Plan provides that upon the lapse of the risk of forfeiture, subject to the conditions provided in the US RS Plan, the restrictions on each RS shall be lifted and one Common Share for each such RS shall be delivered to the Participant.

The RS Plans also provide the Corporation with the authority to take all such measures as it deems appropriate to ensure that the Corporation's obligations under the withholding provisions of the income tax laws applicable to the Corporation and to the Participant, as well as other provisions of applicable law, are satisfied with respect to the grant of RSs under the RS Plans, including, without limiting the generality of the foregoing, the withholding of all or any portion of any payment or the withholding of the grant of RSs or Common Shares or payment of any amount payable, until such time as the Participant has paid the Corporation or any of its Affiliates (as such term is defined in the RS Plans) for any amount which the Corporation or such Affiliate is required to withhold with respect to such taxes. Under the Canadian RS Plan, subject to the sole and absolute discretion of the Board, on the recommendation of the Corporation's Compensation and Governance Committee, the Corporation may agree to loan to the Participant, on commercially reasonable terms, an amount

equal to such withholding tax, which the Participant will direct the Corporation to pay directly to the applicable taxing authorities.

A Participant shall immediately forfeit without payment each RS subject to a risk of forfeiture upon the Participant ceasing to be in the role of Director, Employee or Service Provider (as such terms are defined in the RS Plans) for Cause (as such term is defined in the applicable RS Agreement).

RSs may not be sold, assigned or transferred by the Participant, except for the sole purpose of paying income tax due as a result of the issuance or holding of the RS by the Participant.

The fair market value of the RSs will be equal to the closing market price of the Common Shares the day before the day the RSs are granted.

In the event of any share dividend, share split, combination or exchange of shares, merger, consolidation, recapitalization, amalgamation, plan of arrangement, reorganization, spin off or other distribution (other than normal cash dividend) of the Corporation's assets to shareholders, or any other change affecting the Common Shares, including the conversion thereof into shares of another entity upon amalgamation or reorganization of the Corporation, such proportionate adjustments to reflect such change or changes shall be made with respect to the number of RSs issued under the RS Plans, all as determined by the Compensation and Governance Committee in its sole discretion.

In addition to the maximum number of RSs available to be granted pursuant to the RS Plans, there are other specific limitations on grants in the RS Plans. The total number of RSs granted to Insiders (as such term is defined in the RS Plans) in any one year or at any time, together with any other options or share based awards granted by the Corporation, must not exceed ten percent (10%) of the issued and outstanding securities of the Corporation. The RS Plans do not provide for a maximum number of RSs which may be issued to an individual pursuant to the RS Plans and any other share compensation arrangement (expressed as a percentage or otherwise). However, the number of Common Shares which will be available for issuance under the RS Plans, when aggregated with any proposed or previously existing security based compensation arrangement of the Corporation (including the Incentive Plan), shall not exceed 10% of the Corporation's issued and outstanding Common Shares at any point in time.

The Board has the discretion to make amendments to the RS Plans which it may deem necessary, without having to obtain shareholder approval; however, the Board may not, without the Participant's consent, alter the terms of a RS grant so as to affect adversely the Participant's rights under the RS Agreement in any material respect. Examples of such amendments include, without limitation, minor changes of a "housekeeping nature" or accelerating the lapse date with respect to the risk of forfeiture. Notwithstanding the foregoing, the Board may not proceed with any amendment requiring shareholder approval under the TSX rules.

Benefits

It is the Corporation's policy to provide all employees with an above average basket of benefits to provide for health care. NEOs are eligible to participate in this group benefit program.

Assessment of Future Performance

Each year, performance objectives for the CEO will be established by the Compensation and Governance Committee and approved by the Board. Performance objectives for other NEOs are established by the CEO.

The Compensation and Governance Committee evaluates the performance of the CEO. This performance evaluation is based upon the CEO achieving objectives related to the Corporation's financial and strategic objectives. The CEO evaluates the performance of each of the other NEOs based upon the achievement of their objectives as set out in their 2016 business plans, which are approved by the Board. The CEO recommends the other NEOs' annual incentive awards to the Compensation and Governance Committee. The Compensation and Governance Committee reviews the CEO's recommendations, and the Board approves the annual incentive awards for NEOs who are not directors. Independent directors of the Board approve the annual incentive awards for all management directors.

Compensation of Named Executive Officers

Summary Compensation Table — NEOs — Expectations for 2016

The following table sets forth, for each NEO, information regarding the compensation anticipated to be paid by the Corporation to the NEOs in 2016 effective as of Closing.

Name and principal position	Year	Salary ⁽¹⁾	Share-based awards ⁽²⁾	Option-based awards ⁽³⁾	Non-equity incentive plan compensation		Pension value	All other compensation	Total compensation
					Annual incentive plans	Long-term incentive plans			
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Nicholas Green President and CEO	2016	500,000	●	●	●	●	●	9,600 ⁽⁴⁾	●
David Long CFO	2016	400,000	●	●	●	●	●	15,600 ⁽⁴⁾	●
David N. Bell Vice President, Drug Development and Chief Scientific Officer	2016	260,000	●	●	●	●	●	15,600 ⁽⁴⁾	●
Dirk Alkema Vice President, Operations	2016	230,000	●	●	●	●	●	15,600 ⁽⁴⁾	●
Brian Hadfield Chief Manufacturing Officer	2016	250,000	●	●	●	●	●	47,600 ⁽⁴⁾⁽⁵⁾	●

Notes:

- (1) Represents the annualized base salary to be in effect as of the Closing. Actual salary paid for the year ended December 31, 2016 may be different than this amount and may vary based on the date of the Closing.
- (2) Other than the RSs that will be outstanding immediately after Closing, any awards in 2016 have not been determined but will be determined in accordance with the Corporation's compensation program and policies. See "Consolidated Capitalization" and "Executive Officers and Directors Compensation — Components of Total Compensation — 2016 Restricted Share Plans".
- (3) Other than the Options that will be outstanding immediately after Closing, any awards in 2016 have not been determined but will be determined in accordance with the Corporation's compensation program and policies. See "Options to Purchase Securities" and "Executive Officers and Directors Compensation — Components of Total Compensation — Incentive Plan".
- (4) Reflects car allowances payable in biweekly installments.
- (5) Reflects relocation assistance of \$32,000.

Incentive Plan Awards — Value Vested or Earned During the Year

Based on information available at the date hereof, the following table sets forth, for each NEO, information regarding all awards that are anticipated to be outstanding as at December 31, 2016.

Name and principal position	Option-based awards ⁽¹⁾				Share-based awards ⁽¹⁾		
	Number of securities underlying unexercised Options	Option exercise price	Option expiration date	Value of unexercised in-the-money options	Number of Common Shares that have not vested	Market or payout value of share-based awards that have not vested	Market or payout value of vested share-based awards not paid out or distributed
		(\$)	(\$)	(\$)	(#)	(\$)	(\$)
Nicholas Green President and CEO	•	•	•	•	•	•	•
David Long CFO	•	•	•	•	•	•	•
David N. Bell Vice President, Drug Development and Chief Scientific Officer	•	•	•	•	•	•	•
Dirk Alkema Vice President, Operations	•	•	•	•	•	•	•
Brian Hadfield Chief Manufacturing Officer	•	•	•	•	•	•	•

Notes:

- (1) Other than the Options and RSs that will be outstanding immediately after Closing, any awards in 2016 have not been determined but will be determined in accordance with the Corporation's compensation program and policies. See "Executive Officers and Directors Compensation — Compensation Discussion and Analysis", "Consolidated Capitalization" and "Options to Purchase Securities".

Employment and Consulting Contracts

Nicholas Green

In 2015, the Corporation entered into an employment agreement with Nicholas Green. Nicholas Green has been the Chief Executive Officer of the Corporation for over four years and has more than 30 years of experience in the industry in various senior management roles. The agreement contains provisions with respect to base salary (which will initially be \$500,000 per annum), eligibility for benefits and annual bonus and option incentives. The agreement also provides for a severance payment in the event of termination without cause of up to twenty-four months' salary. The agreement contains non-competition, non-solicitation and confidentiality provisions binding on Mr. Green. The estimated payment that would have been triggered from a termination without cause would have totaled up to approximately \$1,000,000 as at December 31, 2015.

On November 25, 2015, Mr. Green received, pursuant to his employment agreement, 62,288 RSs, which are subject to further adjustment pursuant to the Pre-Closing Transaction (the "1.50% RS Awards"). The 1.50% RS Awards will be subject to the terms of the US RS Plan and were issued at a price equal to the Offering Price. The forfeiture risk relating to the 1.50% RS Awards will lapse in proportion to a percentage equal to the percentage of Catalyst Fund II's Common Shares in Therapure that it has sold as of a particular date as compared to the number of Common Shares Catalyst Fund II holds as of the date of this prospectus. For example, immediately after Closing, the forfeiture risk relating to the 1.50% RS Awards will lapse for such proportion of the 1.50% RS Awards equal to the proportion of Catalyst Fund II's Common Shares that it sells pursuant to the Offering. The forfeiture risk will fall away completely at such time as Catalyst Fund II has sold all of its Common Shares. In the event Catalyst Fund II agrees to invest additional funds in Therapure by way of subscription for additional Common Shares, Mr. Green will have the right to invest alongside Catalyst Fund II so that his holdings pursuant to the 1.50% RS Awards will not be diluted. If Mr. Green elects not to participate, notwithstanding anything else contained herein, such holdings will be diluted accordingly.

Immediately after Closing, Mr. Green will also be entitled, pursuant to his employment agreement, to receive an aggregate of 996,499 RSs under the US RS Plan, based on the achievement of certain specified financial performance targets and other business objectives, at a price equal to the Offering Price. The forfeiture risk relating to these RSs will lapse upon achievement of such targets/objectives. Such targets/objectives relate to: (i) the achievement of certain specified earnings targets for the 2015 and 2016 fiscal years; (ii) the achievement of certain specified revenue targets for the 2016 fiscal year; (iii) the filing of an IND for IVIG and approval of such IND by the appropriate governmental authority in the 2016 fiscal year; and (iv) the sale of BioScavenger product in the 2017 fiscal year.

Immediately after Closing, Mr. Green will also be entitled, pursuant to his employment agreement, to receive up to an aggregate of 398,630 RSs under the US RS Plan, based on the achievement of certain performance objectives related to the valuation of the Corporation immediately prior to completion of the Offering, at a price equal to the Offering Price. The forfeiture risk relating to these RSs will lapse on the second anniversary of their grant date.

David Long

In 2015, the Corporation entered into an employment agreement with David Long. The agreement contains provisions with respect to base salary (which is currently \$400,000 per annum), eligibility for benefits and annual bonus and option incentives. The agreement also provides for a severance payment in the event of termination without cause of up to (i) fifteen months' salary plus bonus if terminated without cause within the first 12 months of service; or (ii) twelve months' salary plus bonus if terminated without cause thereafter. The agreement also contains non-competition, non-solicitation and confidentiality provisions binding on Mr. Long. In the event of a change of control, the agreement provides for a payment of twelve months' salary plus bonus and benefit continuation. The estimated payment that would have been triggered from a termination without cause or in the event of a change of control would have totaled up to approximately \$875,000 as at December 31, 2015.

David N. Bell

In 2015, the Corporation entered into an employment agreement with David Bell. The agreement contains provisions with respect to base salary (which, as at Closing, will be \$260,000 per annum), eligibility for benefits and annual bonus and option incentives. The agreement also provides for a severance payment in the event of termination without cause of up to twelve months' salary. The agreement also contains non-solicitation and confidentiality provisions binding on Dr. Bell. The estimated payment that would have been triggered from a termination without cause would have totaled up to approximately \$260,000 as at December 31, 2015.

Dirk Alkema

In 2015, the Corporation entered into an employment agreement with Dirk Alkema. The agreement contains provisions with respect to base salary (which, as at Closing, will be \$230,000 per annum), eligibility for benefits and annual bonus and option incentives. The agreement also provides for a severance payment in the event of termination without cause of up to twelve months' salary. The agreement also contains non-solicitation and confidentiality provisions binding on Dr. Alkema. The estimated payment that would have been triggered from a termination without cause would have totaled up to approximately \$230,000 as at December 31, 2015.

Brian Hadfield

In 2015, the Corporation entered into an employment agreement with Brian Hadfield. The agreement contains provisions with respect to base salary (which, as at Closing, will be \$250,000 per annum), eligibility for benefits and annual bonus. The agreement also provides for a severance payment in the event of termination without cause of up to eight months' salary. The agreement also contains non-competition, non-solicitation and confidentiality provisions binding on Mr. Hadfield. The estimated payment that would have been triggered from a termination without cause would have totaled up to approximately \$62,500 as at December 31, 2015.

Compensation of Directors

Summary Compensation Table — Directors — Expectations for 2016

Nicholas Green will not be entitled to any compensation as director. Compensation will be ultimately be set by the board with the following framework currently under consideration: an annual base fee of \$80,000 as well as an additional fee of \$20,000 for committee chairs and \$10,000 for committee members. Directors may accept up to 50% of their compensation in deferred share units.

The following table sets forth information regarding the compensation anticipated to be due by the Corporation to its other directors in 2016.

Name	Fees earned	Share-based awards ⁽²⁾	Option-based awards	Non-equity incentive plan compensation	Pension value	All other compensation	Total compensation
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Gabriel de Alba ⁽¹⁾	—	—	—	—	—	—	—
John Langstaff	●	●	—	—	—	—	●
Ian Mumford	●	●	—	—	—	—	●
Lloyd M. Segal	●	●	—	—	—	—	●
Johan Vandersande	●	●	—	—	—	—	●

Notes:

- (1) Mr. de Alba will not receive any compensation from the Corporation for his services in his capacities as director and officer of the Corporation and none of the compensation paid to Mr. de Alba by CCGI is, directly or indirectly, attributable to such services. As a result, no compensation has been set out in the above table. He will, however, have an alignment of economic interest with Therapure through his economic interest in CCGI. See “Principal Shareholders”.
- (2) See “Executive Officers and Directors Compensation — Components of Total Compensation — Incentive Plan”.

Narrative Discussion

The Corporation will pay independent directors an annual base fee of \$80,000 as well as an additional annual fee of \$20,000 for committee chairs and \$10,000 for committee members. Directors may accept up to 50% of their compensation in DSUs.

AUDIT & RISK COMMITTEE AND CORPORATE GOVERNANCE

General

Following completion of the Offering, the Board will establish the Audit & Risk Committee and the Nominating, Compensation and Corporate Governance Committee (the “**Compensation and Governance Committee**”). It will also adopt new Board and committee charters, review its charter and the charters of its committees, modify such charters and adopt new charters, position descriptions and corporate governance principles and practices that are intended to meet or exceed the independence and other governance standards and guidelines as set out in National Instrument 52-109 — *Certification of Disclosure in Issuers’ Annual and Interim Filings*, National Instrument 52-110 — *Audit Committees* (“**NI 52-110**”), National Policy 58-201 — *Corporate Governance Guidelines* and National Instrument 58-101 — *Disclosure of Corporate Governance Practices*.

Board of Directors

Independence

Upon Closing, the Board will be comprised of six directors, of which four directors will be independent. Pursuant to NI 52-110, an independent director is one who is free from any direct or indirect material relationship with the Corporation which could, in the view of the Board, be reasonably expected to interfere with a director’s independent judgment. Certain types of relationships are by their nature considered to be material relationships. Gabriel de Alba, as a key decision maker of CCGI and Catalyst Fund II, is not considered to be an

independent director. Nicholas Green is the CEO of Therapure and is not considered to be an independent director. The Board is expecting to have four independent directors upon completion of the Offering, being John Langstaff, Ian Mumford, Lloyd M. Segal and Johan Vandersande. The Corporation is actively searching for a fifth independent director to join the Board in due course.

The following is a list of the directors as at the Closing Date, who are presently directors of other issuers that are reporting issuers (or the equivalent):

<u>Name</u>	<u>Name of Reporting Issuer</u>
Lloyd M. Segal	Diagnos Inc.; The GBC American Growth Fund Inc.

After Closing, the Board intends to hold in-camera independent director meetings through the Corporate Governance Committee at every scheduled Board meeting, and otherwise as deemed necessary and upon the request of independent directors.

Mandate of the Board of Directors

The Board has responsibility for the supervision of the management of the business and affairs of the Corporation and, generally through management, to pursue the best interests of the Corporation in conducting the day to day business of the Corporation. The Board discharges this responsibility directly and indirectly through the delegation of specific responsibilities to committees of the Board, the Chairman, the independent directors and the officers of the Corporation, all as more particularly described in the Board Mandate which will be approved by the Board prior to completion of the Offering, a copy of which is attached to this prospectus as Appendix “B” (“**Board Mandate**”). The Board Mandate provides that the Board’s fundamental objectives are to enhance and preserve long-term shareholder value, to ensure the Corporation meets its obligations on an ongoing basis and that the Corporation operates in a reliable and safe manner. In performing its functions, the Board also considers the legitimate interests its other stakeholders such as employees, customers and communities may have in the Corporation. In broad terms, the stewardship of the Corporation involves the Board in strategic planning, financial reporting, risk management and mitigation, senior management determination, communication planning and internal control integrity.

As described below, the Board will establish the Audit & Risk Committee and the Compensation and Governance Committee and adopt charters defining the responsibilities of these committees.

Orientation and Continuing Education

The orientation and continuing education of the directors will be the responsibility of the Compensation and Governance Committee of the Board. The details of the orientation of new directors will be tailored to their needs and areas of expertise and will include the delivery of written materials and participation in meetings with management and the Board. The focus of the orientation program will be on providing new directors with (i) information about the duties and obligations of directors, (ii) information about the Corporation’s business and operations, (iii) the expectations of directors (including, in particular, expected time commitments), (iv) opportunities to meet with management, and (v) access to documents from recent Board meetings.

The directors have all been chosen for their specific level of knowledge and expertise. All directors will be provided with materials relating to their duties, roles and responsibilities. In addition, the directors will be kept informed as to matters impacting, or which may impact, the Corporation’s operations through reports and presentations by internal and external presenters at meetings of the Board and during periodic strategy sessions held by the Board. Directors may periodically take part in visits to the Corporation’s facility to observe for themselves the Corporation’s operations.

Position Descriptions

Chairman

Gabriel de Alba is the Chairman of the Corporation and, as Managing Director and Partner of CCGI, Mr. de Alba is not considered to be an independent director. The Board will adopt a written position description

for the Chairman prior to completion of the Offering which will set out the Chairman's key responsibilities, which include facilitating communication between the Board and management, assessing management's performance, managing Board members, acting as chair of Board meetings and meetings of the Corporation's shareholders and managing relations with shareholders, other stakeholders and the public. The Compensation and Governance Committee, with input from all Board members, will review this position description at least annually or, where circumstances warrant, at such shorter intervals as is necessary, to determine if further additions, deletions or amendments are required.

Lead Director

The Board intends to appoint ● as Lead Director prior to or concurrent with Closing. The Board will adopt a written position description for the Lead Director who will be responsible for, among other things, setting the agenda of Board meetings in conjunction with the Chairman. This Lead Director, if and when appropriate, will have the power to call, set the agenda for and chair meetings of the independent directors and chair in-camera sessions of the Board without management so as to give the directors an opportunity to fully and frankly discuss issues and provide feedback and direction to management.

Chair of the Audit & Risk Committee

The Board intends to appoint ● as chair of the Audit & Risk Committee on or following Closing. The Board will adopt a written position description for the chair of the Audit & Risk Committee prior to completion of the Offering which will set out the chair's key responsibilities, which include duties relating to leadership of the committee, fostering ethical and responsible decision making, overseeing committee structure and composition, acting as chair and establishing the agenda for committee meetings, reporting to the Board, facilitating communication between the committee and management, evaluating the performance of the committee members and retaining the necessary resources and advisors to assist the committee. The Compensation and Governance Committee, with input from all Board members, will review this position description at least annually or, where circumstances warrant, at such shorter intervals as is necessary, to determine if further additions, deletions or amendments are required.

Chair of the Compensation and Governance Committee

The Board intends to appoint ● as chair of the Compensation and Governance Committee on or following Closing. The Board will adopt a written position description for the chair of the Compensation and Governance Committee prior to completion of the Offering which will set out the chair's key responsibilities, which include duties relating to leadership of the committee, fostering ethical and responsible decision making, overseeing the committee structure and composition, chairing and establishing the agenda for committee meetings, reporting to the Board, facilitating communication between the committee and management, evaluating the performance of the committee members and retaining necessary resources and advisors to assist the committee. The Compensation and Governance Committee, with input from all Board members, will review this position description at least annually or, where circumstances warrant, at such shorter intervals as is necessary, to determine if further additions, deletions or amendments are required.

Chief Executive Officer

The CEO of the Corporation is Nicholas Green. The Board will adopt a position description for the CEO prior to completion of the Offering which will set out the CEO's key responsibilities, which include providing leadership and vision, developing, in concert with the Board, the Corporation's strategic direction, tactics and business plan necessary to realize organizational objectives and manage the overall business of the Corporation, ensuring strategic and business plans are effectively implemented, results are monitored and reported to the Board and financial and operational objectives are attained. The Compensation and Governance Committee, with input from all Board members, will review this position description at least annually or, where circumstances warrant, at such shorter intervals as is necessary, to determine if further additions, deletions or amendments are required.

Code of Business Ethics and Conduct

The Corporation will adopt a written Code of Business Ethics and Conduct (the “**Code of Conduct**”) prior to completion of the Offering that will apply to all directors, officers and employees of Therapure worldwide. The Code of Conduct will promote honest, ethical and lawful standards of business conduct and will guide personnel in managing business situations. The Code of Conduct will aid the Corporation in conducting business in a responsible and ethical manner both in Canada and in the foreign jurisdictions in which Therapure does business by establishing in the Corporation’s personnel awareness of and alertness to their ethical and legal responsibilities. The Code of Conduct will address, among other things, compliance with applicable laws and regulations, conflicts of interests, corporate opportunities, fair dealing, confidentiality and disclosure, trade practices and antitrust compliance, privacy, protection and use of Therapure’s assets and information, international business dealings, government contracts, lobbying and government relations, health, safety, security, accounting practices and retention of records, compliance and enforcement and non-compliance reporting.

As part of the Corporation’s Code of Conduct, any person subject to the Code of Conduct will be required to avoid or fully disclose interests in transactions or relationships that are, or may have the appearance of being, harmful to the Corporation’s best interests or that may lead to conflicts of interest. The Board or the persons or committee appointed pursuant to the Code of Conduct will have the ultimate responsibility for the Code of Conduct.

All persons subject to the Code of Conduct must execute a receipt and acknowledgment indicating that they have read and understand the Code of Conduct and will comply with the Code of Conduct.

In addition to the steps taken by the Board to encourage independence discussed elsewhere in this prospectus, the Compensation and Governance Committee will assist with advising the Board on related party transactions and other matters involving conflicts of interest. Further, the Board takes steps to encourage independence when directors have conflicting interests in transactions. These steps may include, among other things, excusing interested directors from voting or taking any other action that may impact the outcome of an activity of business transaction to ensure that such directors are not involved in voting or otherwise having an influence in respect of transactions when there is a conflict or potential conflict of interest.

The Code of Conduct will be filed with the Canadian securities regulatory authorities through SEDAR and will be available at www.sedar.com.

Related Party Transaction Policy

The Corporation will adopt a written related party transaction policy (the “**Related Party Policy**”) that will provide guidance as to how directors, officers, and employees of the Corporation identify potential related party transactions with the goal of avoiding potential or actual conflicts of interest. Potential related party transactions will be evaluated using enumerated factors including a valuation review. The evaluation will be carried out by the Compensation and Corporate Governance Committee unless the related party is CCGI or an investment fund established and managed by CCGI or its affiliates, in which case the Audit & Risk Committee will carry out the review. The Related Party Policy will accord with applicable corporate and securities laws and applicable stock exchange requirements, including those set out in the OBCA and Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). Pursuant to the Related Party Policy, directors and officers also will be required to disclose to the Corporation any interest that they have in a material contract or transaction.

Conflicts of Interest

As described above under the heading “Executive Officers and Directors — Conflicts of Interest”, certain directors of the Corporation are also officers and/or directors of CCGI. See also “Risk Factors — Conflicts of Interest”.

Nomination of Directors

The responsibility for proposing new nominees for the Board will fall within the mandate of the Compensation and Governance Committee. New candidates for nomination to the Board will be identified and selected having regard to the strengths and constitution of the Board and the needs of the Board and its committees. The Compensation and Governance Committee will also develop and determine the appropriate size of the Board from time to time and determine its composition, identify the competencies and skills required by the Board to discharge its oversight responsibilities, organize the process for recruiting potential candidates and provide orientation to such members. The Compensation and Governance Committee is expected to consist of all independent directors.

Compensation of Directors and Chief Executive Officer

The Board will determine and review the form and amount of compensation to directors on the recommendation of the Compensation and Governance Committee. It is intended that the Compensation and Governance Committee will annually assess and make a recommendation to the Board with regard to the competitiveness and appropriateness of compensation to the CEO, all other officers and key employees of the Corporation. See “Executive Officers and Directors Compensation”.

Committees of the Board Of Directors

On or following completion of the Offering, the Board will establish the Audit & Risk Committee and the Compensation and Governance Committee as committees of the Board. These committees are discussed in greater detail below.

Audit & Risk Committee

Following the Closing, the members of the Audit & Risk Committee are expected to be ● , ● and ● . All members of the Audit & Risk Committee will be “independent” and “financially literate” for the purposes of NI 52-110. The Audit & Risk Committee will meet at least once each financial quarter to fulfill its mandate. The Audit & Risk Committee will provide a report to the Board outlining the results of the Audit & Risk Committee’s activities and any reviews it has undertaken.

The Corporation expects that each member of the Audit & Risk Committee will have extensive business experience and/or education which provide him or her with the skills and background necessary to discharge his or her responsibilities as a member of the Audit & Risk Committee.

The specific responsibilities of the Audit & Risk Committee are set out in the Audit & Risk Committee Charter, a copy of which is attached to this prospectus as Appendix “C”. The Audit & Risk Committee’s primary role is to assist the Board in fulfilling its oversight responsibilities regarding the Corporation’s internal controls, financial reporting and risk management processes.

The primary responsibilities of the Audit & Risk Committee will include: (i) identifying and monitoring the management of the principal risks that could impact the financial reporting of the Corporation; (ii) monitoring the integrity of the Corporation’s financial reporting process and system of internal controls regarding financial reporting and accounting compliance; (iii) monitoring the independence and performance of the Corporation’s external auditors; (iv) dealing directly with the external auditors to approve external audit plans, other services (if any) and fees; (v) overseeing the external audit process and results; (vi) providing an avenue of communication among the external auditors, management and the Board; (vii) ensuring that there is an appropriate standard of corporate conduct relating to the internal controls and financial reporting of the Corporation; (viii) ensuring that an effective “whistle blowing” procedure exists to permit stakeholders to express any concerns regarding accounting or financial matters to an appropriately independent individual; and (ix) ensuring that the Code of Conduct is in place and understood by employees and directors of the Corporation. The Audit & Risk Committee will have the ability to retain external advisors to assist in fulfilling its mandate as necessary.

Catalyst Fund II, which is managed, controlled and directed by CCGI or its affiliates, will beneficially own 74,013,026 Common Shares following the completion of the Offering and, therefore, CCGI and Catalyst Fund II

will be a related party to the Corporation. As a result, any transaction between Therapure and CCGI or Catalyst Fund II will be subject to the Corporation's corporate governance policies and the review, consideration and prior approval of the Audit & Risk Committee. The Audit & Risk Committee will have the ability to consult with those executive officers and operating personnel of the Corporation who do not have economic interests in CCGI, as well as other external advisors that the Audit & Risk Committee deems appropriate, in connection with reviewing a transaction with CCGI. In addition, in some cases, transactions between the Corporation and CCGI will be related party transactions for the purposes of MI 61-101. MI 61-101 provides, among other things, that in certain circumstances a transaction between an issuer and a related party of the issuer is subject to formal valuation and minority shareholder approval requirements.

The Audit & Risk Committee will be responsible for directly overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services, including the resolution of significant financial reporting issues between the external auditor and management. The external auditor will report directly to the Audit & Risk Committee. The Audit & Risk Committee will pre-approve all non-audit services undertaken by the external auditor.

Compensation and Governance Committee

Following the Closing, the members of the Compensation and Governance Committee are expected to be ● , ● and ● . All members of the Compensation and Governance Committee will be "independent" for the purposes of NI 52-110. The Board will adopt a written charter for the Compensation and Governance Committee that sets out its areas of responsibility.

The Compensation and Governance Committee will be responsible for annual reviews of the Corporation's mission and strategic direction. The Compensation and Governance Committee will provide an assessment of the effectiveness of the Board as a whole, each committee of the Board, and the contribution of each individual director. The Compensation and Governance Committee will oversee the nominations to the Board and corporate governance practices of the Corporation.

The responsibilities of the Compensation and Governance Committee will include assisting the Board in fulfilling its responsibilities in relation to: (i) the selection of senior management; (ii) professional development for senior management; (iii) the Corporation's overall approach to governance; (iv) the size, composition and structure of the Board and its committees; (v) orientation and continuing education for directors; (vi) related party transactions and other matters involving conflicts of interest unless such matters fall within the mandate of the Audit & Risk Committee; (vii) the Code of Conduct; (viii) the Corporation's written whistleblower policy, disclosure policy and insider trading and confidentiality policy; and (ix) any additional matters delegated to the committee by the Board.

The Compensation and Governance Committee will also establish and oversee policies with respect to compensation of the senior management of the Corporation and the Board. These responsibilities will include assisting the Board in fulfilling its responsibilities in relation to: (i) the retention and compensation of senior management; (ii) the compensation of the Board and its committees; and (iii) any additional matters delegated to the committee by the Board. The Corporation and the Board believe that the interests of the Compensation and Governance Committee are aligned with the interests of shareholders to ensure that the compensation process is objective and that the Corporation's practices are designed to retain, motivate and reward senior management for performance and contribution to the Corporation's long term success.

Assessment of the Board and Board Committees

The members of the Board will collectively assess the performance of the Board as a whole and its individual members, as well as the effectiveness and contributions of each Board committee. Such assessment will occur annually with an emphasis on the overall effectiveness and contributions made by the Board as a whole and each committee of the Board. Evaluations will include the completion of written effectiveness surveys by directors and interviews with each director by the Lead Director of the Board. The results of such assessments and surveys will be presented by the Compensation and Governance Committee to the full Board.

Director Term Limits

Directors can be re-elected to the Board annually. The Board has not adopted a term limit for directors or established a retirement age for directors. The Corporation believes that the imposition of director term limits implicitly discounts the value of experience and continuity on the Board and runs the risk of excluding effective Board members who have longstanding knowledge of the Corporation and its operations as a result of an arbitrary determination. The Board believes that it can achieve the right balance between continuity and encouraging turnover and independence without mandated term limits and relies on its annual director assessment procedures in this regard.

Board Composition

Catalyst Fund II's current intention is that the majority of the members of the Board will be independent of both CCGI and Therapure. Catalyst Fund II currently intends to nominate one representative of CCGI to the board, in addition to the CEO of the Corporation. With respect to the remaining board members, Catalyst currently intends to vote its Common Shares in favour of the independent directors acceptable to the Compensation and Governance Committee.

Representation of Women and Inclusion Policies

The Corporation has not formally adopted policies on representation of women and inclusion, nor has it adopted a target regarding women on the Board. While the Board will consider issues relating to inclusion in its selection processes, given the current state of the Corporation's development, the Board does not feel that the adoption of specific rules regarding the composition of the Board or senior management will necessarily result in the identification or selection of the best candidates at this time. Each appointment to the Board and to senior management will be made on the merits of the individuals and the needs of the Corporation at the relevant time, considering all relevant factors. Currently, there are no female directors or executive officers (0%).

External Auditor Service Fees

Therapure has accrued the following fees for services rendered in respect of the audits by Ernst & Young LLP for the two fiscal years ended December 31, 2014 and December 31, 2013.

<u>External Auditor Service Fees</u>	<u>Fiscal year ended December 31, 2014</u>	<u>Fiscal year ended December 31, 2013</u>
	(\$)	(\$)
Audit Fees ⁽¹⁾	145,600	85,335
Audit Related Fees ⁽²⁾	—	209,925
Tax Fees ⁽³⁾	—	9,665
All Other Fees ⁽⁴⁾	—	—
Total	<u>145,600</u>	<u>304,925</u>

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit of the consolidated financial statements.
- (2) "Audit Related Fees" include fees for assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements other than those included in "Audit Fees".
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax advice and tax planning.
- (4) "All Other Fees" include fees for products and services provided by the auditor other than those included above.

RISK FACTORS

An investment in the Common Shares is highly speculative. The Offering is suitable only for those purchasers who are able to risk a loss of their entire investment. Purchasers should consult with their own professional advisors to assess the legal, financial and other aspects of an investment in the Common Shares. In addition to the other information contained in this prospectus, prospective purchasers should carefully consider the following risk factors.

The risks and uncertainties described herein are not the only risks and uncertainties that Therapure faces. Additional risks and uncertainties of which Therapure is not currently aware or that Therapure currently believes to be immaterial may also have a material adverse effect on Therapure's business, assets, liabilities, financial condition, results of operations, prospects, cash flows and the value or future trading price of the Common Shares (one or more of the foregoing, a "Material Adverse Effect"). The occurrence of any of the possible events and risks described below and elsewhere in this prospectus could have a Material Adverse Effect and prospective purchasers could lose all or part of their investment in the Common Shares.

This prospectus also contains forward-looking statements that involve risks and uncertainties. Therapure's actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this prospectus. See "Cautionary Note Regarding Forward-Looking Statements".

Risks Relating to Therapure's Operations

Contract Development and Manufacturing Industry

Dependency on Therapure Customers

The amount of customer spending on pharmaceutical development and manufacturing, particularly the amount Therapure's customers choose to spend on outsourcing these services, has a large impact on Therapure's sales and profitability. Consolidation in the pharmaceutical industry may impact such spending as customers integrate acquired operations, including research and development departments and manufacturing operations, or change supply strategies. Reductions in customer and potential customer spending on pharmaceutical development and related services could have a Material Adverse Effect.

A large portion of Therapure's revenues are concentrated in a relatively small number of customers. Revenues from customers that have accounted for significant sales in the past, either individually or as a group, may not reach or exceed historical levels in any future period. Customer concentration increases credit risk and other risks associated with particular customers and particular products, including risks related to market demand for customer products and regulatory and other operating risks. Many of Therapure's customers finance their research and development spending from private and public sources, which may not be available to them in the future. Not all contracts are take-or-pay, so there is no guarantee of future orders for such contracts. In addition, certain contracts can be terminated after a short notice period or may not be renewed. Therapure's existing customers may or may not contract for additional services or terminate existing contracts and Therapure may not be successful in expanding its customer base. The loss or a significant reduction of business for any of these reasons could have a Material Adverse Effect.

Therapure is also dependent on the ability of its customers to obtain regulatory approval and successfully market and obtain third-party coverage and reimbursement for their products and has no control or influence over the regulatory approval process. Delays in obtaining regulatory approval may have a material impact on Therapure's operations. A significant portion of Therapure's orders and projected revenue relate to customer projects that do not yet have regulatory approval.

Therapure's growth, especially in the CDMO business, is partly due to goodwill and a positive reputation established among existing customers. Retention of existing customers and the acquisition of new customers depends on Therapure being able to maintain a positive reputation, in particular within the biologics sector of the pharmaceutical market. Events that negatively affect Therapure's reputation among its current or potential customer base, or diminish its goodwill, could have a Material Adverse Effect.

Dependency on End Users

Therapure is dependent on demand for the products it manufactures for its customers and has no control or influence over the market demand for its customers' products. Demand for its customers' products can be adversely affected by, among other things, delays in regulatory approval, the loss of patent and other intellectual property rights protection, the emergence of competing products, including generic drugs or biosimilar products, the degree to which private and government drug plans subsidize payment for a particular product and changes in the marketing strategies for such products.

If the products Therapure manufactures for its customers do not gain market acceptance, its revenues and profitability will be adversely affected. The degree of market acceptance of Therapure's customers' products will depend on a number of factors, including: (i) the ability of its customers to publicly establish and demonstrate the efficacy and safety of such products, including compared to competing products; (ii) the costs to potential consumers of using such products; and (iii) marketing and distribution support for such products.

If production volumes of key products that Therapure manufactures for its customers and related revenues are not maintained, there could be a Material Adverse Effect.

Necessary Materials or Ingredients

Therapure's operations require various components, compounds and raw materials supplied primarily by third parties, including Therapure's customers. Therapure's customers specify the components, compounds, raw materials and packaging materials required for their products and, in some cases, specify the suppliers from which Therapure must purchase these inputs. Therapure generally sources its components, compounds and raw materials locally, and most of the materials required by Therapure for its CDMO business are readily available from multiple sources. However, Therapure relies on a sole supplier or a limited number of suppliers for certain elements and materials. If materials procured from a significant supplier become unavailable, purchase terms become commercially unreasonable, delivery is delayed or materials are not provided in a timely manner, it could have a Material Adverse Effect.

Furthermore, delays in delivering its products may create liability for Therapure to its customers for breach of contract or cause Therapure to experience order cancellations and loss of customers. In the event that Therapure produces products with inferior quality components and raw materials, it may become subject to product liability or warranty claims caused by defective raw materials or components from a third-party supplier or from a customer, or Therapure's customer may be required to recall its products from the market.

It is also possible that any of Therapure's supplier relationships could be interrupted due to natural disasters, international supply disruptions caused by geopolitical issues or other events or could be terminated in the future. Any sustained interruption in Therapure's receipt of adequate supplies could have a Material Adverse Effect. In addition, while Therapure has supply chain processes intended to reduce volatility in component and material pricing and Therapure's customers are generally responsible for the cost of materials required for their products, it may not always be able to successfully manage price fluctuations. Price fluctuations or shortages could have a Material Adverse Effect.

Plasma-Derived Products

Therapure expects to obtain a significant portion of its plasma supply through third-party suppliers in the US. Therapure could face third parties' failure to deliver or late delivery, or the plasma delivered by such third parties could fail to meet the required quality standards as set out by applicable law. In addition, Therapure could experience disruptions in the relationships with its suppliers and may not be able to find available alternatives on equivalent terms, or in the quantity required, particularly given the limited number of alternative suppliers and legal difficulties associated with resorting to alternative suppliers. If such events were to occur, they could have a Material Adverse Effect.

Plasma must be transported in a specific manner to ensure the preservation of its proteins. If Therapure's plasma-specific shipping or distribution channels becomes inaccessible due to an accident, an act of terrorism, a strike or any other force majeure event, Therapure may experience disruptions in its continued supply of plasma, delays in its production process or a reduction in its ability to distribute its products directly to its customers.

Plasma is a raw material that is susceptible to damage and contamination and may contain human pathogens, any of which would render the plasma unsuitable as raw material for further manufacturing. For instance, improper storage of plasma, by Therapure or third-party suppliers, may require Therapure to destroy some of its raw material. If unsuitable plasma is not identified and discarded prior to the release of the plasma to its manufacturing process, it may be necessary to discard intermediate or finished product made from that plasma or to recall any finished product released to the market, resulting in a charge to cost of goods sold.

The plasma derivatives business may be subject to periodic fluctuations of supply or demand as a result of several factors including: (i) the availability of plasma (which varies according to the number of donors or the frequency with which they donate, or the termination of authorizations for collection centres); (ii) the evolving medical and scientific attitudes towards the use and the effectiveness of such products; and (iii) production capacity.

Such fluctuations are caused by factors beyond Therapure's control, and can have a significant impact on Therapure's ability to manage its inventory, production, sales activities and fulfill its contractual obligations, which could have a Material Adverse Effect.

Risks Associated with BioScavenger

Granting of Special Dispensations

Therapure anticipates that BioScavenger could be approved by the FDA by 2020, however, it has the potential to generate revenue as early as 2017 through a special dispensation (Treatment IND or Emergency Use Authorization) given to national security organizations, which would permit forgoing the usual regulatory approvals. However, there is no assurance that a situation will arise that will permit Therapure to obtain a special dispensation, and it is unknown what the terms of sale for the special dispensation may be.

Exercising March-In Rights

The BioScavenger License Agreement is subject to qualifications, including: (i) Federal Acquisition Regulation 52.227-11 (“**FAR 52.227-11**”); (ii) the US government's unlimited rights to the data provided under the main license agreement between DynPort and the US government; and (iii) US government approval of the release of data provided under the main license agreement between DynPort and the US government. FAR 52.227-11 gives the US government certain march-in rights in certain circumstances to grant other entities licenses or give a license to themselves in certain circumstances if they aided the owner of a patent with funding. Such circumstances include if the US government determines that such action is necessary to alleviate health or safety needs or meet requirements for public use if such needs or requirements are not reasonably satisfied by the patent owner. Should the US government exercise its march-in rights, Therapure shall have the obligation to grant a non-exclusive license to a license applicant upon terms that are reasonable in the circumstances. There can be no assurance that the terms of this license will be satisfactory to Therapure or that they will protect adequately Therapure's commercial interests. Therapure has no control over the decision of the US government to exercise its march-in rights nor the practical usage made thereunder. To the extent that the use includes the production of BioScavenger on a large scale, it may adversely impact the competitive environment in such market and could have a Material Adverse Effect.

Successful Commercialization of BioScavenger

Therapure's successful commercialization of BioScavenger may be directly impacted by the following:

- access to raw materials at a commercially reasonable price;
- market acceptance of the BioScavenger product, including having regard to its efficacy and cost;
- attaining the consent of the DoD to market the BioScavenger product to other NATO countries and their allies;
- ability to obtain and maintain regulatory approvals;
- attaining acceptable yields and the costs of manufacturing;

- risks of unfavourable outcomes associated with clinical trials;
- shelf life of the product;
- perceived terrorist threat levels;
- military budget constraints;
- lack of an existing market for BioScavenger; and
- competitive technologies and therapies may render BioScavenger obsolete or uncompetitive.

The inability of Therapure to mitigate the risks above could have a Material Adverse Effect.

Commercializing Products in Development

Preclinical and Clinical Testing

Before obtaining regulatory approval for the sale of Therapure's product or its customers' product candidates or for marketing of existing products for new indicated uses, Therapure or its customers must conduct, at their own expense, extensive preclinical tests to demonstrate the safety of its product candidates in animals and clinical trials to demonstrate the safety and efficacy of its product candidates in humans. Preclinical and clinical testing is expensive, difficult to design and implement, can take many years to complete and is uncertain as to outcome. A failure of one or more of Therapure's product candidates or its customers' products can occur at any stage of testing. Therapure or its customers may experience numerous unforeseen events during, or as a result of, preclinical testing and the conduct of clinical trials that could delay or prevent Therapure or its customers' ability to receive regulatory approval or commercialize product candidates, including:

- regulators or institutional review boards may not authorize Therapure or its customers to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- the regulatory requirements for product approval may not be explicit, may evolve over time (including by becoming more stringent, costly and time-consuming) and may diverge by jurisdiction;
- Therapure's or its customers' preclinical tests or clinical trials may produce negative, inconclusive or unsatisfactory results, and Therapure or its customers may decide, or regulators may require it or them, to conduct additional preclinical testing or clinical trials or Therapure or its customers may abandon product candidates that it had expected to be promising;
- a manufacturing change or manufacturing-related issue may affect the quality of the product;
- the number of participants required for Therapure's or its customers' clinical trials may be larger than it anticipates, enrollment in its clinical trials may be slower than it currently anticipates, or participants may drop out of its clinical trials at a higher rate than it anticipates, any of which could result in significant delays;
- Therapure or its customers might have to suspend or terminate their clinical trials if the participants are being exposed to unacceptable health risks or if any participant experiences an unexpected serious adverse event;
- regulators, institutional review boards or data safety monitoring boards may require that Therapure hold, suspend or terminate clinical trials for various reasons, including for safety reasons or noncompliance with regulatory requirements;
- the cost of Therapure's clinical trials may be greater than it anticipates;
- Therapure's product candidates may have undesirable and/or potentially serious side effects or the product candidates may have other unexpected characteristics;
- Therapure may achieve positive results in preclinical trials but may not have success with subsequent later-stage or large-scale clinical trials;

- Therapure may not have the manufacturing capacity to produce enough volume of product required for clinical trial purposes;
- an audit of preclinical testing or clinical trials by regulators may reveal non-compliance with applicable regulations, which could lead to disqualification of the results and the need to perform additional preclinical testing or conduct additional clinical trials;
- the publication of negative results of studies or clinical trials related to Therapure's or its customers' products (or an ingredient therein) could adversely affect Therapure's sales and reputation including sales and reputation in other areas of Therapure's business not connected to the clinical trial;
- Therapure may have to amend its existing licenses, approvals or permits held with regulatory authorities, or may have to seek new licenses, approvals or permits with regulatory authorities in order to commercialize or manufacture Therapure's or its customers' product candidates;
- Therapure's third-party contractors or investigators performing services in relation to preclinical testing or the conduct of clinical trials may fail to comply with regulatory requirements or meet their contractual obligations in a timely manner;
- undetected or concealed fraudulent activity by a clinical researcher, if discovered, could preclude the submission of clinical data prepared by that researcher in an application for marketing approval, lead to the suspension or substantive scientific review of one or more of Therapure's or its customers' applications for marketing approval by regulatory agencies, and/or result in the suspension of the marketing approval for any product approved based on data determined to be fraudulent; and
- third-party publication of misleading information regarding Therapure's or its customers' products, even such products are otherwise safe and effective, could adversely affect Therapure's sales and reputation.

If Therapure or its customers are required to conduct additional clinical trials or other testing of product candidates beyond that which is currently contemplated, if Therapure or its customers are unable to successfully complete clinical trials or other testing, if the results of these trials or tests are not positive or are only modestly positive or if there are safety concerns, Therapure or its customers may:

- be delayed in obtaining marketing approval for product candidates;
- not be able to obtain marketing approval;
- not be able to obtain reimbursement for its products in some countries;
- obtain approval for indications that are not as broad as intended; or
- have products removed from the market after obtaining marketing approval.

Therapure's product development costs will also increase if it experiences delays in testing or obtaining marketing approvals. Therapure does not know whether any preclinical tests or clinical trials will begin as planned, will need to be restructured or will be completed on schedule, if at all. Significant preclinical or clinical trial delays also could shorten the period of any patent protection during which Therapure may have the exclusive right to commercialize its products or allow its competitors to bring products to market before it does and impair its ability to commercialize its products.

Even if clinical trials are successful, Therapure or its customers may still be unable to commercialize a product due to difficulties in obtaining regulatory approval for the process used for commercial production or problems in scaling up the process for commercial production. The FDA, HC or other regulatory agencies can delay approval of a drug if Therapure's manufacturing facility is not able to demonstrate compliance with CGMP, pass other aspects of pre-approval inspections or properly scale up to produce commercial supplies.

Market Acceptance

Therapure's products or its customers' products may not achieve an adequate level of market acceptance by physicians, patients, healthcare payors and others in the medical community to be profitable. The degree of

market acceptance of Therapure's or its customers' products, if approved for commercial sale, will depend on a number of factors, some of which are beyond its control, including:

- the prevalence and severity of any side effects;
- the efficacy and potential advantages over alternative treatments;
- the ability to offer its product candidates for sale at competitive prices;
- relative convenience and ease of administration;
- the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- the strength of marketing and distribution support (including, for plasma protein therapeutics, the support of the distributors referenced under the heading "Industry Background — Plasma-Derived Specialty Pharmaceutical Products — Established Paths to Market for Key Products in Canada and the US"); and
- sufficient third-party coverage or reimbursement.

Therefore, Therapure cannot guarantee that any product candidates which it may seek to develop will ever be successfully commercialized, and to the extent they are not, such product candidates could give rise to significant expenses with no reward.

Ongoing Regulatory Compliance

Therapure's products and its customers' products, and its manufacturing, advertising, promotional and other activities for such products, are subject to regulatory requirements, ongoing review, and periodic inspections and review by regulators and government enforcement bodies, including the FDA, the Office of the Inspector General of the Department of Health and Human Services, the Department of Justice, HC, provincial ministries of health, and comparable regulatory bodies in Europe and elsewhere. In addition, the manufacture and packaging of such products are regulated by the FDA, HC and comparable regulatory bodies in Europe and elsewhere and must be conducted in accordance with the FDA's CGMP regulations, HC's GMP requirements and comparable requirements of foreign regulatory bodies. Any changes to a product, manufacturing process or facility, or labeling after approval is potentially subject to the requirement for a subsequent regulatory approval. Although Therapure believes it is in compliance in all material respects with applicable laws and regulations, there can be no assurance that a regulatory agency or tribunal would not reach a different conclusion concerning the compliance of Therapure's operations with applicable laws and regulations. In addition, there can be no assurance that Therapure will be able to maintain, amend or renew existing permits, licenses or any other regulatory approval or obtain, without significant delay, future permits, licenses or other approvals needed for the operation of its businesses. Moreover, even if one regulatory body approves a product, there can be no assurance that another regulatory body in another jurisdiction will approve such product. Any noncompliance by Therapure with applicable laws and regulations or the failure to maintain, amend, renew or obtain necessary permits and licenses, either domestically or in new jurisdictions, could have a Material Adverse Effect. Specifically, should Therapure need to amend the scope of its Health Canada Drug Establishment License, HC's renew time is presently 250 calendar days. Accordingly, any amendments to this license, or the application for other licenses, as a Medical Device Establishment license, could result in a delay of future business operations.

The FDA has inspected Therapure's facilities on a number of occasions in recent years, and has issued multiple FDA Form 483s listing deficiencies in the form of observations of the investigator. These included observations relating to the validation of sterilization processes, deficiencies in cleaning procedures for aseptic processing areas, and deviations that were overdue for closure. Therapure has taken corrective and preventive measures to seek to address these issues, but there is no guarantee that the FDA or other regulatory authorities will find these measures to be adequate. Failure by the Corporation or one of its suppliers to adequately respond to any FDA Form 483 inspectional observations could result in, among other things, warning letters or untitled letters issued by the FDA; fines, civil penalties, injunctions and criminal prosecution; import alerts; delays in approving, or refusal to approve, products; interruption of production or inability to export to certain foreign countries; and operating restrictions.

Later discovery of previously unknown problems with Therapure's products or its customers' products (including due to technological advances in the ability to detect negative side effects), failure by Therapure or any of its third-party manufacturers to comply with CGMP regulations or failure to comply with regulatory requirements may result in, among other things:

- restrictions on the marketing or sale of such products or use of such manufacturing processes;
- withdrawal of products from the market;
- voluntary or mandatory recall;
- suspension or withdrawal of marketing approvals and licenses;
- cessation of some or all of Therapure's manufacturing activities, which may be for an extended or indefinite period of time;
- product seizure;
- injunctions or the imposition of civil or criminal penalties; and
- claims for damages from customers.

Any of the foregoing would adversely impact Therapure's revenues.

A regulatory body may limit the indicated use or uses of a product, or require new testing. Therapure or its customers could also be required to add warnings to its packaging or labeling to products that could negatively differentiate such products in the view of customers or patients.

In addition, Therapure may incur substantial costs in order to comply with current or future regulatory requirements. These current or future regulatory requirements may impair Therapure's research, development or production efforts. Failure to comply with these regulatory requirements also may result in substantial fines, penalties or other sanctions. If new legislation or regulations are enacted or existing legislation or regulations are amended or are interpreted or enforced differently, Therapure may be required to obtain additional approvals, operate according to different manufacturing or operating standards or pay additional product or establishment user fees. This may require a change in Therapure's research and development and manufacturing or operating standards or additional capital investments in Therapure's facilities. Any related costs may be significant. If Therapure fails to comply with applicable regulatory requirements in the future, then it may be subject to warning letters and/or civil or criminal penalties and fines, suspension or debarment, exclusion, disgorgement of profits, operating restrictions and criminal prosecution and the loss of contracts, including government contracts, and resulting revenue losses. Inspections by regulatory authorities that identify any deficiencies could result in remedial actions, product stoppages or facility closing, which would disrupt the manufacturing process and supply of product to Therapure's customers. In addition, such failure to comply could expose Therapure to contractual and product liability claims by customers for reimbursement for lost or damaged active pharmaceutical ingredients or recall or other corrective actions, the cost of which could be significant.

Reliance on Single Manufacturing Facility

Substantially all of Therapure's current revenues are derived from services and products provided at its sole manufacturing facility located in Mississauga, Canada. From time to time, problems may arise in connection with facility operations or during preparation or provision of a product lot, in both cases for a variety of reasons including, but not limited to, equipment malfunction, power outages, sterility variances or failures, failure to implement appropriate corrective actions, failure to follow specific protocols and procedures, problems with raw materials, environmental factors and damage to, or loss of, manufacturing operations due to fire, flood or similar causes. Such problems could affect production of a particular lot or series of lots, requiring the destruction of product, or could halt facility production altogether. This could, among other things, lead to increased costs, lost revenue, damage to customer relations, reimbursement to customers for lost active pharmaceutical ingredients, time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other lots or products. Moreover, production cannot easily be shifted to other facilities. Other force majeure events such as terrorist acts, influenza pandemic or similar events could also impede Therapure's ability to operate its

business. In addition, in any such event, the reconstruction of Therapure's facility, the regulatory approval of the new facility, and the replenishment of raw material could be time-consuming. During this period, Therapure would be unable to manufacture its products at other facilities due to the need for US, Canada, Europe and other regulatory authority inspection and certification of such facilities and processes.

Proposed Expansion

Therapure expects to use a large portion of its anticipated net proceeds of the Offering for plant expansion. See "Description of the Business — Facility and Equipment — Proposed Expansion" and "Use of Proceeds". However, delays or cost overruns may cause the proposed expansion to not be completed at the cost or within the timeframe currently expected. Additionally, the use of the proceeds of the Offering may be re-allocated. Other factors, such as a delay in or failure to obtain regulatory approval or force majeure events may also impact the timeline, cost or completion of the facility. Failure to complete the proposed expansion of the facility on time and on budget may impair Therapure's ability to launch IVIG and albumin and could have a Material Adverse Effect.

Manufacturing Costs

Therapure must execute manufacturing for its customers in accordance with contracted terms. If Therapure fails to manufacture product with yields and costs in line with its projections for fixed fee and fixed price contracts, this may have a Material Adverse Effect.

Manufacturing Scalability

Therapure's future results of operations depend, to a significant extent, on its ability to develop, manufacture and successfully commercialize new products in a timely manner. The manufacturing process is both time consuming and costly and involves a high degree of business risk. For example, Therapure may:

- fail to obtain or maintain or encounter delays with appropriate regulatory approvals;
- fail to manufacture product with yields and costs in line with its expectations;
- fail to attain pricing that generates the margins it expects or covers its costs;
- fail to attain or maintain manufacturing yields and cost benefits as compared to the technologies used by the competitors of Therapure or its customers; or
- be unable to secure business inputs on commercially reasonable terms,

each of which may have a Material Adverse Effect.

Manufacturing Quality

Although Therapure attempts to maintain high standards for product testing, manufacturing, process controls and quality assurance, its products can become non-releasable or otherwise fail to meet its stringent specifications through a failure of one or more of these processes. Extensive testing is performed throughout the process to ensure the safety and effectiveness of its products and its customers' products. Therapure may, however, detect instances in which a released or unreleased product was produced without adherence to its manufacturing procedures or plasma used in its production process was not collected or stored in a compliant manner consistent with CGMP or other regulations. Such an event of noncompliance would likely result in Therapure's determination that the implicated products should be recalled or not be released and therefore should be destroyed.

Once Therapure has manufactured its plasma derivative products, they must be handled appropriately. Therapure's failure, or the failure of third parties that supply, ship or distribute these products, to properly care for these products may require that these products be destroyed.

While Therapure expects to write off small amounts of work-in-progress in the ordinary course of business due to the complex nature of plasma, its processes and products, unanticipated events may lead to write-offs and other costs materially in excess of its expectations and the reserves Therapure has established for these purposes. Such write-offs and other costs could cause material fluctuations in Therapure's profitability. Furthermore, contamination of Therapure's products or its customers' products could cause investors, consumers, or other third parties with whom Therapure conducts business to lose confidence in the reliability of its manufacturing procedures, which could have a Material Adverse Effect. In addition, faulty or contaminated products that are unknowingly distributed could result in patient harm, threaten the reputation of Therapure's products and its customers' products and expose it to product liability damages and claims from companies for whom it does contract manufacturing, customers of its products and individuals.

Indicative Demand and Potential Business Opportunities may not Result in Revenue

The Corporation believes it may realize revenue from some, if not all, of the business development opportunities it is actively pursuing, which, as of the date of this prospectus, represent a value of approximately \$135 million of revenue if achieved. As of the date of this prospectus, the Corporation also has indicated demand for services of \$800 million. While the Corporation believes in its ability to realize revenue from potential business opportunities and from indicated demand, based on evidence and prior experience, there is no guarantee that the Corporation will realize all or any revenue from its current or future potential business opportunities or from indicated demand for services.

Payment and Reimbursement

The Corporation's revenues from any Therapure Biologics or Therapure Innovations products are expected to depend principally upon the reimbursement rates established by third party payors, including government health administration authorities, managed-care providers, public health insurers, private health insurers and other organizations. If government and third party payors fail to provide coverage and adequate reimbursement rates for Therapure Biomanufacturing's clients' products or Therapure's own products, Therapure's revenues and potential for profitability will be reduced. These third party payors are increasingly challenging the price, and examining the cost effectiveness of medical products and services. In addition, significant uncertainty exists as to the reimbursement status, if any, of newly approved drugs, pharmaceutical products or product indications. For example, Therapure may need to conduct post-marketing clinical trials in order to demonstrate the cost-effectiveness of products and such clinical trials may require Therapure to commit a significant amount of management time and financial and other resources. If reimbursement of such product is unavailable or limited in scope or amount or if pricing is set at unsatisfactory levels, any revenues Therapure would have otherwise realized from its products could be reduced.

In Canada, patented pharmaceutical products are subject to price control by the Patented Medicine Prices Review Board and third-party payors increasingly challenge the pricing of pharmaceutical products, which will have an impact on profitability of a product candidate.

Additionally, any future changes in healthcare reimbursement in Canada, the United States and internationally could adversely affect customers' demand for Therapure's products and services and its results of operations. The healthcare industry has changed significantly over time, and Therapure expects the industry to continue to evolve. Some of these changes include healthcare reform, adverse changes in government funding of healthcare products and services, legislation or regulations governing the privacy of patient information, or the delivery or pricing of pharmaceuticals and products they purchase or the price they are willing to pay for Therapure's services and products. Changes in the healthcare industry's pricing, selling, inventory, distribution or supply policies or practices could also significantly reduce Therapure's revenue and profitability. In particular, volatility in individual product demand may result from changes in public or private payer reimbursement coverage.

Competitive Business Environment

Therapure operates in markets that are highly competitive. Therapure competes on several fronts, both domestically and internationally (with a focus on Canada, US and Europe), including competing with other companies that provide similar offerings to pharmaceutical and biotechnology health companies based in North

America and Europe. These companies compete on a variety of fronts, in some cases offering enhanced capabilities (such as scale) in one area or another. In some cases, Therapure competes with divisions or businesses that are part of much larger organizations capable of offering both biologic and small molecule offerings, which may be attractive to larger pharmaceutical clients that procure both classes of drug product or drug substance. Therapure also may compete with the internal operations of those pharmaceutical and biotechnology companies that choose to source these offerings internally, where possible. Therapure is also dependent on the competitive and commercial success of Therapure's customers, in particular, Therapure customers' success in product development, clinical trials, attaining regulatory approvals, sales and marketing, pricing, and financial resources. Therapure's CDMO business also supplies products into plasma protein fractionators, with whom it may compete in relation to its plasma proteins business.

Therapure faces material competition in each of its markets. Competition is driven by proprietary technologies and know-how, capabilities, consistency of operational performance, quality, price, value, alternative therapies, and speed. Some competitors may have greater financial, research and development, operational and marketing resources than Therapure. Competition may also increase as additional companies enter Therapure's markets. In terms of Canadian domestic competition in connection with the plasma protein therapeutics Therapure intends to commercialize, Therapure is aware of other potential entrants into the marketplace, including Korean Green Cross and ProMetic Life Sciences Inc. As well, expanded competition from companies in low-cost jurisdictions, such as India and China, may in the future impact Therapure's results of operations or limit its growth. Greater financial, research and development, operational and marketing resources and experience may allow Therapure's competitors to respond more quickly with new, alternative or emerging technologies and better navigate the regulatory process. Changes in the nature or extent of Therapure's customer requirements may render its offerings obsolete or non-competitive and could have a Material Adverse Effect.

Therapure and its customers may also face competition from generic or biosimilar versions of their products. Generic versions of pharmaceutical products are generally not subject to the same degree of costly and time-consuming clinical trials to establish the safety and efficacy of such products, and are instead permitted to rely on the findings of safety and effectiveness of the innovator. Accordingly, generic manufacturers are often able to sell their products at significantly lower prices than those charged by product innovators. Strong performance of any of the Corporation's or its clients' products may make it more likely for a competitor to develop a generic or biosimilar formulation that competes directly with the Corporation's products or its clients' products. Furthermore, generic or biosimilar products, where available, may be required or encouraged in preference to the branded version under third-party reimbursement programs or substituted by pharmacies for branded versions by law. The entrance into the market of a generic or biosimilar pharmaceutical product may erode the branded product's market share, which may have a Material Adverse Effect.

Dependence on Key Management and Employees

Therapure is dependent upon the continued support and involvement of key management, technical, and scientific personnel. Therapure's success and ability to compete is dependent on its continuing ability to identify, attract, hire, train, retain and motivate highly qualified management and employees with relationships and referral sources and knowledge of the businesses in which Therapure operates. Many of the businesses with which Therapure competes for experienced personnel may be able to offer more attractive terms of employment. If any of Therapure's key personnel were to cease their employment with Therapure, Therapure's business may be adversely affected. In addition, Therapure invests significant time and expense in training its employees, which increases their value to competitors who may seek to recruit them, and increases the costs of replacing them. These factors could have a Material Adverse Effect.

Net Losses and Negative Cash Flow

Therapure has recorded net losses and negative cash flow in prior years. As of September 30, 2015, Therapure had an accumulated deficit of \$87.4 million. While Therapure expects to generate increasing revenues from its CDMO business and in the future from its Products business, the Corporation may not be able to generate positive cash flow or a net profit, or if it does generate a net profit, it may not be able to sustain profitability. Therapure has invested in its facility, processes and development of products and has required

financing to support its operating and investing activities. The Corporation expects that while it invests in Therapure Biologics, its operating and investing activities combined will result in a net use of cash until at least the end of 2017. The Corporation may not generate operating cash flow or may be required to make significant additional investments in its business, either of which could have a Material Adverse Effect.

To the extent that the Corporation has negative cash flow in future periods, the Corporation may need to allocate a portion of its cash reserves to fund such negative cash flow. The Corporation may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to the Corporation.

Foreign Currency Transactions

The results of operations and cash flows of Therapure may be affected by changes in the Canadian dollar exchange rate relative to the currencies of other countries, and in particular compared with the US dollar. Currently, a majority of Therapure's revenue and long term contracts are denominated in US dollars and the majority of its costs are in Canadian dollars. Accordingly, a decrease in the value of the US dollar relative to the Canadian dollar will have a negative effect on the profitability of certain contracts, the overall financial performance of Therapure and the ability of the Corporation to reach its planned levels of profitability in each of its business areas. Additionally, the proceeds from the Offering are in Canadian dollars and the management a material amount of the investment in the facility expansion will require US dollar payments, and therefore, an increase in the value of the US dollar relative to the Canadian dollar may result in the Corporation requiring additional funding. Furthermore, Therapure competes globally to recruit key management, technical, and scientific personnel. Volatile foreign exchange rates between the Canadian and United States dollar, particularly a weak Canadian dollar, may have a Material Adverse Effect on Therapure's ability to compete with compensation and remuneration offered by Therapure's competitors located in the United States.

The value of the Canadian dollar relative to the US dollar has varied significantly and investors are cautioned that past and current exchange rates are not indicative of future exchange rates. Therapure does not currently hedge its foreign exchange risk through the use of derivative instruments.

Insufficient Liquidity

In the past, Therapure has obtained the cash required for its operations primarily through funding from Catalyst Fund II. As at December 31, 2015, Therapure had liquidity of approximately \$27.4 million available to fund its business. Following the Offering, Therapure may require additional funding for the development and commercialization of its products, to keep pace with the expected business growth and expected increased customer base. While Therapure may consider funding its business through a combination of debt and equity financing, there can be no assurance that such additional financing will be obtained.

Product Liability

Therapure faces an inherent risk of product liability exposure to its and its customers' current and future offerings in human clinical trials and will face an even greater risk if any of its product candidates and its customers' products are sold commercially. Product liability claims may be brought against Therapure by subjects enrolled in its clinical trials, patients, healthcare providers or others using, administering or selling its products. If Therapure cannot successfully defend itself against claims that its product candidates or products caused injuries, Therapure could incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for any product candidates or products;
- termination of clinical trial sites or entire clinical trials;
- injury to Therapure's reputation and significant negative media attention;
- withdrawal of clinical trial participants;
- significant costs to defend the related litigation;

- substantial monetary awards to trial subjects or patients;
- loss of revenue;
- diversion of management and scientific resources from Therapure’s business operations; and
- the inability to commercialize product candidates.

Therapure maintains product liability insurance coverage which it believes is consistent in practice with other manufacturers in the pharmaceutical industry. This coverage may not be adequate to cover all liabilities that Therapure may incur. Insurance coverage is becoming increasingly expensive and in the future Therapure may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise. Large judgments have been awarded in class action lawsuits based on drugs that had unanticipated side effects. A successful product liability claim or series of claims brought against Therapure, particularly if judgments exceed its insurance coverage, could have a Material Adverse Effect.

Technological Evolution

The healthcare industry is characterized by rapid technological evolution. Demand for Therapure’s product and service offerings may change in ways it may not anticipate because of such evolving industry standards as well as a result of evolving customer needs that are increasingly sophisticated and varied and the introduction by others of new technologies or offerings that provide alternatives to Therapure’s offerings potentially at more attractive pricing. Without the timely introduction of enhanced, innovative, or new offerings, Therapure’s offerings may become obsolete over time, in which case its revenue and operating results would suffer. For example, if Therapure was unable to respond to changes in the nature or extent of the technological or other needs of its customers through enhancing its offerings, its competition may develop offerings that are more competitive than Therapure’s and it could find it more difficult to renew or expand existing agreements or obtain new agreements. Innovations directed at continuing to offer enhanced or new offerings generally will require a substantial investment before Therapure can determine their commercial viability, and it may not have the financial resources necessary to fund these innovations.

The success of enhanced or new offerings will depend on several factors, including Therapure’s ability to:

- properly anticipate and satisfy customer needs, including increasing demand for lower cost products;
- identify unmet medical needs and evaluate whether a solution is feasible and within Therapure’s capabilities to develop, manufacture, and commercialize;
- enhance, innovate, develop and manufacture new offerings in an economical and timely manner that are acceptable to customers;
- differentiate its offerings from competitors’ offerings;
- achieve positive clinical outcomes for its products and its customers’ new products;
- meet safety requirements and other regulatory requirements of government agencies;
- access distribution channels at acceptable cost and offer innovative products at acceptable pricing;
- obtain and maintain valid and enforceable intellectual property rights; and
- avoid infringing the proprietary rights of third parties.

Even if Therapure succeeds in creating enhanced or new offerings from these innovations, they may still fail to result in commercially successful offerings or may not produce revenue in excess of the costs of development, and they may be quickly rendered obsolete by changing customer preferences or the introduction by Therapure’s competitors of offerings embodying new technologies or features. Innovations may not be accepted quickly in the marketplace because of, among other things, entrenched patterns of clinical practice, the need for regulatory clearance and uncertainty over market access or government or third-party reimbursement.

Hazardous Materials and Wastes and Environmental Liability

Therapure is subject to numerous EH&S laws and regulations in the US, Canada, and Europe, including as a result of its laboratory space, its laboratory procedures and its handling, use, storage, treatment and disposal of hazardous materials and wastes, including chemicals and biological and flammable materials. Therapure's operations also produce hazardous waste products, which can be generated as solid, liquid or through air emissions. Therapure generally contracts with third parties for the disposal of these materials and wastes. Liquid waste can be packaged for controlled disposal or as part of the aqueous effluent stream to the main sewer. All wastes streams are assessed for suitability for the chosen route of disposal. Given the nature of Therapure's operations, there is a risk of a release or discharge of hazardous materials, including to atmosphere through process ventilation systems or to the municipal sewer through the aqueous effluent discharge. As a result, Therapure cannot eliminate the risk of contamination or injury from these materials, including contamination or injury to nearby landowners. In the event of contamination or injury resulting from use of these hazardous materials, or other non-compliances with or violations of EH&S laws, Therapure could be held liable for any resulting damages, and the liability could exceed its resources. Therapure also could incur significant costs associated with civil or criminal fines and penalties. Although Therapure maintains insurance for loss or expense as a result of environmental liability or toxic tort claims that may be asserted against Therapure in connection with damages occurring from pollution by biological or hazardous materials, such insurance may not be sufficient for or inapplicable to certain claims. Furthermore, although Therapure implements an environmental policy and procedures for handling and disposal of hazardous materials (see "Description of the Business — Environmental, Health and Safety"), Therapure cannot be certain that contamination will not occur in the future and result in liability. If such events were to occur, they could have a Material Adverse Effect.

The EH&S laws and regulations applicable to Therapure's operations have increasingly become more stringent, and Therapure may incur additional expenses to ensure compliance with existing or new requirements in the future. Therapure must also obtain, comply with and maintain in good standing certain EH&S approvals and registrations. Failure to obtain, comply with or maintain these approvals and registrations could have a Material Adverse Effect.

Occupational and Public Health Hazards and Personal Safety

Pharmaceutical and biopharmaceutical manufacturing and development operations necessitate contact with materials that generally involve a high degree of risk and that could result in public or occupational illness or harmful health issues, personal injury, and loss of life. These materials include, but are not limited to, air emissions and gaseous discharges, effluent discharges and aqueous waste, flammable, combustible and explosive materials, asphyxiating substances, and other generally hazardous chemical and biological materials. EH&S laws and regulations set at federal, provincial and regional levels govern Therapure's approach to, among other things, employee health and safety, and Therapure also operates under the guidance of an environmental policy and an occupational health and safety policy, supported by procedures monitored by senior leadership. The Corporation also maintains workers' compensation insurance and environmental pollution insurance to cover losses and expenses it may incur due to injuries to employees or the public resulting from exposure to hazardous materials through its operations. Although such precautions to mitigate these risks have been taken, these risks cannot be eliminated and existing insurance may not provide adequate coverage against potential liabilities and harm to people or the environment as a result of such exposure to hazardous materials. If such harm occurs, it may affect Therapure's reputation and ability to operate, and have a Material Adverse Effect. See "Description of the Business — Environmental, Health and Safety."

Employee Misconduct

Therapure is exposed to the risk of employee fraud or other misconduct, including intentional failures to: (i) comply with HC and FDA regulations or similar regulations of comparable foreign regulatory authorities, including information obtained in the course of clinical trials; (ii) provide accurate information to HC and the FDA or comparable foreign regulatory authorities; (iii) comply with manufacturing standards that Therapure has established, comply with federal and state healthcare fraud and abuse laws and regulations and similar laws and regulations established and enforced by comparable foreign regulatory authorities; (iv) report financial information or data accurately; (v) disclose unauthorized activities to Therapure; or (vi) comply with anti-bribery

legislation. Employee misconduct could also involve taking, misusing or destroying Corporation assets. Employee fraud or misconduct could have a significant impact on Therapure's business, results of operations, financial condition and cash flows from future prospects, including the imposition of significant fines or other sanctions.

Computer System Failures

Therapure relies on information systems in its business to obtain, rapidly process, analyze, store and manage data to:

- provide contract development and CGMP manufacturing services specializing in biologics and medical devices;
- develop a proprietary method for commercial production of plasma-based therapeutics;
- develop proprietary products for drug delivery and anemia;
- protect intellectual property against theft and/or unintended use;
- undertake research;
- maintain facilities to meet US, Canadian and European regulatory standards and CGMP manufacturing practices;
- maintain accuracy of the financial transactions including accurate billing of, and collection from, its customers and payment to its vendors; and
- provide support for employee related matters such as payroll, health and safety and all electronic communication need.

Despite the implementation of security measures, Therapure's internal computer systems, and those of its affiliates and other third parties on which it relies, are vulnerable to damage from computer viruses, unauthorized access, loss of privacy, natural disasters, fire, terrorism, war and telecommunication and electrical failures. If such an event were to occur and cause interruptions in Therapure's operations, it could result in a material disruption of Therapure's development programs. To the extent that any disruption or security breach results in a loss of or damage to Therapure's data or applications, or inappropriate disclosure of confidential or proprietary information, Therapure could incur liability and the further development of its current and future offerings could be delayed.

Debt Financing

Therapure is currently party to a contribution agreement (the "**Contribution Agreement**") through which it receives funding from the Canadian government through the Advanced Manufacturing Fund managed by the Federal Economic Development Agency for Southern Ontario to support its efforts to develop and obtain market approval for IVIG and albumin using the PlasmaCap technology for plasma protein purification (the "**Project**"). The funding is in the form of an interest free repayable loan of up to \$20,000,000 covering up to 34.6% of total spending through 2018 and repayable starting in 2020. As at November 20, 2015, approximately \$9.2 million has been received pursuant to the Contribution Agreement. The Contribution Agreement contains non-financial covenants, including that the prior written consent of the Minister must be received before paying dividends, making any material change to any aspect of the Project or making any material change to the management of the Project or the Corporation.

Therapure has also entered into the Credit Agreement described above under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations — Developments After the Quarter ended September 30, 2015". The Credit Agreement contains customary representations, warranties, covenants, conditions to funding and events of default. In particular, the Credit Agreement contains restrictive covenants with respect to certain business matters, including among others, restrictions on the payment of cash dividends and share repurchases, restrictions limiting the additional debt that Therapure may incur and requirements to maintain net revenue above certain minimum amounts described in the agreement.

If Therapure's cash flow and capital resources are insufficient to repay amounts owed under its Contribution Agreement beginning in 2020, under its Credit Agreement beginning in 2017 or any future indebtedness when due, Therapure may be forced to reduce or delay funding of new capital expenditures, dispose of assets, issue equity, or incur additional debt to obtain necessary funds. Alternatively, Therapure may be required to restructure its debt, all of which could have a Material Adverse Effect. In addition, Therapure may not be able to carry out any of the foregoing on terms acceptable to Therapure (or at all), that such actions would be permitted under the terms of its Contribution Agreement or Credit Agreement, or that such actions would enable Therapure to continue to satisfy its capital requirements.

Therapure's failure to comply with any of the covenants under the Contribution Agreement or the Credit Agreement may constitute a default under such agreements and could result in the acceleration of some or all of Therapure's then outstanding indebtedness. Such an acceleration could have a Material Adverse Effect.

Inability to Realize Potential Benefits from Growth

Therapure's inability to realize the potential benefits from its growth strategy may adversely impact its operating results. Therapure's ability to realize such benefits will be based on its management of growth and will require it to continue to build its operational, financial and management controls, human resource policies, and reporting systems and procedures. Therapure's ability to manage its growth will depend in large part upon a number of factors, including the ability of Therapure to:

- maintain a prudent capital structure;
- expand Therapure's internal operational and financial controls so that it can maintain control over operations and provide support to other functional areas as the number of personnel and size of its business increases;
- implement new equipment in light of existing facility constraints, or scale-up existing facilities in time, at an acceptable cost to respond to market needs;
- implement information technology systems necessary to enable Therapure to support the growth projections of the Corporation;
- secure sufficient financial resources for unforecasted costs due to rapid growth;
- attract and retain qualified personnel in order to continue to develop Therapure's business and provide services that respond to evolving customer needs; and
- develop support capacity for customers as sales increase, so that Therapure can provide post-sales support without diverting resources from other parts of the business.

Therapure's inability to achieve any of these objectives could have a Material Adverse Effect.

Conflicts of Interest

Certain of Therapure's directors and/or officers are, and may continue to be, involved in the private equity industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of Therapure. Situations may arise in connection with potential opportunities or acquisitions where the other interests of these directors and/or officers may conflict with Therapure's interests. Directors and officers of Therapure with conflicts of interest will be subject to and are expected to follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

Quarterly Financial and Operational Results

Therapure's quarterly net income and results of operations are difficult to forecast. Therapure has experienced substantial fluctuations in net income and results of operations from quarter to quarter. Although historically Therapure's revenue has been higher in the second half of the year, this trend may not continue in the future. Investors should not rely on Therapure's results of operations in any prior reporting period to be

indicative of its performance in future reporting periods. Many different factors could cause Therapure's results of operations to vary from quarter to quarter, including:

- competition;
- sudden and unexpected spikes in product demand;
- costs of compliance with regulatory requirements;
- the timing and effect of any future acquisitions;
- personnel changes;
- changes in accounting rules;
- general changes to the Canadian, US and global economies;
- Therapure's ability to enter into financing arrangements; and
- political conditions or events.

Therapure bases its current and future operating expense levels and its investment plans on estimates of future net income, and rates of growth. Therapure expects that its expenses will increase in the future, and Therapure may not be able to adjust its spending quickly enough to compensate for net income that falls short of Therapure's expectations. Any shortfalls in Therapure's net income or in its expected growth rates, could have a Material Adverse Effect.

Internal Controls

Therapure has operated as a private company and has not previously implemented internal controls over financial reporting and disclosure consistent with those required of Canadian publicly listed companies. As a result, errors or omissions may occur or have occurred in Therapure's historical financial reports and disclosure. Such errors or omissions could result in a restatement of Therapure's historic financial results and/or disclosures, including those contained in this prospectus.

Interpretation of Financial Results

Therapure's presentation of financial information depends on the application of significant internal judgment and estimates and assumptions, which are described in the notes to the Corporation's financial statements. Should these estimates and assumptions, or application of judgment, prove incorrect or inaccurate, the actual performance of the Corporation may be significantly different than as presented in Therapure's presentation of financial information. Any differences between actual financial performance and the Corporation's results of operations as presented in its financial reporting may have a Material Adverse Effect.

Litigation

From time to time in the ordinary course of its business, Therapure may become involved in various legal proceedings, including commercial, employment, class action and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause Therapure to incur significant expenses. While Therapure has insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Furthermore, the results of any such actions could have a Material Adverse Effect.

Potential Impact of Future Transactions

Therapure may engage in acquisitions, partnerships (including with respect to partnerships for its TBI 302 and TBI 304H drug product candidates following Phase I clinical trials), licensing transactions and joint ventures and may divest non-strategic businesses or assets. It may not be able to complete such transactions, and such transactions, if executed, may pose significant risks, including: (i) the diversion of management's attention to negotiate the transaction; (ii) the possible adverse effects on its operating results during the negotiation and integration, licensing or divestment process; (iii) significant costs, charges or write-downs; (iv) the potential loss of customers or employees of an acquired business; and (v) its potential inability to achieve the intended objectives for the transaction and business.

Changes in Market and General Economic Conditions

A recessionary economic environment may adversely affect demand for Therapure's products. As a result of loss of jobs, patients may lose medical insurance and be unable to purchase needed medical products or may be unable to pay their share of deductibles or co-payments. Hospitals adversely affected by the economy may steer patients to less costly therapies, resulting in a reduction in demand, or demand may shift to public health hospitals, which purchase at a lower government price.

Risks Relating to Intellectual Property

Patent Protection

The patent prosecution process is expensive and time-consuming, and Therapure or its licensors may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner or may have obtained patents which are invalid. It is also possible that Therapure or its licensors will fail to identify patentable aspects of inventions made in the course of their development and commercialization activities before it is too late to obtain patent protection for them. Further, given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, Therapure's owned and licensed patent portfolio may not provide it with sufficient rights to exclude others from using processes or commercializing products similar or identical to those of Therapure. Changes in either the patent laws or interpretation of the patent laws in the US, Canada, and other countries may diminish the value of Therapure's or its licensor's patents or narrow the scope of their patent protection. The laws of foreign countries may not protect Therapure's or its licensor's rights to the same extent as the laws of the US or Canada, and these foreign laws may also be subject to change. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the US, Canada and other jurisdictions are typically not published until 18 months after filing or, in some cases, not at all. Therefore, Therapure cannot be certain that it or its licensors were the first to file for patent protection of such inventions. Therapure's patent applications may not issue into patents or may not issue with the desired scope. Others may independently develop similar products or processes or duplicate any of Therapure's unpatented products or processes.

In-Licensed Patent Rights

The license agreements for the use of patent rights impose payment and other material obligations on Therapure. If Therapure were to breach any such obligations, its counterparties may be entitled to terminate the licenses.

Pursuant to an asset purchase agreement (the "**Upfront APA**"), a transfer of contract agreement, and a license agreement, each as between Upfront and Therapure, Therapure obtained intellectual property rights in connection with the capture and separation of proteins through EBA, including, (i) an exclusive, royalty-free, perpetual license to use certain intellectual property owned by Patheon (formerly DSM) related to chromatography in the human plasma field world-wide; (ii) patents and patent applications relating to isolation of human plasma or serum proteins; and (iii) an exclusive, royalty-free, perpetual license to use certain intellectual property owned by Patheon related to EBA resin (collectively, the "**EBA Rights**") (see "Description of the Business — Intellectual Property"). Pursuant to the Upfront APA, the Corporation has agreed to make certain payments to Upfront once certain process milestones are reached and deliverables are provided by Upfront (the "**Milestone and Delivery Payments**"). Although the Corporation expects to be able to satisfy the Milestone and Delivery Payments, if the Corporation is not able to meet its obligations under the Milestone and Delivery Payments as they come due, it may trigger the loss by the Corporation of certain intellectual property rights necessary to carry on the Therapure Biologics business using the EBA Rights acquired pursuant to the Upfront APA, as the EBA Rights may revert to Upfront.

Termination or limitation of the scope of any license may restrict or delay or eliminate Therapure's ability to develop and commercialize its products, which could adversely affect its business. Since the PlasmaCap technology incorporates the EBA Rights, a change in interpretation or limitation in scope of Therapure's licensing or sub-licensing rights to the EBA Rights could affect Therapure's ability to either practice the PlasmaCap technology or sublicense this technology to third parties. Therapure cannot guarantee that the third-

party patents and technology it licenses will not be enforceable or licensed to its competitors or used by others. In the future, Therapure may need to obtain additional licenses, renew existing license agreements in place at such time or otherwise replace existing technology. Therapure is unable to predict whether these license agreements can be obtained or renewed or the technology can be replaced on acceptable terms, or at all. Therapure's licensors' patent applications may not issue into patents or may not issue with the desired scope. Others may independently develop similar products or processes duplicate any of licensor's unpatented products or processes.

Third Party Infringement Claims

Although Therapure tries to ensure that its employees, agents and contractors do not use the proprietary information or know-how of others in their work for Therapure, Therapure may be subject to claims that it has, or these employees, agents and contractors have, used or disclosed confidential information or intellectual property, including trade secrets or other proprietary information, of any such third party. In the future, litigation may be necessary to defend against such claims. If Therapure fails in prosecuting or defending any such claims, in addition to paying monetary damages, Therapure may lose valuable intellectual property rights or personnel or sustain damages. Such intellectual property rights could be awarded to a third party, and it could be required to obtain a license from such third party to commercialize Therapure's technology or products. Such a license may not be available on commercially reasonable terms or at all. Even if Therapure is successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

Competitors may have filed patent applications, or may hold issued patents, relating to products or processes competitive with those that Therapure or its licensors are currently developing or will develop. The patents of these competitors may impair Therapure's ability to do business in a particular area or give rise to infringement claims. Therapure's success will depend, in part, on its and its licensors' ability to operate without infringing on the proprietary rights of others.

Trade-marks

Therapure owns trade-marks that identify its processes and products and has applied to register these trade-marks in its key markets. Trade-mark laws vary across jurisdictions and it is possible that Therapure will not be able to register, maintain registration for, or enforce all of its trade-marks in all jurisdictions. Although Therapure monitors the possible infringement or misuse of its trade-marks, it is possible that third parties may infringe upon its intellectual property rights. Any unauthorized use of Therapure's trade-marks could harm its reputation or commercial interests. In addition, Therapure's enforcement against third-party infringers may be unduly expensive or time-consuming, or the outcome may be an inadequate remedy.

Monitoring Intellectual Property

Unauthorized use of Therapure's intellectual property may have occurred or may occur in the future. Although Therapure has taken steps to minimize the risk of this occurring, any such failure to identify unauthorized use and otherwise adequately protect its intellectual property would adversely affect Therapure's business. Moreover, if Therapure is required to commence litigation, whether as a plaintiff or defendant, not only would this be time-consuming, but Therapure would also be forced to incur significant costs and divert its attention and efforts of its management and other employees, which could, in turn, result in lower revenue and higher expenses.

Trade Secrets

In addition to seeking patents for some of its technology and products, Therapure also relies on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain its competitive position. Therapure seeks to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as Therapure's employees, corporate collaborators, outside scientific collaborators, consultants, advisors and other third parties. Therapure also generally enters into invention or patent assignment agreements with its employees and consultants. Despite these efforts, any of these parties may breach the agreements and disclose Therapure's proprietary information,

including its trade secrets, and it may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts both within and outside Canada may be less willing or unwilling to protect trade secrets. If any of Therapure's trade secrets were to be lawfully obtained or independently developed by a competitor, it would have no right to prevent such competitor from using that technology or information to compete with Therapure, which could harm Therapure's competitive position.

Although employees are bound by their employment agreements to assign their inventions to Therapure, and all of Therapure's employees, consultants, advisors and any third parties who have access to its proprietary know-how, information or technology enter into confidentiality agreements, Therapure cannot provide any assurances that all such agreements have been or will be complied with or that its trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to Therapure's trade secrets or independently develop substantially equivalent information and techniques. Additionally, if the steps taken to maintain Therapure's trade secrets are deemed inadequate, it may have insufficient recourse against third parties for misappropriating the trade secret. In addition, others may independently discover Therapure's trade secrets and proprietary information.

International Enforcement

Filing, prosecuting and defending patents and other types of intellectual property relating to Therapure's current and future offerings throughout the world would be prohibitively expensive. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as laws in Canada. Consequently, Therapure and its licensors or collaborators may not be able to prevent third parties from utilizing the inventions, trade-marks or other intellectual property relating to Therapure's product candidates and processes in all countries outside of Canada, or from selling or importing products made using these inventions in and into Canada or other jurisdictions. Competitors may use these inventions trade-marks or other intellectual property rights in jurisdictions where it has not obtained patent trade-marks or other intellectual property protection to develop their own products, and may export otherwise infringing products to territories where there is intellectual property protection, but where enforcement is not as strong as that in the Canada. These products may compete with Therapure's products in jurisdictions where there are no issued patents and the patent claims or other intellectual property rights may not be effective or sufficient to prevent them from so competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biopharmaceuticals, which could make it difficult for Therapure and its licensors to stop the infringement of relevant patents or marketing of competing products in violation of their proprietary rights generally. Proceedings to enforce patent rights, trade-mark rights, or other intellectual property rights in foreign jurisdictions could result in substantial cost and divert Therapure's efforts and attention from other aspects of its business. Therapure and its licensors may not prevail in any lawsuits that they initiate and the damages or other remedies awarded, if any, may not be commercially meaningful.

The requirements for patentability may differ in certain countries, particularly developing countries. This could limit Therapure's potential revenue opportunities. Accordingly, Therapure and its licensors' or collaborators' efforts to enforce intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that Therapure owns or licenses.

Counterfeit Reproductions of Therapure's Products

Therapure may face competition from manufacturers that sell counterfeit reproductions of its pharmaceutical products, and the risk of counterfeiting may increase with the expansion of its business and increased recognition of its brand name. The prevalence of counterfeit medicines is a significant and growing industry-wide issue due to a variety of factors, including, but not limited to: the widespread use of the internet, which has greatly facilitated the ease by which counterfeit medicines can be advertised, purchased and delivered to individual patients; the availability of sophisticated technology that makes it easier for counterfeiters to make

counterfeit medicines; the growing involvement in the medicine supply chain of under-regulated wholesalers and re-packagers; the importation of counterfeit medicines across borders; and the relatively modest risk of penalties faced by counterfeiters. Counterfeit medicines pose a risk to patient health and safety because of the conditions under which they are manufactured — often in unregulated, unlicensed, uninspected and unsanitary sites — as well as the lack of regulation of their contents. There is also a direct financial loss when counterfeit products replace sales of genuine products, or genuine products are recalled following discovery of counterfeit products. The prevalence of counterfeit pharmaceutical products in the market may also result in the public's loss of confidence in the integrity of Therapure's products and pharmaceutical products generally.

Although Therapure expects to monitor and take action against manufacturers of counterfeit products and other facilitators in the illegal trade of pharmaceuticals when deemed appropriate, there can be no assurance that the Corporation will be successful in deterring counterfeiters through these efforts. The lost sales opportunities and harm to its reputation that may result from the sale of counterfeit reproductions of Therapure's products could have a Material Adverse Effect.

Company as Licensee in the Event of Bankruptcy of a Licensor

Rather than owning all of the intellectual property on which it relies, the Corporation licenses certain intellectual property, including but not limited to patents necessary to carry on the Therapure Biologics business, and is substantially dependent on such licenses. In the event that the licensor of any license the Corporation holds files a petition in bankruptcy, there can be no assurance that the rights under the Corporation's licenses will not be curtailed or otherwise affected.

If a licensor files for bankruptcy, among other results, the licensed intellectual property may be sold to a third party and such sale may extinguish the Corporation's rights under any existing license agreements. This could cause a significant hardship for the Corporation as licensee and have a material adverse effect on its business.

Although certain of the Corporation's license agreements contain covenants that the licensor, in the event of bankruptcy, will not seek to terminate or repudiate the license, there can be no assurance in the event of bankruptcy of a licensor that the Corporation will be able to maintain its rights to use the intellectual property as licensee, even if the Corporation actively pursues enforcement of the license agreement.

Risks Relating to the Offering

No Prior Public Market for Common Shares

Prior to the Offering, there has been no public trading market for the Common Shares, and Therapure cannot offer assurances that one will develop or be sustained after the Offering. Therapure cannot predict the prices at which the Common Shares will trade. The Offering Price was determined through negotiations among Therapure, Catalyst Fund II and the Underwriters, and may not bear any relationship to the market price at which it will trade after the Offering, or to any other established criteria of Therapure's value. Shares of companies often trade at a discount to the initial offering price due to sales loads, underwriting discounts and related offering expenses. Therefore, the Common Shares should not be treated as a trading vehicle.

Investment of Net Proceeds of the Offering

Therapure will have significant flexibility in applying the net proceeds of the Offering. Investors in Therapure will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding any investment or business activity undertaken by Therapure after the Offering. Therapure may pay operating and other expenses from the net proceeds of this Offering. The Corporation's ability to achieve its investment objectives may be limited to the extent that net proceeds of the Offering, pending full investment, are used to pay expenses rather than to make investments. Furthermore, no assurance can be given that Therapure will be successful in investing the net proceeds of the Offering in investments or activities that will achieve its business objectives.

Loss of Entire Investment

An investment in the Common Shares is speculative and may result in the loss of an investor's entire investment. Only potential investors who are experienced in high risk investments and who can afford to lose their entire investment should consider an investment in the Corporation.

Market Price of the Common Shares

The market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond Therapure's control, including the following:

- actual or anticipated fluctuations in Therapure's quarterly results of operations, including changes in earnings or variations in operating results;
- changes in the value of Therapure's assets;
- recommendations by securities research analysts;
- operating performance and, if applicable, share price performance of Therapure's competitors;
- additions or departures of Therapure's management and other key personnel;
- expiration of lock-up or other transfer restrictions on outstanding Common Shares;
- sales of additional Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving Therapure or its competitors;
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related industry and market issues; and
- loss of a major funding source.

Financial markets experience significant price and volume fluctuations that particularly affect the market prices of equity securities and that are often unrelated to an issuer's operating performance, underlying asset values or business prospects. Accordingly, the market price of the Common Shares may decline even if Therapure's operating results, underlying asset values or business prospects have not changed. There can be no assurance that continuing fluctuations in share price and volume will not occur, which could have a Material Adverse Effect.

Dividend Policy

Therapure has not declared or paid any dividends since its inception and does not anticipate paying dividends on the Common Shares in the foreseeable future. The declaration and payment of dividends on the Common Shares is at the discretion of the Board. The amount and timing of any future dividends will be at the discretion of the Board after taking into account such factors as the Corporation's financial condition, results of operations, current and anticipated cash needs, the satisfaction of solvency tests imposed by the corporate law for the declaration and payment of dividends, restrictions on dividend payments imposed by the Contribution Agreement, the requirements of any future financing agreements and other factors that the Board may deem relevant. See "Dividend Policy".

Future Capital Requirements and Dilution

Therapure may need to raise additional funds through public or private debt or equity financings in order to:

- fund ongoing operations;
- take advantage of opportunities, including more rapid expansion of Therapure's business or the acquisition of complementary businesses or technologies; or
- respond to competitive pressures.

Any additional capital raised through the sale of equity will dilute Therapure's existing shareholders' percentage ownership of Common Shares. Capital raised through debt financing would require Therapure to make periodic interest payments and may impose restrictive covenants on the conduct of Therapure's business. Furthermore, additional financings may not be available on terms favourable to Therapure, or at all. A failure to obtain additional funding could prevent Therapure from making expenditures that may be required to implement Therapure's growth strategy and grow or maintain Therapure's operations.

While Therapure believes that its capacity to access the equity and debt markets will be sufficient to fund its normal operating and capital expenditures, as Therapure grows, this ability to access necessary capital cannot be assured.

Controlling Shareholder

As of the date hereof, Catalyst Fund II owns 96.61% of the currently issued and outstanding Common Shares. Upon completion of the Offering and the Post-Closing Transactions, Catalyst Fund II will beneficially own 74,013,026 Common Shares, representing approximately 83.38% of the outstanding Common Shares (assuming the Over-Allotment Option is not exercised). The interests of Catalyst Fund II may differ from those of other holders of Common Shares. The number of Common Shares owned by, and subsequent degree of control over the Corporation exercised by, Catalyst Fund II may make it very difficult for shareholders of the Corporation other than Catalyst Fund II to, among other things, replace incumbent directors and management, affect the ability of shareholders other than Catalyst Fund II to have an influence on the direction of the Corporation, and may have an adverse impact on the liquidity of the Common Shares.

Future Sales of Common Shares by Existing Shareholders

Sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell Common Shares, could reduce the market price of the Common Shares. If this occurs and continues, it could impair Therapure's ability to raise additional capital through the sale of securities.

100% of the Common Shares issued and outstanding prior to completion of this Offering are subject to a post-Closing lock-up period of 180 days after the Closing Date. Upon expiration of such lock-up period, such Common Shares will be freely tradable in the public market, subject to the provisions of applicable securities laws. See "Plan of Distribution".

Catalyst Fund II is a private equity fund. As with all similar funds, Catalyst Fund II has a specified period in which it invests committed capital, followed by a period in which it disposes of its investments or distributes them to its limited partners. Catalyst Fund II has commenced the process of disposing of its investments. While the term of Catalyst Fund II is scheduled to terminate on November 30, 2017, Catalyst Fund II anticipates obtaining the consent of its limited partners to extensions as may be necessary to permit an orderly disposition of its assets. Catalyst has from time to time sought similar extensions from the funds it manages and has always obtained such extensions when requested. However, there can be no assurance that any such extension would be obtained.

If an extension were not obtained, Catalyst Fund II, which, as of the closing of the Offering will hold 74,013,026 Common Shares (assuming the Over-Allotment Option is not exercised and after taking into account the restricted shares to be issued immediately following Closing), may be required to commence disposing of its holdings by November 30, 2017. In the event that it disposes of its Common Shares, Catalyst Fund II intends to do so in a manner that will not materially adversely affect the trading price of the Common Shares. In particular, Catalyst Fund II only intends to sell its Common Shares in block sales for proceeds of at least \$20 million and does not intend to sell more than 20% of the outstanding Common Shares (on a fully diluted basis) in a single transaction. In lieu of selling Common Shares, Catalyst Fund II may make an *in specie* distribution of some or all of its Common Shares to its limited partners. If an *in specie* distribution is made by Catalyst Fund II of all of its remaining Common Shares after giving effect to the Offering, none of Catalyst Fund II's limited partners will receive more than 10% of the Common Shares held by Catalyst Fund II. See "Principal Shareholders".

Inaccurate or Unfavourable Research

The trading market for Common Shares relies in part on the research and reports that securities analysts and other third-parties choose to publish about Therapure. Therapure does not control these analysts or other third-parties. The price of the Common Shares could decline if one or more securities analysts downgrade Therapure or if one or more securities analysts or other third-parties publish inaccurate or unfavourable research about Therapure or cease publishing reports about Therapure.

Costs and Requirements of Operating as a Public Company

As a public company, Therapure will incur significant legal, accounting and other expenses that it did not incur as a private company. Therapure will be subject to the reporting requirements of the applicable Canadian securities laws. Therapure's management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, it is expected that these rules and regulations will substantially increase Therapure's legal and financial compliance costs and make some activities more time-consuming and costly. The increased costs will increase Therapure's combined net loss. For example, these rules and regulations may make it more difficult and more expensive for Therapure to obtain director and officer liability insurance and Therapure may be required to incur substantial costs to maintain the sufficient coverage. Therapure cannot predict or estimate the amount or timing of additional costs it may incur to respond to these requirements. The impact of these requirements could also make it more difficult for Therapure to attract and retain qualified persons to serve on the Board, the Board committees or as executive officers.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement between the Corporation, the Selling Shareholder and the Underwriters, the Corporation and the Selling Shareholder agreed to issue and sell, and the Underwriters have severally agreed to purchase, as principals, on the Closing Date or such other date as may be agreed upon by the Corporation, the Selling Shareholder and the Underwriters, but not later than a date that is 42 days after the date of the receipt for a (final) prospectus, ● Offered Shares at the Offering Price for a total consideration of \$130,000,000, subject to compliance with all of the applicable legal requirements and to the terms and conditions contained in the Underwriting Agreement.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint. The Underwriters are, however, severally obligated to take up and pay for all of the Offered Shares if any of the Offered Shares are purchased under the Underwriting Agreement. The Underwriters are not required to take up or pay for Common Shares covered by the Over-Allotment Option described below. The obligations of the Underwriters under the Underwriting Agreement are conditional and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Corporation and the Selling Shareholder, severally and not jointly, have agreed to indemnify the Underwriters, their directors, executive officers, employees and agents, against certain liabilities, including civil liabilities under applicable securities legislation or will contribute to payments the Underwriters may be required to make in respect thereof.

The Offering is being made in each of the provinces and territories of Canada (the “**Offering Jurisdictions**”). Offered Shares will be offered in each of the Offering Jurisdictions through those Underwriters or their affiliates who are registered to offer Offered Shares in such provinces and territories and such other registered dealers as may be designated by the Underwriters. Subject to applicable law and the provisions of the Underwriting Agreement, the Underwriters may offer the Offered Shares outside of Canada. There is currently no market through which Common Shares may be sold and prospective purchasers may not be able to resell Common Shares purchased under this prospectus.

Closing of the Offering is conditional on the Common Shares being approved for listing on the TSX.

The Offering Price and other terms of the Offering were determined by negotiation between the Corporation, Catalyst Fund II and the Underwriters. Each of the Corporation and Selling Shareholder has agreed to pay the Underwriters, in consideration for the services provided in connection with the Offering, an underwriting fee equal to 5.75% of the gross proceeds raised from the sale of Offered Shares sold by such

person, except for gross proceeds received from the sale of Offered Shares pursuant to the Treasury Offering to purchasers on the president's list of the Corporation, in respect of which the underwriting fee payable by the Corporation will be 2.75% (collectively, the "**Underwriting Fee**"). Unless otherwise indicated, all information in this prospectus assumes that no sales will be made to purchasers on a president's list.

Subscriptions for Offered Shares will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. Closing is expected to occur on the Closing Date, or such other date as the Corporation and the Underwriters may agree, but in any event no later than the date that is 42 days after the date of the receipt for a (final) prospectus.

Offered Shares will be delivered electronically through the non-certificated inventory ("**NCI**") system of CDS Clearing and Depository Services Inc. ("**CDS**"). On the Closing Date, the Corporation, via its transfer agent, will electronically deliver the Offered Shares registered to CDS or its nominee. Transfers of ownership of Offered Shares in Canada must be effected through a CDS participant, which includes securities brokers and dealers, banks and trust companies. All rights of shareholders who hold Offered Shares in CDS must be exercised through, and all payments or other property to which such shareholders are entitled, will be made or delivered by CDS or the CDS participant through which the shareholder holds such Offered Shares. A holder of an Offered Share participating in the NCI system will not be entitled to a certificate or other instrument from the Corporation or the Corporation's transfer agent evidencing that person's interest in or ownership of Offered Shares, nor, to the extent applicable, will such holder be shown on the records maintained by CDS, except through an agent who is a CDS participant. The ability of a beneficial owner of Offered Shares to pledge such Offered Shares or otherwise take action with respect to such owner's interest in such Offered Shares (other than through a CDS participant) may be limited due to the lack of a physical certificate.

The Offered Shares offered hereby have not been, and will not be, registered under the US Securities Act or any state securities laws, and may not be offered or sold within the United States absent registration or an applicable exemption from the registration requirements of the US Securities Act and applicable state securities laws. Accordingly, the Underwriters have agreed that they will not offer or sell Offered Shares within the United States, except in transactions exempt from the registration requirements of the US Securities Act and applicable state securities laws. The Underwriting Agreement provides that the Underwriters, acting through its US registered broker-dealer affiliate, may re-offer and re-sell the Offered Shares that they have acquired pursuant to the Underwriting Agreement to "qualified institutional buyers" as defined in, and in accordance with the exemption from the registration requirements of, Rule 144A under the US Securities Act, and in compliance with similar exemptions under applicable state securities laws. The Underwriting Agreement also provides that the Underwriters may offer and sell the Offered Shares outside the United States in accordance with Regulation S under the US Securities Act. The Offered Shares that are sold in the United States will be restricted securities within the meaning of Rule 144 under the US Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Offered Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the US Securities Act, unless such offer is made pursuant to an exemption from registration under the US Securities Act.

Over-Allotment Option

The Corporation and the Selling Shareholder have granted the Underwriters the Over-Allotment Option, exercisable in whole or in part at any time and from time to time, for a period of 30 days following Closing, to purchase (i) from the Corporation, up to an aggregate of ● Common Shares (representing 15% of the Treasury Offering) and (ii) from the Selling Shareholder, up to an aggregate of ● Common Shares (representing 15% of the Secondary Offering), in each case on a pro rata basis in proportion to the aggregate number of Common Shares sold pursuant to the Treasury Offering and Secondary Offering, solely to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriting Fee, the net proceeds to the Corporation and the net proceeds to the Selling Shareholder will be \$ ● , \$ ● , \$ ● and \$ ● , respectively. This prospectus qualifies the grant of the Over-Allotment Option and the distribution of Common Shares upon exercise of the Over-Allotment Option. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires those Common Shares under this prospectus, regardless of whether the

over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Price Stabilization, Short Positions and Passive Market Making

In connection with the Offering, the Underwriters may over-allocate or effect transactions which stabilize, maintain or otherwise affect the market price of Common Shares at levels other than those which otherwise might prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of Common Shares while the Offering is in progress. These transactions may also include making short sales of Common Shares, which involve the sale by the Underwriters of a greater number of Common Shares than they are required to purchase in the Offering. Short sales may be “covered short sales”, which are short positions in an amount not greater than the Over-Allotment Option, or may be “naked short sales”, which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Common Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of Common Shares available for purchase in the open market compared with the price at which they may purchase Common Shares through the Over-Allotment Option. The Underwriters must close out any naked short position by purchasing Common Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of Common Shares in the open market that could adversely affect purchasers who purchased in the Offering.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for, or purchase, Offered Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, Common Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the TSX, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the Underwriters may effect transactions which stabilize or maintain the market price for the Common Shares, and the price of Common Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which Common Shares are listed, in the over-the-counter market, or otherwise.

The Underwriters propose to offer Offered Shares initially at the Offering Price specified on the cover page of this prospectus. After the Underwriters have made their best effort to sell all of the Offered Shares at the price specified on the cover page, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by prospective purchasers for Offered Shares is less than the gross price paid by the Underwriters to the Corporation. Any such reduction in price will not affect the proceeds received by the Corporation.

Restrictions on the Sales of Common Shares

Restrictions on the Corporation

Pursuant to the Underwriting Agreement, the Corporation has agreed that without the prior written consent of the Joint Bookrunners, on behalf of the Underwriters, which consent shall not be unreasonably withheld or delayed, it will not, during the Blackout Period: (i) offer, sell, issue, contract to sell, pledge or otherwise dispose of, directly or indirectly, any Common Shares, rights to purchase Common Shares or any securities convertible into or exercisable or exchangeable for Common Shares; (ii) enter into any swap, hedge or

any other agreement that transfers, in whole or in part, the economic consequences of ownership of Common Shares; or (iii) agree or announce any intention to do any of the foregoing, other than Common Shares issuable under the Over-Allotment Option or under equity compensation plans of the Corporation outstanding at Closing; regardless of whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Shares, or other securities or interests, in cash or otherwise.

Restrictions on Shareholders

Prior to Closing, the Joint Bookrunners, on behalf of the Underwriters will enter into a lock-up agreement with each (i) director of the Corporation, (ii) of the holders of Common Shares immediately prior to the Closing Date, and (iii) of the officers and employees of the Corporation that will be issued Common Shares and restricted shares immediately following Closing, pursuant to which each such party will agree, subject to certain exceptions, not to offer, sell, contract to sell, agree to sell, pledge, hypothecate, grant or otherwise dispose of, or agree to dispose of, directly or indirectly, any Common Shares or securities convertible into or exchangeable or exercisable for any Common Shares or Common Shares issuable on the conversion or exchange of any convertible security (whether such Common Shares or convertible securities were held or received prior to, at, or after Closing), enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of Common Shares, without the prior written consent of the Joint Bookrunners, on behalf of the Underwriters, for the duration of the Blackout Period.

MATERIAL CONTRACTS

The following material contracts and documents (the “**Material Contracts**”) can reasonably be regarded as material to the Corporation:

- (a) the Underwriting Agreement; and
- (b) the Upfront APA and Upfront License Agreement.

Copies of the Material Contracts may, following the filing of the final prospectus, be inspected at the head and registered office of Therapure located at 2585 Meadowpine Boulevard, Mississauga, Ontario L5N 8H9, during normal business hours during the period of distribution of Offered Shares offered hereunder, or they are available at www.sedar.com.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Corporation is not aware of any legal proceedings or regulatory actions outstanding, threatened or pending as of the date hereof by or against the Corporation which would be material to the Corporation’s consolidated financial condition or results of operations.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Ernst & Young LLP, located at 222 Bay Street, Toronto, Ontario, M5K 1J7, is the auditor of the Corporation and has confirmed that it is independent within the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario (registered name of The Institute of Chartered Accountants of Ontario).

The Corporation will retain Computershare Investor Services Inc. in Toronto, Ontario to act as registrar and transfer agent for the Common Shares.

EXPERTS

The Financial Statements included in this prospectus have been audited by Ernst & Young LLP, an independent registered public accounting firm. Certain legal matters relating to the Offering will be passed upon for the Corporation by Fasken Martineau DuMoulin LLP and on behalf of the Underwriters by Torys LLP (together with Fasken Martineau DuMoulin LLP, the “**Experts**”).

There were no registered or beneficial interests, direct or indirect, in any securities or other property of Therapure or of one of its associates or affiliates: (i) held by an Expert, when such Expert prepared the report,

valuation, statement or opinion referred to herein as having been prepared by such Expert; (ii) received by an Expert, after the time specified above; or (iii) to be received by an Expert; except in each case for the ownership of Common Shares, which in respect of each Expert, as a group, has at all relevant times represented less than 1% of the outstanding Common Shares. In addition, none of the Experts, and no director, executive officer or employee of any of the Experts, is or is expected to be elected, appointed or employed as a director, executive officer or employee of Therapure or of any associate or affiliate of Therapure.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt, or deemed receipt, of a prospectus and any amendment. In several of the provinces and territories, securities legislation further provides a purchaser with remedies of rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. Purchasers should refer to any applicable provisions of the securities legislation of their province or territory for the particulars of these rights or consult with a legal advisor.

APPENDIX “A” GLOSSARY OF TERMS

In this prospectus, unless otherwise indicated or the context otherwise requires, the following terms shall have the meaning set forth below:

“**1.50% RS Awards**” has the meaning set out under the heading “Executive Officers and Directors Compensation — Employment and Consulting Contracts”.

“**AAT**” means alpha-1 antitrypsin.

“**Adjusted EBITDA**” has the meaning set out under the heading “Non-IFRS Measures”.

“**Advanced Manufacturing Fund**” means the \$200-million fund administered by the Federal Economic Development Agency for Southern Ontario to promote growth of Ontario’s advanced manufacturing.

“**affiliate**” has the meaning ascribed to that term in the *Securities Act* (Ontario).

“**albumin**” means the main protein of human blood plasma.

“**associate**” has the meaning ascribed to that term in the *Securities Act* (Ontario).

“**Audit Fees**” means fees necessary to perform the annual audit of the consolidated financial statements.

“**Audit & Risk Committee**” means the audit & risk committee of the Board.

“**Audit & Risk Committee Charter**” means the charter of the Audit & Risk Committee, a copy of which is attached as Appendix “C”.

“**BCA**” means Blood Centers of America, Inc.

“**BGA**” means Blood Group Alliance.

“**biologics**” means biopharmaceuticals or large molecules which are distinct from chemically synthesized pharmaceutical products and are manufactured from living organisms and cells.

“**BioScavenger**” means Therapure’s nerve gas antidote product.

“**BioScavenger License Agreement**” means the license agreement dated May 13, 2013 between the Corporation and DynPort.

“**biosimilar**” means a biopharmaceutical drug designed to have active properties similar to one that has previously been licensed.

“**BLA**” means biologics license application.

“**Blackout Period**” means the period ending 180 days after the Closing Date.

“**Board**” means the board of directors of the Corporation.

“**Board Mandate**” means the mandate of the Board, a copy of which is attached as Appendix “B”.

“**Cangene**” means Cangene Corporation.

“**Catalyst Fund II**” has the meaning set out on the cover page.

“**CAGR**” means compound annual growth rate.

“**Canadian Blood Services**” means the Canadian organization that is funded by the provincial and territorial ministers of health and provides services including operating the blood bank and bulk purchasing of pharmaceutical plasma protein products.

“**Canadian RS Plan**” means the Canadian form of 2016 restricted share plan of the Corporation effective as of ● , 2016.

“**CBER**” means Center for Biologics Evaluation and Research.

“**CCGI**” means The Catalyst Capital Group Inc.

“**CDER**” means Center for Drug Evaluation and Research.

“**CDMO**” means contract development and manufacturing organization and, in the context of Therapure’s business activities, relates to outsourced pharmaceutical development and manufacturing services.

“**CDS**” has the meaning set out on the cover page.

“**cell culture**” means the process by which cells are grown under controlled conditions, generally outside of their natural environment.

“**CEO**” means the Chief Executive Officer of the Corporation.

“**CFO**” means the Chief Financial Officer of the Corporation.

“**CGMP**” means current good manufacturing practices.

“**Chairman**” means the Chairman of the Board.

“**characterizing**” means describing the distinctive nature or features of a process.

“**chromatography**” means the use of large columns packed with matrices that selectively interact with proteins in a mixture.

“**Closing Date**” has the meaning set out on the cover page.

“**Closing**” has the meaning set out on the cover page.

“**Code of Conduct**” has the meaning set out under the heading “Audit Committee and Corporate Governance — Code of Conduct and Ethics”.

“**Cohn fractionation**” means the process using cold ethanol to separate plasma from blood.

“**Common Shares**” has the meaning set out on the cover page.

“**Compensation and Governance Committee**” means the nominating, compensation and corporate governance committee of the Board.

“**Contribution Agreement**” has the meaning set out under the heading “Risk Factors — Risks Relating to Therapure’s Operations — Debt Financing”.

“**Corporation**” means Therapure Biopharma Inc.

“**Credit Agreement**” has the meaning set out under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Developments After the Quarter ended September 30, 2015”.

“**CTA**” means clinical trial application.

“**denature**” means to destroy the characteristic properties of a protein or other biological macromolecule by heat, acidity, or other effects that disrupt its molecular conformation.

“**Directors**” means directors elected to the Board.

“**DoD**” means the Department of Defense (United States).

“**DSM**” means DSM Biologics Company B.V.

“**DSU**” means the deferred share units of the Corporation.

“**DynPort**” means DynPort Vaccine Company LLC.

“**EBA**” means expanded bed adsorption.

“**EBA Rights**” has the meaning set out under the heading “Risk Factors — Risks Relating to Intellectual Property — In-Licensed Patent Rights”.

“**EBIT**” has the meaning set out under the heading “Executive Officers and Directors Compensation — Components of Total Compensation — Annual Bonus”.

“**EBITDA**” has the meaning set out under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Key Performance Metrics — Non-IFRS Measures”.

“**EH&S**” means environmental, health and safety.

“**Eligible Persons**” has the meaning set out under the heading “Executive Officers and Directors Compensation — Components of Total Compensation — Incentive Plan”.

“**EMA**” means European Medicines Agency.

“**Emergency Use Authorization**” means the authority that allows the FDA to facilitate the availability and use of medical countermeasures during public health emergencies.

“**EPO**” means erythropoietin.

“**Experts**” has the meaning set out under the heading “Experts”.

“**FAR 52.227-11**” means Federal Acquisition Regulation 52.227-11.

“**FDA**” means Food and Drug Administration.

“**Federal Economic Development Agency for Southern Ontario**” means the government of Canada’s economic development organization for southern Ontario.

“**financially literate**” means a director must be, at a minimum, able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer’s financial statements.

“**Financial Statements**” means the audited annual consolidated financial statements of Therapure as at December 31, 2014, 2013 and 2012, and for the years ended December 31, 2014, 2013 and 2012, and the related notes attached thereto.

“**Forward-looking statement**” has the meaning set out under the heading “Cautionary Note Regarding Forward-Looking Statements”.

“**GLP**” means a set of principles for good laboratory practice promulgated by the Organisation for Economic Co-operation and Development that provides a framework within which laboratory studies are planned, performed, monitored, recorded, reported and archived.

“**GMP**” means good manufacturing practices.

“**GPOs**” mean group purchasing organizations.

“**Grants**” means, collectively, Options and DSUs granted pursuant to the Incentive Plan.

“**HC**” means Health Canada.

“**Héma-Québec**” means the non-profit organization that manages the blood supply for the Canadian province of Quebec

“**Hemosol**” means, collectively, Hemosol Corp. and Hemosol LP.

“**hot work**” means work that could produce a source of ignition, such as a spark or open flame. Examples of hot work include welding, cutting, grinding and the use of non-explosion proof electrical equipment.

“**HuBChE**” means an enzyme called human butyrylcholinesterase.

“**IASB**” means the International Accounting Standards Board.

“**IFRS**” has the meaning set out under the heading “Presentation of Financial Matters”.

“**IMS 2013**” means Institute for Healthcare Informatics, “The Global Use of Medicines: Outlook through 2017”, November 2013.

“**IMS 2017**” means IMS Institute for Healthcare Informatics, November 2013, The Global Use of Medicines: Outlook through 2017.

“**Incentive Plan**” means the incentive plan of the Corporation effective as of ● , 2016.

“**IVIG**” means intravenous immunoglobulin.

“**IND**” means investigational new drug.

“**Insmed**” means Insmed Incorporated.

“**Joint Bookrunners**” means GMP Securities L.P., CIBC World Markets Inc. and National Bank Financial Inc.

“**labile**” means readily changeable or unstable.

“**Lead Director**” means the lead director of the Board.

“**LIBOR**” means the rate per annum determined by dividing (a) the rate per annum at which dollar deposits in the amount of 1,000,000 are offered to major banks in the London interbank market on or about 11:00 a.m. (New York time) on the applicable interest rate determination date for a period of thirty (30) days, by (b) 100% minus the maximum percentage prescribed by the Board of Governors of the Federal Reserve System for determining the reserve requirements that are in effect on such date with respect to eurocurrency funding.

“**LFB**” means LFB SA.

“**Locked-up Shares**” has the meaning set out under the heading “Escrowed Securities and Securities Subject to Contractual Restriction on Transfer”.

“**management**” has the meaning set out under the heading “Pre-Closing Transaction and Basis Of Presentation of Therapure”.

“**march-in rights**” means the right of the US government to grant other entities licenses or give a license to themselves in certain circumstances if they aided the owner of a patent with funding. Such circumstances include if the US government determines that such action is necessary to alleviate health or safety needs or meet requirements for public use if such needs or requirements are not reasonably satisfied by the patent owner.

“**Material Contracts**” has the meaning set out under the heading “Material Contracts”.

“**Material Adverse Effect**” means a material adverse effect on Therapure’s business, assets, liabilities, financial condition, results of operations, prospects, cash flows and/or the value or future trading price of the Common Shares.

“**MD&A**” means management’s discussion and analysis of financial condition and results of operations.

“**Mercer**” means Mercer (Canada) Limited.

“**MI 61-101**” means Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions*.

“**Milestone and Delivery Payments**” has the meaning set out under the heading “Risk Factors — Risks Related to Intellectual Property — In-Licensed Patent Rights”.

“**monoclonal antibodies**” means antibodies that are made by identical immune cells that are all clones of a unique parent cell, in contrast to polyclonal antibodies which are made from several different immune cells.

“**MRB**” means The Marketing Research Bureau, Inc.

“**MRB 2012 Worldwide**” means The Marketing Research Bureau Inc., *The Worldwide Plasma Proteins Market 2012 (as revised September 15, 2014)* (2013).

“**MRB 2012 Fractionators**” means The Marketing Research Bureau Inc., *“International Directory of Plasma Fractionators 2012”* (2013).

“**MRB 2014 US**” means The Marketing Research Bureau Inc., *“The Plasma Proteins Market in the US 2014”* (2015).

“**MRB Canada**” means The Marketing Research Bureau Inc., “Plasma Proteins Market in Canada 2013/14” (2014).

“**NASDAQ**” means the National Association of Securities Dealers Automated Quotations, which is a global electronic marketplace for buying and selling securities.

“**NATO**” means North Atlantic Treaty Organization.

“**NCI**” means non-certificated inventory.

“**NDA**” means new drug application.

“**NDS**” means new drug submission.

“**NEO**” or “**Named Executive Officer**” has the meaning set out under the heading “Executive Officers and Directors Compensation”.

“**NI 41-101**” means National Instrument 41-101 — *General Prospectus Requirements*.

“**NI 52-110**” means National Instrument 52-110 — *Audit Committees*.

“**OBCA**” means the *Business Corporations Act* (Ontario).

“**Offered Shares**” has the meaning set out on the cover page.

“**Offering Jurisdictions**” has the meaning set out under the heading “Plan of Distribution”.

“**Offering Price**” has the meaning set out on the cover page.

“**Offering**” has the meaning set out on the cover page.

“**Options**” has the meaning set out under the heading “Options to Purchase Securities”.

“**Order**” has the meaning set out under the heading “Executive Officers and Directors — Corporate Cease Trade Orders and Bankruptcies”.

“**Over-Allotment Option**” has the meaning set out on the cover page.

“**Patheon**” means Patheon Biologics B.V.

“**Patheon License Agreement**” means the transfer of contract agreement dated December 21, 2012 between Upfront and the Corporation.

“**Phase I**” means the first level of clinical testing, which is generally conducted in a small number of healthy volunteers (typically 20–100) and is used to determine if the drug has an acceptable safety profile, identify any common side-effects and establish how the drug is metabolized.

“**Phase II**” means the second level of clinical testing, which generally concentrates on effectiveness at treating the disease or condition along with gaining more safety data and gathering further information about the optimal dosage based on what was determined during Phase I.

“**Phase III**” means the third level of clinical testing, which compares the new treatment or treatments with the standard treatment in a large group of people.

“**plasma**” means the pale yellow liquid component of blood that contains mostly salts, proteins and lipids, and in which the blood cells of whole blood are suspended.

“**PlasmaCap**” means PlasmaCap EBA™, an expanded bed adsorption chromatography technology for use in manufacturing plasma proteins.

“**Policy**” has the meaning set out under the heading “Corporate Governance” in Appendix “B”.

“**Pre-Closing Transaction**” has the meaning set out under the heading “Pre-Closing Transaction”.

“**Preferred Shares**” means the preferred shares in the capital of the Corporation.

“**Preliminary Prospectus**” means the preliminary prospectus of the Corporation dated November 23, 2015.

“**Post-Closing Transactions**” has the meaning set out under the heading “Consolidated Capitalization”.

“**Products**” means the proprietary product development under the banners Therapure Biologics and Therapure Innovations.

“**Recapitalization**” has the meaning set out under the heading “Management’s Discussion And Analysis Of Financial Condition and Results of Operations — Business Highlights”.

“**recombinant proteins**” means a protein whose code is carried by recombinant DNA molecules. Recombinant DNA molecules are DNA molecules formed by laboratory methods of genetic recombination (such as molecular cloning) to bring together genetic material from multiple sources, creating sequences that would not otherwise be found in biological organisms.

“**Related Party Policy**” means the related party transaction policy of the Corporation.

“**RRIF**” means a registered retirement income fund.

“**RRSP**” means a registered retirement savings plan.

“**RS Agreement**” means the agreement to be entered into with the recipient of a grant of RSs.

“**RS Plans**” means, collectively, the Canadian RS Plan and the US RS Plan.

“**RSs**” means restricted shares.

“**Secondary Offering**” means the portion of the Offering consisting of a secondary offering of • Offered Shares by the Selling Shareholder.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval.

“**Selling Shareholder**” has the meaning set out on the cover page.

“**SG&A**” means selling, general and administrative expenses.

“**single-arm trial**” means a clinical trial in which everyone enrolled in the trial receives the experimental treatment.

“**small molecules**” means chemically synthesized pharmaceutical products.

“**Tax Act**” has the meaning set out under the heading “Eligibility for Investment”.

“**Tax Fees**” has the meaning set out under the heading “External Auditor Service Fees”.

“**TBI 302**” means Therapure’s new drug product candidate targeted at large markets with unsatisfied medical needs in the area of liver cancer.

“**TBI 304H**” means Therapure’s new drug product candidate targeted at large markets with unsatisfied medical needs in the area of anemia.

“**TBI 310**” means Therapure’s new drug product candidate targeted at large markets with unsatisfied medical needs in the area of organ preservation.

“**TFSA**” means a tax-free savings account.

“**Therapure**” means Therapure Biopharma Inc.

“**Therapure Biologics**” means Therapure’s speciality pharmaceutical business focused on the development of plasma-derived specialty pharmaceutical products using PlasmaCap technology.

“**Therapure Biomanufacturing**” means Therapure’s commercial contract development and manufacturing operations business.

“**Therapure Innovations**” means Therapure’s speciality pharmaceutical business focused on the development of drug products in the areas of liver cancer, anemia and organ preservation.

“**Transgenesis**” is the process of introducing an exogenous gene — called a transgene — into a living organism so that the organism and its offspring will produce the gene product.

“**Treasury Offering**” means the portion of the Offering consisting of an initial public offering of • Offered Shares.

“**TSX**” means the Toronto Stock Exchange.

“**US Securities Act**” has the meaning set out on the cover page.

“**US**” or “**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

“**Underwriters**” has the meaning set out on the cover page.

“**Underwriting Agreement**” has the meaning set out on the cover page.

“**Underwriting Fee**” has the meaning set out on the cover page.

“**Upfront**” means Upfront Chromatography A/S.

“**Upfront APA**” means an asset purchase agreement dated December 21, 2012 between Upfront and the Corporation.

“**Upfront License Agreement**” means the license agreement dated December 21, 2012 between Upfront and the Corporation.

“**US RS Plan**” means the US form of 2016 restricted share plan of the Corporation effective as of • , 2016.

“**validation**” is a process of establishing documentary evidence demonstrating that a procedure, process, or activity carried out in production or testing maintains the desired level of compliance at all stages, and “**validated**” means that procedure, process, or activity has met that desired level of compliance at all stages.

“**WHO**” means the World Health Organization.

**APPENDIX “B”
BOARD MANDATE
THERAPURE BIOPHARMA INC.**

To each of the directors of Therapure Biopharma Inc. (the “**Corporation**”).

1. GENERAL

The fundamental responsibility of the board of directors (the “**Board**”) is to supervise the management of the business and affairs of the Corporation.

The Board has adopted this Mandate, which reflects the Corporation’s commitment to high standards of corporate governance, to assist the Board in supervising the management of the business and affairs of the Corporation. The Board is responsible for assessing its own effectiveness in fulfilling this mandate.

The Board believes that sound corporate governance practices are essential to the well-being of the Corporation and the promotion and protection of its shareholders’ interests. The Board oversees the functioning of the Corporation’s governance system, in part through the work of the Nominating, Compensation and Corporate Governance Committee.

The Board promotes fair reporting, including financial reporting, to shareholders of the Corporation and other interested persons as well as ethical and legal corporate conduct through an appropriate system of corporate governance, internal controls and disclosure controls. The Board believes that the Corporation is best served by a board of directors that functions independently of management and is informed and engaged.

The Nominating, Compensation and Corporate Governance Committee will review this mandate annually, or more often if warranted, and recommend to the Board such changes as it deems necessary and appropriate in light of the Corporation’s needs and legal and regulatory developments.

2. COMPOSITION AND OPERATION OF THE BOARD

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility of managing its own affairs including selecting its chairman, nominating candidates for election to the board, constituting committees of the full Board and determining compensation for the directors. Subject to the articles and by-laws of the Corporation and the *Business Corporations Act* (Ontario) (the “**OBCA**”), the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

The Board should consist of individuals who possess skills and competencies in areas that are relevant to the business and affairs of the Corporation. At least a majority of the directors will be “independent” directors within the meaning of applicable securities laws, instruments, rules and policies and regulatory requirements.

The directors of the Corporation will be elected at the annual meeting of the shareholders of the Corporation and shall serve until no longer than the close of the next annual meeting of shareholders, subject to re-election thereat.

3. MEETINGS

The Board shall have at least four regularly scheduled meetings in each financial year of the Corporation.

The Chairman of the Board (the “**Chairman**”), the Chief Executive Officer (the “**CEO**”) and the Lead Director of the Board (the “**Lead Director**”), if any, are responsible for the agenda for each meeting of the Board. Prior to each Board meeting, the Chairman and the CEO will discuss agenda items for the meeting with the Lead Director, if any. Materials for each meeting should be distributed to the Board in advance of the meeting.

Directors are expected to attend at least three quarters of all meetings of the Board held in a given financial year of the Corporation and to adequately review meeting materials in advance of each meeting.

The independent directors (in this context, meaning directors who are not also senior officers or not independent within the meaning of applicable laws) should hold an in-camera session without the non-independent directors and any senior officers present at each meeting of the Board, unless such a session is not considered necessary by the independent directors present. The Chairman, if independent, and if not independent, the Lead Director, if any, should chair the in camera sessions.

4. BOARD COMMITTEES

The Board may appoint such committees from time to time as it considers appropriate. Each permanent committee shall have a mandate that is approved by the Board, setting out the responsibilities of, and the extent of the powers delegated to, such committee by the Board. The Board shall assess the mandates of each committee (considering, among other things, the recommendations of the applicable committee) from time to time, and at least annually. The committees currently consist of the Audit & Risk Committee and the Nominating, Compensation and Corporate Governance Committee.

5. RESPONSIBILITIES

The Board's fundamental objectives are to enhance and preserve long-term shareholder value, to ensure the Corporation meets its obligations on an ongoing basis and that the Corporation operates in a reliable and safe manner. In performing its functions, the Board should also consider the legitimate interests that its other stakeholders such as employees, customers and communities may have in the Corporation. In broad terms, the stewardship of the Corporation involves the Board in strategic planning, financial reporting, risk management and mitigation, senior management determination, communication planning and internal control integrity.

6. DUTIES

The Board's specific duties, obligations and responsibilities fall into the following categories.

(i) Legal Requirements

- (A) The Board has the oversight responsibility for meeting the Corporation's legal requirements and for properly preparing, approving and maintaining the Corporation's documents and records.
- (B) The Board has the statutory responsibility to:
 - (I) manage the business and affairs of the Corporation;
 - (II) act honestly and in good faith with a view to the best interests of the Corporation;
 - (III) exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances; and
 - (IV) act in accordance with its obligations contained in the OBCA and the regulations thereto, the articles and by-laws of the Corporation, securities laws and regulations, and other relevant legislation and regulations.
- (C) The Board has the statutory responsibility for considering the following matters as a full Board which in law may not be delegated to management or to a committee of the Board:
 - (I) any submission to the shareholders of a question or matter requiring the approval of the shareholders;
 - (II) the filling of a vacancy among the directors;
 - (III) the issuance of securities;
 - (IV) the declaration of dividends;
 - (V) the purchase, redemption or any other form of acquisition of shares issued by the Corporation;

- (VI) the payment of a commission to any person in consideration of his/her purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares;
- (VII) the approval of management proxy circulars; and
- (VIII) the approval of any take-over bid circular or directors' circular.

(ii) **Independence**

The Board shall have the responsibility to:

- (A) implement appropriate structures and procedures to permit the Board to function independently of management;
- (B) evaluate the relevant relationships of each independent director and is required to make an affirmative decision that any such relationship does not preclude a determination that the director is independent within the meaning of applicable laws;
- (C) implement a system which enables an individual director to engage an outside advisor at the reasonable expense of the Corporation in appropriate circumstances; and
- (D) provide an orientation and education program for newly appointed members of the Board.

(iii) **Strategy Determination**

The Board shall:

- (A) adopt and annually review a strategic planning process and approve the corporate strategic plan, which takes into account, among other things, the opportunities and risks of the business;
- (B) review and, if appropriate, approve all material transactions affecting the Corporation not contemplated in the strategic plan and budget approved by the Board from time to time;
- (C) annually consider what additional skills and competencies would be helpful to the Board, with the Nominating, Compensation and Corporate Governance Committee being responsible for identifying specific candidates for consideration for appointment to the Board; and
- (D) annually review operating and financial performance results relative to established strategy, budgets and objectives.

(iv) **Corporate Governance**

The Board is responsible for ensuring the establishment of appropriate standards of corporate conduct and should ensure that adequate procedures are in place to monitor compliance with the Corporation's code of conduct and ethics (the "**Code of Conduct**"). Only the Board may grant waivers of the Code of Conduct which would be to the benefit of any director or senior officer.

If any resignations are submitted in accordance with the majority voting policy of the Corporation (the "**Policy**"), the Board shall refer the resignation to the Nominating, Compensation and Corporate Governance Committee. The Nominating, Compensation and Corporate Governance Committee and the Board may adopt such procedures as they see fit to assist it in their determinations with respect to the Policy.

(v) **Managing Risk**

The Board has the responsibility to understand the principal risks of the business in which the Corporation is engaged, to achieve a proper balance between risks incurred and the potential return to shareholders, and to confirm that systems are in place to effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

(vi) **Appointment, Training and Monitoring of Senior Management**

The Board shall:

- (A) appoint the Chief Executive Officer (“CEO”) and such other senior officers as it determines to be appropriate;
- (B) be responsible for satisfying itself as to the integrity of the CEO and the other senior officers of the Corporation, and that the CEO and the other senior officers create a culture of integrity throughout the Corporation;
- (C) review (upon recommendations from the Compensation and Governance Committee) the compensation of:
 - (I) directors to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director; and
 - (II) the senior officers to ensure that it is competitive within the industry and that the form of compensation aligns the interests of each senior officer with those of the Corporation;
- (D) monitor the CEO’s performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value;
- (E) ensure that a process is established that adequately provides for succession planning, including the appointment, training and monitoring of the CEO and other senior officers; and
- (F) establish limits of authority delegated to management.

(vii) **Reporting and Communication**

The Board has the responsibility to:

- (A) verify that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other stakeholders and the public generally;
- (B) verify that the financial performance of the Corporation is reported to shareholders, other security holders and regulators on a timely and regular basis;
- (C) verify that the financial results are reported fairly and in accordance with generally accepted accounting standards (including IFRS as applicable);
- (D) verify the timely reporting of any other developments that have a significant and material impact on the value of the Corporation; and
- (E) report annually to shareholders on its stewardship of the affairs of the Corporation for the preceding year.

(viii) **Monitoring and Acting**

The Board has the responsibility to:

- (A) review and approve the Corporation’s financial statements and oversee the Corporation’s compliance with applicable audit, accounting and reporting requirements;
- (B) review and approve the annual financial statements, management’s discussion and analysis related to such annual financial statements, budgets and forecasts, annual information form and management information circular of the Corporation, as applicable;
- (C) if requested by the Audit & Risk Committee, review and approve the quarterly financial statements and management’s discussion and analysis related to such quarterly financial statements;
- (D) verify that the Corporation operates at all times within applicable laws and regulations to the highest ethical and moral standards;

- (E) approve and monitor compliance with significant policies and procedures by which the Corporation is operated;
- (F) recommend to shareholders the appointment of the Corporation's external auditor, pursuant to the recommendation of the Audit & Risk Committee, and set the external auditor's compensation;
- (G) monitor the Corporation's progress towards its goals and objectives and to revise and alter its direction through management in response to changing circumstances;
- (H) take such action as it determines appropriate when performance falls short of its goals and objectives or when other special circumstances warrant;
- (I) verify that the Corporation has implemented adequate internal controls and information systems which ensure the effective discharge of its responsibilities; and
- (J) consider, and if established, review from time to time, a dividend policy for the Corporation.

(ix) **Other Activities**

The Board may exercise or delegate any other powers consistent with this mandate, the Corporation's articles and by-laws, the OBCA and any other governing laws, as the Board deems necessary or appropriate. The powers of the Board may be exercised by a resolution passed at a meeting of the Board at which a quorum is present or by a resolution in writing signed by all the directors entitled to vote on that resolution at a meeting. If there is a vacancy in the Board, the remaining directors may exercise all the powers of the Board so long as a quorum remains in office. The Board may perform any other activities consistent with this mandate, the by-laws of the Corporation, the OBCA and any other governing laws as the Board determines necessary or appropriate.

APPENDIX “C”
AUDIT & RISK COMMITTEE CHARTER
THERAPURE BIOPHARMA INC.

1. GENERAL

It is the policy of Therapure Biopharma Inc. (the “**Corporation**”) to establish and maintain an Audit & Risk Committee (the “**Committee**”), composed entirely of independent directors, to assist the board of directors (the “**Board**”) in carrying out its oversight responsibility for the Corporation’s internal controls, financial reporting and risk management processes. The Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board, including administrative support. If determined necessary by the Committee, it will have the discretion to institute investigations of improprieties, or suspected improprieties within the scope of its responsibilities, including the standing authority to retain special counsel or experts.

2. COMPOSITION OF THE COMMITTEE

- (A) The Committee shall consist of at least three directors. The Board shall appoint the members of the Committee and may seek the advice and assistance of the Nominating, Compensation and Corporate Governance Committee in identifying qualified candidates. The Board shall appoint one member of the Committee to be the chair of the Committee (the “**Chair**”).
- (B) Each director appointed to the Committee by the Board shall be an outside director who is unrelated. An outside, unrelated director is a director who is independent of management and is free from any interest, any business or other relationship which could, or could reasonably be perceived, to materially interfere with the director’s ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from shareholdings. In determining whether a director is independent of management, the Board shall make reference to the then current legislation, rules, policies and instruments of applicable regulatory authorities.
- (C) Each member of the Committee shall be “financially literate”. In order to be financially literate, a director must be, at a minimum, able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer’s financial statements.
- (D) A director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or her resignation.

3. MEETINGS OF THE COMMITTEE

- (A) The Committee shall convene a minimum of four times each year at such times and places as may be designated by the Chair and whenever a meeting is requested by the Board, a member of the Committee, the auditors, or a senior officer of the Corporation. Meetings of the Committee shall also correspond with the review of the quarterly financial statements and management’s discussion and analysis.
- (B) Notice of each meeting of the Committee shall be given to each member of the Committee and to the auditors, who shall be entitled to attend each meeting of the Committee and shall attend whenever requested to do so by a member of the Committee. However, no notice of a meeting shall be necessary if all of the members are present either in person or by means of telephone or web conference, or other communication equipment, or if those absent waive notice or otherwise signify their consent to the holding of such meeting.
- (C) Notice of a meeting of the Committee shall:
 - (I) be in writing;
 - (II) state the nature of the business to be transacted at the meeting in reasonable detail;

- (III) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and
- (IV) be given at least two business days prior to the time stipulated for the meeting or such shorter period as the members of the Committee may permit.
- (D) A quorum for the transaction of business at a meeting of the Committee shall consist of a majority of the members of the Committee. However, it shall be the practice of the Committee to require review, and, if necessary, approval of certain important matters by all members of the Committee.
- (E) Any matter to be determined by the Committee shall be decided by a majority of the votes cast at a meeting of the Committee called for such purpose. Any action of the Committee may also be taken by an instrument or instruments in writing signed by all of the members of the Committee (including in counterparts, by facsimile or other electronic signature) and any such action shall be as effective as if it had been decided by a majority of the votes cast at a meeting of the Committee called for such purpose.
- (F) A member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities, as permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.
- (G) In the absence of the Chair, the members of the Committee shall choose one of the members present to be chair of the meeting. In addition, the members of the Committee shall choose one of the persons present to be the secretary of the meeting.
- (H) The chairman of the Board, senior management of the Corporation and other parties may attend meetings of the Committee; however, the Committee (i) shall meet with the external auditors independent of management, as necessary, in the sole discretion of the Committee, but in any event, not less than quarterly; and (ii) may meet separately with management.
- (I) The Committee shall hold an in-camera session without any senior officers present at each meeting of the Committee, unless such a session is not considered necessary by the members present.
- (J) Minutes shall be kept of all meetings of the Committee and shall be signed by the chair and the secretary of the meeting.

4. COMMITTEE RESPONSIBILITIES

The Committee's primary responsibilities are to:

- (A) identify and monitor the management of the principal risks that could impact the financial reporting of the Corporation;
- (B) monitor the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
- (C) monitor the independence and performance of the Corporation's external auditors;
- (D) deal directly with the external auditors to approve external audit plans, other services (if any) and fees;
- (E) directly oversee the external audit process and results;
- (F) provide an avenue of communication among the external auditors, management and the Board;
- (G) ensure that there is an appropriate standard of corporate conduct relating to the internal controls and financial reporting of the Corporation;
- (H) ensure that an effective "whistle blowing" procedure (the "**Policy**") exists to permit stakeholders to express any concerns regarding accounting or financial matters to an appropriately independent individual; and

- (I) ensure that an appropriate code of conduct and ethics (the “**Code of Conduct**”) is in place and understood by employees, officers and directors of the Corporation.

5. DUTIES

(A) The Committee shall:

- (I) review the audit plan with the Corporation’s external auditors and with management;
- (II) discuss with management and the external auditors any proposed changes in major accounting policies or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting;
- (III) review with management and with the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues;
- (IV) review any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
- (V) review with senior management the process of identifying, monitoring and reporting the principal risks affecting financial reporting;
- (VI) consider whether the Corporation’s financial disclosures are complete, accurate, prepared in accordance with IFRS and fairly present the financial position of the Corporation;
- (VII) obtain timely reports from the external auditors describing critical accounting policies and practices applicable to the Corporation, the alternative treatment of information in accordance with IFRS that were discussed with the CFO of the Corporation, the ramifications thereof, and the external auditor’s preferred treatment, and should review any material written communications between the Corporation and the external auditor;
- (VIII) review and discuss with senior officers of the Corporation any guidance being provided on the expected future results and financial performance of the Corporation, and provide its recommendations on such guidance to the Board;
- (IX) review the procedures which are in place for the review of the public disclosure by the Corporation of financial information extracted or derived from the financial statements of the Corporation and periodically assess the adequacy of such procedures;
- (X) review audited annual financial statements and related documents in conjunction with the report of the external auditors and obtain an explanation from management of all significant variances between comparative reporting periods;
- (XI) consider and review with management, the internal control memorandum or management letter containing the recommendations of the external auditors and management’s response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls of the Corporation and subsequent follow-up to any identified weaknesses;
- (XII) review with financial management and the external auditors the quarterly unaudited financial statements and management’s discussion and analysis before release to the public;
- (XIII) before release, review and if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including any prospectuses or securities offering documents (including documents incorporated by reference therein), annual reports, annual information forms, management’s discussion and analysis and press releases containing financial information;

- (XIV) review, consider and if appropriate, approve any transactions between the Corporation and The Catalyst Capital Group (“CCGI”) or an investment fund established and managed by CCGI or its affiliates, all of which are or would be related parties of the Corporation, as applicable;
 - (XV) oversee any of the financial affairs of the Corporation, its subsidiaries or affiliates, and, if deemed appropriate, make recommendations to the Board, external auditors or management;
 - (XVI) evaluate the independence and performance of the external auditors and annually recommend to the Board the appointment of the external auditors or the discharge of the external auditors when circumstances are warranted;
 - (XVII) consider the recommendations of management in respect of the appointment of the external auditors;
 - (XVIII) pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by its external auditors, or the external auditors of the Corporation’s subsidiary entities (if any);
 - (XIX) approve the engagement letter for non-audit services to be provided by the external auditors or affiliates, together with estimated fees, and consider the potential impact of such services on the independence of the external auditors;
 - (XX) review the fees paid by the Corporation to the external auditor in respect of audit and non-audit services on an annual basis;
 - (XXI) when there is to be a change of external auditors, review all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditors and documentation required pursuant to National Instrument 51-102 — *Continuous Disclosure Obligations* (or any successor instrument) of the Canadian Securities Administrators and the planned steps for an orderly transition period;
 - (XXII) establish and maintain procedures for:
 - (1) the receipt, retention and treatment of complaints received by the Corporation regarding accounting controls, or auditing matters; and
 - (2) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
 - (XXIII) review and approve the Corporation’s hiring policies regarding partners, employees and former partners and employees of the external auditors and any former external auditors;
 - (XXIV) review all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors; and
 - (XXV) review with management at least annually, the financing strategy and plans of the Corporation.
- (B) The Committee has the authority to:
- (I) inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates (to the extent necessary);
 - (II) discuss with the management of the Corporation, its subsidiaries and affiliates and senior staff of the Corporation, any affected party and the external auditors, such accounts, records and other matters as any member of the Committee considers necessary and appropriate;

- (III) consult with executive officers and operating personnel of the Corporation who do not have economic interests in CCGI, as well as other external advisors that the Committee deems appropriate, in connection with reviewing transactions with CCGI;
 - (IV) engage independent counsel and other advisors as it determines necessary to carry out its duties;
 - (V) to set and pay the compensation for any advisors employed by the Committee;
 - (VI) conduct any investigation considered appropriate by the Committee; and
 - (VII) at any meeting, request the presence of the auditor, a member of senior management or any other person who could contribute to the subject of the meeting.
- (C) The Committee shall, at the earliest opportunity after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.

6. CHAIR OF THE COMMITTEE

- (A) The Board will appoint one member who is qualified for such purpose to be Chair, to serve until the next annual election of directors or otherwise until his or her successor is duly appointed. If, following the election of directors, in any year, the Board does not appoint a Chair, the incumbent Chair will continue in office until a successor is appointed.
- (B) The Chair should:
- (I) provide leadership to the Committee and oversee the functioning of the Committee;
 - (II) chair meetings of the Committee (unless not present), including in-camera sessions, and report to the Board following each meeting of the Committee on the activities and any recommendations and decisions of the Committee, and otherwise at such times and in such manner as the Chair considers advisable;
 - (III) ensure that the Committee meets at least quarterly in each financial year of the Corporation, and otherwise as is considered advisable;
 - (IV) in consultation with the Chairman of the Board and the members of the Committee, establish dates for holding meetings of the Committee;
 - (V) set the agenda for each meeting of the Committee, with input from other members of the Committee, the Chairman of the Board, the Lead Director, if any, and any other appropriate individuals;
 - (VI) ensure that Committee materials are available to any director upon request;
 - (VII) act as a liaison, and maintain communication, with the Chairman of the Board, the Lead Director, if any, and the Board to co-ordinate input from the Board and to optimize the effectiveness of the Committee;
 - (VIII) report annually to the Board on the role of the Committee and the effectiveness of the Committee in contributing to the effectiveness of the Board;
 - (IX) assist the members of the Committee to understand and comply with the responsibilities contained in this mandate;
 - (X) foster ethical and responsible decision making by the Committee;
 - (XI) consider complaints covered by the Policy, undertake an investigation of the violation or suspected violation of the Code of Conduct or as defined in the Policy, and promptly report to the Committee and the Board any complaint that may have material consequences for the Corporation and, for each financial quarter of the Corporation, the Chair should report to the

Committee and to the external auditors, in the aggregate, the number, the nature and the outcome of the complaints received and investigated under the Policy;

- (XII) together with the Nominating, Compensation and Corporate Governance Committee, oversee the structure, composition and membership of, and activities delegated to, the Committee from time to time;
 - (XIII) ensure appropriate information is provided to the Committee by the senior officers of the Corporation to enable the Committee to function effectively and comply with this mandate;
 - (XIV) ensure that appropriate resources and expertise are available to the Committee;
 - (XV) ensure that the Committee considers whether any independent counsel or other experts or advisors retained by the Committee are appropriately qualified and independent in accordance with the applicable laws;
 - (XVI) facilitate effective communication between the members of the Committee and the senior officers of the Corporation, and encourage an open and frank relationship between the Committee and the external auditor;
 - (XVII) attend, or arrange for another member of the Committee to attend, each meeting of the shareholders of the Corporation to respond to any questions from shareholders that may be asked of the Committee; and
 - (XVIII) perform such other duties as may be delegated to the Chair by the Committee or the Board from time to time.
- (C) In the event a Chairman of the Board is not appointed by the Board at the first meeting of the Board following the annual meeting of shareholders each year, and the position of Chair of the Nominating, Compensation and Corporate Governance Committee is vacant, the Chair shall serve as the interim Chairman of the Board until a successor is appointed.

7. REMOVAL AND VACANCIES

Any member of the Committee may be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as he or she resigns or ceases to meet the qualifications set out above. The Board will fill vacancies on the Committee by appointment from among qualified members of the Board on the recommendation of the Committee. If a vacancy exists on the Committee, the remaining members will exercise all of its powers so long as a quorum remains in office.

8. ASSESSMENT

At least annually, the Committee will assess its effectiveness in fulfilling its responsibilities and duties as set out in this Mandate and in a manner consistent with the Board mandate to be adopted by the Board.

9. REVIEW AND DISCLOSURE

The Committee will review this Mandate at least annually and submit it to the Board for approval with such further proposed amendments as it deems necessary and appropriate.

10. CODE OF CONDUCT AND ETHICS

The Committee should:

- (A) review periodically and recommend to the Board any amendments to the Code of Conduct, and monitor the policies and procedures established by the senior officers to ensure compliance with the Code of Conduct;
- (B) review actions taken by the senior officers to ensure compliance with the Code of Conduct, the results of the confirmations and the responses to any violations of the Code of Conduct;

- (C) monitor the disclosure of the Code of Conduct, any proposed amendments to the Code of Conduct and any waivers to the Code of Conduct granted by the Board; and
- (D) review the policies and procedures instituted to ensure that any departure from the Code of Conduct by a director or senior officer which constitutes a “material change” within the meaning of applicable laws is appropriately disclosed in accordance with applicable laws.

11. WHISTLEBLOWER POLICY

The Committee shall review the Corporation’s Policy periodically to determine whether the Policy is effective in providing appropriate procedures to report violations (as defined in the Policy) or suspected violations, and recommend to the Board any amendments to the Policy.

12. ACCESS TO OUTSIDE ADVISORS

The Committee may retain any outside advisor, including an executive search firm, at the expense of the Corporation at any time and has the authority to determine any such advisor’s fees and other retention terms. The Committee, and any outside advisors retained by it, will have access to all records and information relating to the Corporation and its subsidiaries which it deems relevant to the performance of its duties.

APPENDIX "D"
FINANCIAL STATEMENTS

THE RAPURE BIOPHARMA INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Directors of
Therapure Biopharma Inc.

We have audited the accompanying consolidated financial statements of **Therapure Biopharma Inc.**, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of loss and comprehensive loss, changes in equity (deficiency) and cash flows for the years ended December 31, 2014, 2013 and 2012, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Therapure Biopharma Inc.** as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years ended December 31, 2014, 2013 and 2012 in accordance with International Financial Reporting Standards.

Toronto, Canada
●, 2015

Chartered Professional Accountants
Licensed Public Accountants

THERAPURE BIOPHARMA INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in thousands of Canadian dollars)

As at	December 31, 2014	December 31, 2013
Assets		
Current assets		
Cash	\$ 1,446	\$ 4,440
Accounts receivable (note 6)	9,850	8,132
Inventories (note 7)	3,545	3,225
Prepaid expenses and other assets	895	137
Total current assets	15,736	15,934
Non-current assets		
Property, plant and equipment, net (note 8)	72,145	53,279
Investment in an associate (note 9)	657	949
Intangible assets, net (note 10)	16,219	8,311
Total assets	\$104,757	\$ 78,473
Liabilities and shareholders' deficiency		
Current liabilities		
Accounts payable and accrued liabilities (note 11)	\$ 13,531	\$ 8,285
Deferred revenues	9,124	8,547
Due to shareholder (notes 12 and 23)	113,671	83,594
Total current liabilities	136,326	100,426
Non-current liabilities		
Deferred revenues (note 13)	10,185	6,427
Total liabilities	\$146,511	\$106,853
Shareholders' deficiency		
Share capital (note 14)	35,148	35,148
Deficit	(76,902)	(63,528)
Total shareholders' deficiency	(41,754)	(28,380)
Total liabilities and shareholders' deficiency	\$104,757	\$ 78,473

Commitments and contingencies (note 18)

On behalf of the Board:

Director

Director

See accompanying notes

THERAPURE BIOPHARMA INC.
CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(in thousands of Canadian dollars, except number of shares and per share amounts)

<u>For the year ended</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Revenues	\$ 32,969	\$ 25,231	\$ 11,680
Cost of sales (<i>note 17</i>)	30,808	22,624	15,296
Gross margin	<u>2,161</u>	<u>2,607</u>	<u>(3,616)</u>
Administration and selling expenses (<i>note 17</i>)	7,991	8,155	5,345
Research and development expenses (<i>note 17</i>)	6,227	3,955	2,730
Loss on foreign exchange	1,051	925	(84)
Finance income	(26)	(20)	(18)
Net loss on an associate (<i>note 9</i>)	292	391	399
Impairment of intangible assets	—	1,001	—
Net loss for the year	<u>(13,374)</u>	<u>(11,800)</u>	<u>(11,988)</u>
Other comprehensive income (loss)	<u>—</u>	<u>—</u>	<u>—</u>
Total comprehensive loss	<u>\$ (13,374)</u>	<u>\$ (11,800)</u>	<u>\$ (11,988)</u>
Loss per share			
Basic and diluted loss per share	<u>\$ (4.73)</u>	<u>\$ (4.17)</u>	<u>\$ (4.24)</u>
Weighted average number of outstanding shares	<u>2,828,710</u>	<u>2,828,710</u>	<u>2,828,710</u>

See accompanying notes

THERAPURE BIOPHARMA INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(in thousands of Canadian dollars)

	<u>Share capital</u>	<u>Deficit</u>	<u>Total shareholders' deficiency</u>
Balance as at January 1, 2012	\$35,148	\$(39,740)	\$ (4,592)
Net loss for the year and comprehensive loss	\$ —	\$(11,988)	\$(11,988)
Balance as at December 31, 2012	\$35,148	\$(51,728)	\$(16,580)
Net loss for the year and comprehensive loss	\$ —	\$(11,800)	\$(11,800)
Balance as at December 31, 2013	\$35,148	\$(63,528)	\$(28,380)
Net loss for the year and comprehensive loss	\$ —	\$(13,374)	\$(13,374)
Balance as at December 31, 2014	\$35,148	\$(76,902)	\$(41,754)

See accompanying notes

THERAPURE BIOPHARMA INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands of Canadian dollars)

<u>For the year ended</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
OPERATING ACTIVITIES			
Net loss for the year	\$(13,374)	\$(11,800)	\$(11,988)
Adjustments to reconcile net loss to cash flows used in operating activities (<i>note 16</i>)	12,469	9,956	2,925
Changes in non-cash working capital balances (<i>note 16</i>)	(1,356)	4,175	1,977
Cash flows from (used) in operating activities	<u>(2,261)</u>	<u>2,331</u>	<u>(7,086)</u>
FINANCING ACTIVITIES			
Grant received	—	903	1,571
Advances from shareholders	28,610	12,851	18,475
Cash flows from financing activities	<u>28,610</u>	<u>13,754</u>	<u>20,046</u>
INVESTING ACTIVITIES			
Additions of property, plant and equipment	(21,300)	(11,766)	(9,009)
Additions of intangible assets	(8,043)	(4,419)	(2,421)
Cash flows used in investing activities	<u>(29,343)</u>	<u>(16,185)</u>	<u>(11,430)</u>
Net change in cash during the year	<u>(2,994)</u>	<u>(100)</u>	<u>1,530</u>
Cash, beginning of the year	4,440	4,540	3,010
Cash, end of the year	<u>\$ 1,446</u>	<u>\$ 4,440</u>	<u>\$ 4,540</u>

See accompanying notes

THERAPURE BIOPHARMA INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014
(in thousands of Canadian dollars)

1. CORPORATE INFORMATION

Therapure Biopharma Inc. (“Therapure” or the “Company”), incorporated June 22, 2007 under the Business Corporations Act (Ontario), is a Canadian biopharmaceutical company and contract development and manufacturing organization (“CDMO”). The Company is focused on the development, manufacture, purification and packaging of therapeutic proteins. Therapure’s expertise encompasses the complete spectrum of product development, process development and aseptic production, and it parallels the laboratory bench, development, pre-clinical, clinical and regulatory approval phases of a new drug’s journey to the market. The Company’s customers include pharmaceutical and biotechnology companies.

Therapure has the following drug development programs:

1. Therapure is developing its own pipeline of plasma protein therapeutics that it will manufacture using a proprietary protein separation technology and builds on Therapure’s knowledge in plasma and protein purification.
2. Therapure is developing its own pipeline of near clinical drug development programs targeted at large markets with unsatisfied medical needs in the areas of liver cancer, anemia and organ preservation.

The registered address of the Company’s corporate office and principal place of business is 2585 Meadowpine Blvd., Mississauga, Ontario L5N 8H9, and is domiciled in Ontario, Canada.

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on ● , 2015.

b) Basis of measurement and consolidation

The consolidated financial statements have been prepared on a historical cost basis and, unless otherwise indicated, are presented in thousands of Canadian dollars.

i) Subsidiary

Therapure Biopharma (USA) (the “Subsidiary”) is a wholly owned entity controlled by Therapure Biopharma Inc. (the “Parent”). The financial statements of the Subsidiary are included in the Company’s consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of the Subsidiary have been changed when necessary to align with the policies adopted by the Parent.

ii) Transactions eliminated on consolidation

Inter-company balances, transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated. The accounting policies have been applied consistently by the Company and its wholly owned subsidiary.

a) Functional currency and presentation

The consolidated financial statements are presented in Canadian dollars (\$CAD), which is the Company’s functional currency. All financial information presented has been rounded to the nearest thousand, except where indicated otherwise.

b) Cash

Cash includes cash on hand. For cash flow statement presentation purposes, cash includes bank overdrafts.

THERAPURE BIOPHARMA INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended December 31, 2014
(in thousands of Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Accounts receivable and allowance for doubtful accounts

Accounts receivable are carried at original invoice amount less any provision for doubtful accounts. Provision for doubtful accounts is made when there is evidence of a risk of non-payment, taking into account aging, previous experience and general economic conditions. When an account receivable is determined to be uncollectable, it is written off, first against any provision available and then to the consolidated statement of loss and comprehensive loss. Subsequent recoveries of amounts previously provided for are credited to the consolidated statement of loss and comprehensive loss.

d) Inventories

Inventories are measured at the lower of cost determined on a weighted average basis, and net realizable value and is determined on a first-in, first-out basis. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, and other costs incurred in bringing the inventories to their present location and condition. Provisions are made in the consolidated statement of loss and comprehensive loss in the current period on any difference between carrying value and net realizable value.

e) Property, plant and equipment

Recognition and measurement

On initial recognition, property, plant and equipment are valued at cost, being the purchase price and other directly attributable costs of acquisition including, but not limited to, design and construction, validation and qualification, and commissioning required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company.

Assets in the course of construction are capitalized in the capital construction in process category. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment. Property, plant and equipment are subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

When major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized within the consolidated statement of loss and comprehensive loss.

Depreciation

Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method. Depreciation methods and useful lives and residual values, if applicable, are reviewed at each financial year-end and adjusted, if appropriate. Assets under construction in process are not depreciated until they are available for use.

The estimated useful lives of property, plant and equipment are as follows:

Building and yard improvements	10 to 35 years
Laboratory equipment	2 to 5 years
Production equipment	10 years
Office furniture, fixtures and equipment	5 to 10 years
Computer equipment and software	3 to 5 years
Leasehold improvements	Lesser of 10 years and remaining lease term

THERAPURE BIOPHARMA INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Intangible assets

The Company's intangible assets consist of separately acquired intellectual properties with indefinite lives and internally generated expenditures meeting the criteria for development discussed below. Intangible assets with indefinite lives and intangible assets with finite lives not yet put into use are evaluated for impairments at December 31 of each year. The estimated useful lives and amortization methods for finite life intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

Expenditure on research activities is recognized as an expense in the period during which it is incurred. An internally generated intangible asset arising from development is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

g) Impairment

Intangible assets with finite lives are amortized over their corresponding useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit ("CGU") level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. Tangible assets are assessed, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset, has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU (i.e., the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets, groups of assets or CGUs) to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, the corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

An impairment loss is recognized when the carrying amount of an asset or a CGU exceeds its recoverable amount by the amount of this excess. An impairment loss is recognized immediately in income or loss in the period during which the loss is incurred. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount; on reversal of an impairment loss, the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss.

h) Revenue recognition

The Company's CDMO revenues are derived from the provision of bio-pharmaceutical development and manufacturing services to third parties.

A significant portion of the Company's revenues is derived from long-term contracts that can extend for several months and/or years. Revenues from these contracts are recognized using a stage of completion method. Stage of completion is measured based upon the individual circumstances of each project but generally is determined based on the completion of project activities or, in the case of

THERAPURE BIOPHARMA INC.
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

agreed milestones, the completion of the milestone (or stage of completion of the milestone). Revenues from time-and-materials or cost-plus contracts are recognized as the services are performed. Revenues associated with third-party costs are recognized as the costs are incurred by the project.

Revenue arising from the rendering of services is recognized provided that all of the following criteria are met:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits will flow to the seller;
- the stage of completion at the consolidated statement of financial position date can be measured reliably; and
- costs incurred and costs to complete the transaction can be measured reliably.

Services performed in advance of billings are recorded as unbilled revenue pursuant to the contractual terms. These balances are recorded as unbilled revenue in the Company's consolidated statement of financial position. In general, amounts become billable upon the achievement of certain milestones or in accordance with pre-determined payment schedules. Billings in advance of services performed or in excess of costs plus estimated profits on contracts in progress are recorded as deferred revenues. Customer advances for contracts in progress are recorded as liabilities.

The Company records any milestone payments received for a license with no further performance obligations on the part of the Company as income when they are receivable under the terms of the contract and their receipt is probable.

In the case of arrangements containing multiple deliverables, the Company identifies these individual components and recognizes each component based on relative fair values.

The Company records payments received from customers pertaining to facility improvements as deferred revenues and presents these receipts in the consolidated statement of cash flows as a source of operating cash described as customer cash payments towards facility construction costs. These payments are recognized as revenue over the remaining minimum term of the agreements. If agreements are materially modified or terminated in the period, remaining amounts are recorded in income at that time.

i) Government grants

Government assistance relating to capital expenditures is reflected as a reduction of the costs of such related assets on the consolidated statement of financial position. Government assistance relating to research and development expenses is recorded as a reduction of expenses when there is reasonable assurance that the assistance will be realized on the consolidated statement of loss and comprehensive loss.

j) Financial instruments

IFRS requires that the Company discloses information about the fair value of its financial assets and liabilities. Fair value estimates are made at the consolidated statement of financial position date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Accounts receivable are classified as receivables, which are measured at amortized cost.

Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities and due to shareholder on the consolidated statement of financial position approximate their fair value because of the short term nature of these financial instruments.

k) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the consolidated statement of loss and comprehensive loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in the consolidated statement of loss and comprehensive loss on a straight-line basis over the lease term.

l) Provisions

In accordance with IFRS, the Company recognizes a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the consolidated financial statements. Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognized or disclosed in the consolidated financial statements could have a material effect on the Company's financial position. Application of these accounting principles to legal cases requires the Company's management to make determinations about various factual and legal matters beyond its control.

The Company reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its consolidated financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the consolidated financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Company's management as to how it will respond to the litigation, claim or assessment.

m) Income taxes

Current income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute current income tax assets and liabilities are measured at future anticipated tax rates, which have been enacted or substantively enacted at the reporting date.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in the consolidated statement of loss and comprehensive loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity deficiency.

Deferred income taxes

Deferred taxation is provided on all qualifying temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when a legally enforceable right exists to set off current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority, the same taxable entity and in the same period.

THERAPURE BIOPHARMA INC.
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Foreign currency translation

Foreign currency transactions

Transactions entered into by the Company in a currency other than the currency of the primary economic environment in which it operates (the “functional currency”) are recorded at the rates existing when the transactions occur. Foreign currency monetary assets and liabilities are translated at the exchange rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in the consolidated statement of loss and comprehensive loss.

Translation of foreign operation

The functional currency of the Company and its US subsidiary is the Canadian dollar.

o) Investments in associates

The Company values its investments in associates using the equity method. An associate is an entity in which the Company has significant influence but not control, or joint control. Where the Company holds less than 20% of voting rights in an investment but the Company is able to exercise significant influence, such an investment is treated as an associate. Under this method, the investment is shown in the consolidated statement of financial position at initial cost plus subsequent changes in Therapure’s share of the investee’s income or loss. Any associated goodwill is included in the book value of the investment and is not amortized.

If significant influence is lost or the investment is sold or is made available for sale, the equity method is discontinued, thus suspending the booking of Therapure’s share of the associate’s income or loss. Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in income or loss.

Impairment loss on investments

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as “share of profit of an associate and a joint venture” in the consolidated statement of loss and comprehensive loss.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that effect the reported amounts of revenues, expenses, assets, liabilities, the accompanying notes and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

Judgments:

In the process of applying the Company’s accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

- a) Revenue recognition: The Company assesses contractual arrangements with a customer and management applies significant judgment to determine the existence of multiple element arrangements. Such judgment takes into consideration obligations under each element of the contract and whether consideration was received in exchange for services that have a standalone value to the customer. Management applies significant judgment to the accounting of change orders, contract modifications and subsequent statements of work and concludes, based on contract specifics and circumstances, whether to account separately for such changes or combine changes with the original contract. The Company assesses any payments received in exchange for access to intellectual property and recognizes in revenue such payments when they are considered receivable, taking into consideration any existing obligations at the time of recognition.
- b) Amortization of deferred revenue: Revenues that are deferred and amortized over the life of the Company’s contracts with customers involve significant management judgment in the assessment and determination of these amortization periods.

THERAPURE BIOPHARMA INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

- c) Major components of property, plant and equipment: Due to the specialized nature of many of the Company's capital additions, management is required to apply significant judgment to determine separate items of property, plant and equipment for purposes of calculating depreciation and amortization expenses.
- d) Impairment assessment on intangible and tangible assets: Impairment assessments of intangible assets involve the assessment of many future events such as market size, competition, pricing, costs to complete development, regulatory approval, cost of capital investments, costs to manufacture, costs of raw materials and timing of sales, if any. Management applies significant judgment in the assessment of its intangible assets for impairment of value.
- e) Financial instruments: The fair value of financial instruments that are not traded in an active market are determined using an appropriate valuation technique based on the type of asset or liability being valued. Management uses judgment in selecting the appropriate valuation techniques and assumptions applicable to each financial instrument.
- f) Research and development expenditure: The application of the Company's accounting policy for research and development expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. The determination of whether internal development costs have reached technological feasibility requires the application of significant judgment. Estimates and assumptions made may change if new information becomes available. If after an expenditure is capitalized, information becomes available suggesting that the recovery of a capitalized expenditure is unlikely, the amount capitalized is written off in the consolidated statement of loss and comprehensive loss in the period the new information becomes available.
- g) Valuation of deferred income taxes: Management exercises judgment to determine the extent to which realization of future taxable benefits is probable considering budgets, forecasts, timing differences, unused tax losses and availability of tax strategies.
- h) Assessment of going concern: Management assesses the Company's ability to continue as a going concern at each reporting dating, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events, whose subsequent changes could materially impact such an assessment.

Estimates and assumptions:

- i) Provisions: The Company records provisions for matters where a legal or constructive obligation exists at the consolidated statement of financial position date, as a result of past events and a reliable estimate can be made of the obligation. These matters might include restructuring projects, legal matters, disputed issues, and other items. These obligations may not be settled for a number of years and a reliable estimate has to be made of the likely outcome of each of these matters. These provisions represent the Company's best estimate of the costs that will be incurred, but actual experience may differ from the estimates made and therefore affect future financial results. The effects would be recognized in the consolidated statement of loss and comprehensive loss.
- j) Impairment: Tangible assets and intangible assets with finite lives will be reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. Intangible assets with indefinite lives and intangible assets not yet put into use are evaluated for impairment at least annually. Whether an asset is impaired requires management to determine whether there is an indication of impairment based on the consideration of internal and external indicators. If an indication of impairment exists, management must determine if the carrying amount of an asset, or the CGU in which the asset is included, exceeds its recoverable amount. The assessment of the carrying amount often requires estimates and assumptions such as discount rates, exchange rates, future capital requirements and future operating performance. The estimation of the future cash flows requires assumptions to be made by management. Therefore, the determination of the recoverable amount implies estimates which may affect the amount of an impairment loss, if any.
- k) Inventories: Inventories are valued at the lower of cost and net realizable value. Cost of inventory includes cost of purchase (purchase price, transport, handling, and other costs directly attributable to the acquisition of inventories), cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made in consolidated statement of loss and comprehensive loss of the current period on any difference between book value and net realizable value.
- l) Property, plant and equipment: The Company provides for depreciation expense on property, plant and equipment at rates designed to amortize the cost of individual items and their material components over their estimated useful lives. Management makes estimates of future useful life based on patterns of benefit consumption and impairments based on past experience and

THERAPURE BIOPHARMA INC.
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4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

market conditions. Impairment losses and depreciation expenses are presented in the consolidated statement of loss and comprehensive loss of the current period. Management estimates the residual value of property, plant and equipment based on the current expected end of life market value for the assets. Estimates are reviewed at least annually and are updated if expectations change as a result of permanent market changes or technical or commercial obsolescence.

5. STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing includes standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IFRS 9, *Financial instruments* ("IFRS 9")

IFRS 9 is part of the International Accounting Standards Board's ("IASB") wider project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard on the accounting for available-for-sale investments.

IFRS 15, *Revenue from contracts with customers* ("IFRS 15")

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* which replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, and other interpretive guidance associated with revenue recognition. IFRS 15 provides a single, principles based model to be applied to all contracts with customers to determine the recognition and measurement of revenue. On July 22, 2015, the IASB deferred the effective date of this standard to January 1, 2018, with earlier adoption permitted. The Company is currently assessing the impact of adopting this new standard.

IAS 16, *Property, plant and equipment* ("IAS 16") and IAS 38, *Intangible assets* ("IAS 38")

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amount of the asset.

Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortization

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.

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6. ACCOUNTS RECEIVABLE

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Trade receivables	\$7,476	\$6,679
Less: provision for impairment of trade receivables	(87)	(106)
Trade receivables, net	<u>7,389</u>	<u>6,573</u>
Other receivables	<u>2,461</u>	<u>1,559</u>
	<u>\$9,850</u>	<u>\$8,132</u>

Trade receivables are non-interest bearing and are generally on terms of 30 days.

As at December 31, 2014, trade receivables of an initial value of \$87 (2013 — \$106) were determined to be uncollected and written off.

The aging analysis of the trade receivables is as follows:

<u>For the year ended</u>	<u>Total</u>	<u>Neither past due nor impaired</u>	<u>Past due but not impaired</u>			<u>Impaired</u>
		<u><30 days</u>	<u>30-60 days</u>	<u>61-90 days</u>	<u>>90 days</u>	
December 31, 2014	\$7,476	4,050	2,713	177	449	\$ 87
December 31, 2013	\$6,679	2,649	763	755	2,406	\$106

7. INVENTORIES

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Raw materials	\$ 923	\$1,028
Packaging materials	862	644
Supplies/stores	1,943	1,731
Spare parts	17	17
Work in process	55	—
Provision	(255)	(195)
	<u>\$3,545</u>	<u>\$3,225</u>

During the year ended December 31, 2014, total inventories in the amount of \$6,036 (2013 — \$4,167; 2012 — \$1,154) were recognized as cost of sales. In addition, during the years ended December 31, 2014, 2013 and 2012, there were no write-downs of inventory and there was no reversal of provisions previously recognized.

THERAPURE BIOPHARMA INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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8. PROPERTY, PLANT AND EQUIPMENT

Cost

	Land	Building, yard and leasehold improvements	Production and laboratory equipment	Office furniture, fixtures, and equipment	Computer equipment and software	Construction in process	Total
Balance as at December 31, 2012 . . .	\$4,750	\$12,936	\$ 9,386	\$210	\$ 631	\$ 24,378	\$52,291
Additions	—	1,916	2,887	31	25	4,872	9,731
Balance as at December 31, 2013 . . .	\$4,750	\$14,852	\$12,273	\$241	\$ 656	\$ 29,250	\$62,022
Additions	—	3,711	5,208	272	337	14,130	23,658
Transfer from construction in progress	—	3,364	24,008	—	598	(27,970)	—
Balance as at December 31, 2014 . . .	<u>\$4,750</u>	<u>\$21,927</u>	<u>\$41,489</u>	<u>\$513</u>	<u>\$1,591</u>	<u>\$ 15,410</u>	<u>\$85,680</u>

Accumulated depreciation

	Land	Building, yard and leasehold improvements	Production and laboratory equipment	Office furniture, fixtures, and equipment	Computer equipment and software	Construction in process	Total
Balance as at January 1, 2012	\$ —	\$ 2,256	\$ 2,053	\$104	\$ 373	\$ —	\$ 4,786
Depreciation charge for the year . . .	—	656	1,048	26	156	—	1,886
Balance as at December 31, 2012 . . .	\$ —	\$ 2,912	\$ 3,101	\$130	\$ 529	\$ —	\$ 6,672
Depreciation charge for the year . . .	—	708	1,295	16	52	—	2,071
Balance as at December 31, 2013 . . .	\$ —	\$ 3,620	\$ 4,396	\$146	\$ 581	\$ —	\$ 8,743
Depreciation charge for the year . . .	—	1,359	3,264	27	142	—	4,792
Balance as at December 31, 2014 . . .	<u>\$ —</u>	<u>\$ 4,979</u>	<u>\$ 7,660</u>	<u>\$173</u>	<u>\$ 723</u>	<u>\$ —</u>	<u>\$13,535</u>
Net book value							
As at December 31, 2013	<u>\$4,750</u>	<u>\$11,232</u>	<u>\$ 7,877</u>	<u>\$ 95</u>	<u>\$ 75</u>	<u>\$ 29,250</u>	<u>\$53,279</u>
As at December 31, 2014	<u>\$4,750</u>	<u>\$16,948</u>	<u>\$33,829</u>	<u>\$340</u>	<u>\$ 868</u>	<u>\$ 15,410</u>	<u>\$72,145</u>

Ontario Ministry of Research and Innovation Grant

On August 19, 2010, Therapure was awarded a grant from the Ontario Ministry of Research and Innovation for \$4,185 to assist in the modification of its facilities to provide a facility for the provision of bio-manufacturing services. The Company has applied \$4,185 as a reduction to the specific property, plant and equipment purchased for this purpose. Actual cash receipts in 2014 from this grant were nil (2013 — \$903).

9. INVESTMENT IN AN ASSOCIATE

The Company has a 14.6% (2013 — 14.6%) ownership in an investee, which has been recorded at cost at inception. This investment is treated as an associate and the Company values this investment using the equity method. In conjunction with the signing of an initial subscription agreement in 2008, Therapure and the investee entered into a services agreement, under which Therapure provides certain contract development services to the investee. The entity does not have a quoted market price nor is it traded on an active market, and

THERAPURE BIOPHARMA INC.
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9. INVESTMENT IN AN ASSOCIATE (Continued)

the Company does not have control of the entity. As at December 31, 2014, deferred revenues relating to the investee were \$106 (2013 — \$136). The following table illustrates the summarized financial information of the Company's investment in the investee:

<u>As at</u>	<u>January 31, 2015</u>	<u>January 31, 2014</u>
Equity to shareholders' equity	<u>\$136</u>	<u>\$2,137</u>
Company's carrying amount of the investment	<u>\$657</u>	<u>\$ 949</u>

<u>For the year ended</u>	<u>January 31, 2015</u>	<u>January 31, 2014</u>	<u>January 31, 2013</u>
Net loss for the year	<u>\$(2,000)</u>	<u>\$(2,681)</u>	<u>\$(2,370)</u>
Total comprehensive loss	<u>\$(2,000)</u>	<u>\$(2,681)</u>	<u>\$(2,370)</u>
Company's share of the loss for the year	<u>\$ (292)</u>	<u>\$ (391)</u>	<u>\$ (399)</u>

10. INTANGIBLE ASSETS

Intangible assets include patents, licenses and agreements.

Cost

	<u>Patents</u>	<u>Technology</u>	<u>Licenses</u>	<u>Total</u>
Balance as at December 31, 2012	\$ 1,481	\$ 2,652	\$ —	\$ 4,133
Additions — externally acquired	—	4,156	—	4,156
Additions — internally generated	—	1,095	—	1,095
Impairment	<u>(1,001)</u>	<u>—</u>	<u>—</u>	<u>(1,001)</u>
Balance as at December 31, 2013	\$ 480	\$ 7,903	\$ —	\$ 8,383
Additions — externally acquired	—	2,575	1,067	3,642
Additions — internally generated	—	4,508	—	4,508
Impairment	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balance as at December 31, 2014	<u>\$ 480</u>	<u>\$14,986</u>	<u>\$1,067</u>	<u>\$16,533</u>

Accumulated amortization

	<u>Patents</u>	<u>Technology</u>	<u>Licenses</u>	<u>Total</u>
Balance as at January 1, 2012	\$ 72	\$ —	\$—	\$ 72
Amortization charge for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balance as at December 31, 2012	\$ 72	\$ —	\$—	\$ 72
Amortization charge for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balance as at December 31, 2013	\$ 72	\$ —	\$—	\$ 72
Amortization charge for the year	<u>—</u>	<u>—</u>	<u>242</u>	<u>242</u>
Balance as at December 31, 2014	<u>\$ 72</u>	<u>\$ —</u>	<u>\$242</u>	<u>\$ 314</u>

Net book value				
As at December 31, 2013	<u>\$408</u>	<u>\$ 7,903</u>	<u>\$—</u>	<u>\$ 8,311</u>
As at December 31, 2014	<u>\$408</u>	<u>\$14,986</u>	<u>\$825</u>	<u>\$16,219</u>

THERAPURE BIOPHARMA INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended December 31, 2014
(in thousands of Canadian dollars)

10. INTANGIBLE ASSETS (Continued)

Management will assess amortization periods in the future once the assets generate economic returns.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Accounts payable	\$ 8,428	\$5,331
Accrued liabilities	5,103	2,954
	<u>\$13,531</u>	<u>\$8,285</u>

Accrued liabilities consist principally of accrued accounts payable, payroll, commission and bonus.

12. RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions that have been entered into with related parties as at December 31, 2014:

	<u>Sales to related parties</u>	<u>Purchases from related parties</u>	<u>Amounts owed by related parties*</u>	<u>Amounts owed to related parties**</u>
Entity with controlling interest over the Company:				
2014	\$ —	\$—	\$—	\$113,671
2013	\$ —	\$—	\$—	\$ 83,594
Associate:				
2014	\$ 768	\$—	\$ 4	\$ —
2013	\$ 727	\$—	\$251	\$ —
2012	\$1,905	\$—	\$ 71	\$ —

* The amounts are classified as trade receivables by the Company.

** The amounts are classified as due to shareholder as a current liability on the consolidated statement of financial position, and are non-interest bearing, due on demand and are collateralized by a general charge on all assets of the Company (note 19).

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors and senior executives. Compensation paid or payable to key management was composed of the following during the years ended December 31:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Short-term employee benefits ⁽¹⁾	<u>\$1,372</u>	<u>\$1,465</u>	<u>\$1,450</u>

(1) Short-term employee benefits include salaries, employee benefits and bonuses paid to key management personnel.

THERAPURE BIOPHARMA INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended December 31, 2014
(in thousands of Canadian dollars)

13. NON-CURRENT DEFERRED REVENUES

<u>Year</u>	<u>Revenue amortization⁽ⁱ⁾</u>
2016	\$ 3,105
2017	3,105
2018	1,129
2019	949
2020	949
2021	948
Total	<u><u>\$10,185</u></u>

(i) The Company's estimate of non-current deferred revenues amortization is based on the current balance as at December 31, 2014 and completion dates of related projects. Actual results may vary from estimates due to additions to long term deferred revenues following December 31, 2014 and possible changes to projects' completion dates.

14. SHARE CAPITAL

Authorized

As at December 31, 2014, the authorized share capital of the Company consists of an unlimited number of common shares. The common shares are voting and are entitled to dividends if, and when declared by the Board of Directors. No dividends have been declared or paid in 2014 and 2013.

Issued and outstanding

	<u>December 31, 2014</u>		<u>December 31, 2013</u>		<u>December 31, 2012</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Issued and fully paid common shares	<u>2,828,710</u>	<u>\$35,148</u>	<u>2,828,710</u>	<u>\$35,148</u>	<u>2,828,710</u>	<u>\$35,148</u>
Balance, end of year	<u>2,828,710</u>	<u>\$35,148</u>	<u>2,828,710</u>	<u>\$35,148</u>	<u>2,828,710</u>	<u>\$35,148</u>

THERAPURE BIOPHARMA INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended December 31, 2014
(in thousands of Canadian dollars)

15. FINANCIAL INSTRUMENTS

The following table provides a summary of the classifications of financial instruments reported on the consolidated statement of financial position:

<u>As at December 31, 2014</u>	<u>Fair value through profit or loss</u>	<u>Receivables</u>	<u>Other financial liabilities at amortized cost</u>
Cash	\$1,446	—	—
Accounts receivable	—	7,389	—
Total assets	<u>\$1,446</u>	<u>\$7,389</u>	<u>—</u>
Accounts payable and accrued liabilities	—	—	13,531
Due to shareholder	—	—	113,671
Total liabilities	<u>—</u>	<u>—</u>	<u>\$127,202</u>
<u>As at December 31, 2013</u>			
Cash	\$4,440	—	—
Accounts receivable	—	6,573	—
Total assets	<u>\$4,440</u>	<u>\$6,573</u>	<u>—</u>
Accounts payable and accrued liabilities	—	—	8,285
Due to shareholder	—	—	83,594
Total liabilities	<u>—</u>	<u>—</u>	<u>\$ 91,879</u>

THERAPURE BIOPHARMA INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended December 31, 2014
(in thousands of Canadian dollars)

16. CASH FLOW ADJUSTMENTS AND CHANGES IN OPERATING ACTIVITIES

<u>For the year ended</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Adjustments to reconcile net loss to cash flows used in operating activities			
Depreciation of property, plant and equipment	\$ 4,792	\$ 2,071	\$ 1,886
Amortization of intangible assets	242	—	—
Net loss on an associate	292	391	399
Impairment of intangible assets	—	1,001	—
Customer cash payments towards facility construction costs	6,558	6,427	900
Amortization of deferred revenues	(882)	(900)	—
Loss (gain) on foreign exchange on advances from shareholders	1,467	966	(260)
	<u>\$12,469</u>	<u>\$ 9,956</u>	<u>\$ 2,925</u>
Changes in non-cash working capital balances			
Accounts receivable	(1,006)	(3,758)	2,503
Inventories	(320)	(1,290)	(1,146)
Prepaid expenses and other assets	(758)	47	11
Accounts payable and accrued liabilities	2,782	2,662	(789)
Current deferred revenues	(2,054)	6,514	1,398
	<u>\$ (1,356)</u>	<u>\$ 4,175</u>	<u>\$ 1,977</u>

17. NATURE OF EXPENSES

Information included in the consolidated statement of loss and comprehensive loss:

Employee salaries and benefits expenses

	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Cost of sales	\$11,933	\$ 7,447	\$6,115
Administration and selling expenses	4,470	4,427	3,215
Research and development expenses	1,876	1,335	603
	<u>\$18,279</u>	<u>\$13,209</u>	<u>\$9,933</u>

Depreciation expense

	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Cost of sales	\$4,853	\$2,020	\$1,732
Administration and selling expenses	54	51	154
Research and development expenses	127	—	—
	<u>\$5,034</u>	<u>\$2,071</u>	<u>\$1,886</u>

18. COMMITMENTS AND CONTINGENCIES

i) Capital commitments at end of year

The Company, in the normal course of business to service agreements with customers, has \$5,846 (2013 — \$2,745) of capital commitments remaining at the end of 2014 to retrofit its Meadowpine facility and purchase capital equipment.

THERAPURE BIOPHARMA INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended December 31, 2014
(in thousands of Canadian dollars)

18. COMMITMENTS AND CONTINGENCIES (Continued)

ii) Operating lease commitments

The Company leases its office facilities under a non-cancelable operating lease expiring in 2024. The total lease expense for the year ended December 31, 2014 was \$74 (2013 — nil). Future minimum lease payments over the next five years and thereafter are estimated as follows:

For the years ending December 31,

2015	\$ 220
2016	226
2017	233
2018	240
2019	247
Thereafter	1,232
	<u>\$2,398</u>

iii) Acquisition of technology and development milestones

Under the terms of its asset purchase and license agreement, the Company has future obligations of up to USD\$4,381 which may be payable in 2015. The Company has pledged, under the terms of the agreements, its assets acquired under the purchase and license agreements as security against the payment of these obligations. Losing access to these assets would result in an impairment of up to the full value of the \$14,986 intangible assets associated with the Technology costs.

iv) Liquidity event payment

The Company has entered into an agreement whereby certain payments will be required to a senior manager in the event of a liquidity event involving the share capital of the Company. The amounts will be determined by reference to the values of any potential future transactions. These obligations are not reflected in these consolidated financial statements since these obligations are contingent on future events and no values are currently determinable.

19. INCOME TAXES

	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Net loss	\$(13,374)	\$(11,800)	\$(11,988)
Combined Canadian statutory income tax rate	<u>26.5%</u>	<u>26.5%</u>	<u>26.5%</u>
Income taxes at combined income tax rate	(3,544)	(3,127)	(3,177)
Decrease (increase) in income taxes resulting from:			
Unrecorded potential tax benefit arising from current-period losses and other deductible temporary differences	2,833	2,697	5,590
Non-deductible items	62	236	65
Other	649	194	(2,478)
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

THERAPURE BIOPHARMA INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended December 31, 2014
(in thousands of Canadian dollars)

19. INCOME TAXES (Continued)

Available temporary differences not recognized at the reporting date are as follows:

	December 31, 2014	December 31, 2013	December 31, 2012
Non-capital losses	\$46,860	\$38,968	\$34,378
Capital losses	500	500	500
Scientific research and experimental development pool and tax credits	4,045	4,046	2,873
Investment in affiliate	796	650	455
Reserves — non-deductible	11,046	57	619
Capital assets	21,775	13,075	12,397
Intangible assets	(6,180)	4,574	7,573
Deferred revenue — capital assets	—	6,427	—
Other	38	—	—
	<u>\$78,880</u>	<u>\$68,297</u>	<u>\$58,795</u>

If the Company were to recognize all deferred tax assets, income would increase by \$21,994.

As at December 31, 2014, the Company had \$46,860 (2013 — \$38,968) of losses carried forward that can be applied to reduce taxable income in future years and expire as follows:

	<u>Amount</u>
Losses carried forward expiring in:	
2027	\$ 1,525
2028	5,152
2029	6,782
2030	7,069
2031	9,469
2032	4,381
2033	4,590
2034	7,892
	<u>\$46,860</u>

20. FINANCIAL RISK MANAGEMENT

The Company is exposed to risks of varying degrees of significance, which could affect its ability to achieve its strategic objectives for growth. The main objective of the Company's risk management process is to ensure that risks are properly identified and the capital base is adequate in relation to these risks.

The Company is exposed through its operations to the following financial risks:

- Currency risk
- Credit risk
- Liquidity risk

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk with regard to potential future payments for certain intellectual property and for a portion of the amounts due to shareholder which are denominated in United States dollars ("USD"). The portion of the shareholder loan payable in USD is approximately USD\$16,062 (2013 — USD\$14,957). An increase of 5% in the USD exchange rate would have resulted in an increase in the amounts due to shareholder of \$803 and \$748 in 2014 and 2013, respectively.

THERAPURE BIOPHARMA INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended December 31, 2014
(in thousands of Canadian dollars)

20. FINANCIAL RISK MANAGEMENT (Continued)

The Company's cash flows are also impacted by currency movements as 94% (2013 — 92%; 2012 — 71%) of the Company's revenues are in USD. A downward change of 5% in the USD exchange rate would have resulted in a downward change in revenues of \$1,547, \$1,106 and \$425 in 2014, 2013 and 2012, respectively.

b) Credit risk

The Company, in the normal course of business, is exposed to credit risk from its customers. Credit risk arises from the potential that the counterparty will fail to perform its obligations. However, the risk is mitigated by the fact that management believes the Company has thorough and rigorous credit approval procedures including requests of security deposits on work to be performed.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. Given the Company's access to capital from its shareholder, the Company is exposed to minimal liquidity risk.

d) Economic dependence

The Company's majority shareholder has provided an undertaking to provide financial support to the Company for fiscal 2015.

21. CAPITAL MANAGEMENT

The Company monitors its cash, common shares and shareholder advances as capital. The Company's objective when maintaining capital is to maintain a sufficient capital base in order to meet its short-term obligations on a month-to-month basis.

The Company has no externally imposed capital requirements and there has not been any change in the Company's capital management policy during the year.

22. SEGMENT INFORMATION

Therapure is a biopharmaceutical company focused on manufacturing complex biologics for its customers and the development, manufacture and sale of its own blood and plasma-related therapeutic products. Therapure's business activities consist of: (i) CDMO services under the banner Therapure Biomanufacturing and (ii) proprietary product development under the banners Therapure Biologics and Therapure Innovations.

The Company's chief operating decision maker monitors the operating results of these business units separately for the purposes of assessing performance and allocating resources.

Therapure has three reportable segments:

1. CDMO is a supplier of pharmaceutical outsourcing services, primarily to the biologics sector of the pharmaceutical market.
2. Therapure Biologics, Therapure plans to enter the plasma-derived specialty drug products market with a portfolio of its own products, the majority of which it will manufacture using a proprietary protein separation technology called PlasmaCap EBA™ ("PlasmaCap").
3. Therapure Innovations has a pipeline of new drug product candidates targeted at large markets with unsatisfied medical needs in the areas of liver cancer, anemia and organ preservation.

Therapure Biologics expenditures are recorded as capitalized internal development costs in the consolidated statement of financial position.

All assets related to reportable segments are located within Canada.

THERAPURE BIOPHARMA INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended December 31, 2014
(in thousands of Canadian dollars)

22. SEGMENT INFORMATION (Continued)

a) Revenue and expenses by reportable segment

The following tables present revenue and profit information for the Company's operating segments for the years ended 2014, 2013, and 2012, respectively:

<u>For the year ended December 31, 2014</u>	<u>CDMO</u>	<u>Innovations</u>	<u>Corporate</u>	<u>Total</u>
Revenues	\$32,969	\$ —	\$ —	\$ 32,969
Cost of sales	30,808	—	—	30,808
Administration and selling expenses	5,380	—	2,611	7,991
Research and development expenses	—	6,227	—	6,227
Loss on foreign exchange	—	—	1,051	1,051
Finance income	—	—	(26)	(26)
Net loss on an associate	—	—	292	292
Net profit (loss) for the year	<u>\$(3,219)</u>	<u>\$(6,227)</u>	<u>\$(3,928)</u>	<u>\$(13,374)</u>

<u>For year ended December 31, 2013</u>	<u>CDMO</u>	<u>Innovations</u>	<u>Corporate</u>	<u>Total</u>
Revenues	\$25,231	\$ —	\$ —	\$ 25,231
Cost of sales	22,624	—	—	22,624
Administration and selling expenses	5,255	—	2,900	8,155
Research and development expenses	—	3,955	—	3,955
Loss on foreign exchange	—	—	925	925
Finance income	—	—	(20)	(20)
Net loss on an associate	—	—	391	391
Impairment of intangible assets	—	—	1,001	1,001
Net loss for the year	<u>\$(2,648)</u>	<u>\$(3,955)</u>	<u>\$(5,197)</u>	<u>\$(11,800)</u>

<u>For year ended December 31, 2012</u>	<u>CDMO</u>	<u>Innovations</u>	<u>Corporate</u>	<u>Total</u>
Revenues	\$11,680	\$ —	\$ —	\$ 11,680
Cost of sales	15,296	—	—	15,296
Administration and selling expenses	3,587	—	1,758	5,345
Research and development expenses	—	2,730	—	2,730
Gain on foreign exchange	—	—	(84)	(84)
Finance income	—	—	(18)	(18)
Net loss on an associate	—	—	399	399
Net loss for the year	<u>\$(7,203)</u>	<u>\$(2,730)</u>	<u>\$(2,055)</u>	<u>\$(11,988)</u>

b) Revenues by location from external customers

	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
United States	\$29,927	\$20,218	\$ 7,522
Canada	1,315	2,006	3,363
International	1,727	3,007	795
Total	<u>\$32,969</u>	<u>\$25,231</u>	<u>\$11,680</u>

THERAPURE BIOPHARMA INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended December 31, 2014
(in thousands of Canadian dollars)

22. SEGMENT INFORMATION (Continued)

c) Revenues by major customers

Therapure derives significant revenues from certain customers. As at December 31, 2014, there were three major customers who accounted for greater than 10% (39%, 21% and 13% respectively) of total revenues in the CMDO operating segment. As at December 31, 2013 there were three major customers who accounted for greater than 10% (33%, 24% and 14% respectively) of total revenues in the CMDO operating segment. As at December 31, 2012 there were five major customers who accounted for greater than 10% (16%, 16%, 12%, 12% and 11% respectively) of total revenues in the CMDO operating segment.

23. SUBSEQUENT EVENTS

On July 4, 2015, pursuant to an internal recapitalization of the Company, the balance under due to shareholder was extinguished in its entirety in consideration for 1,323,836 Common Shares through a rights offering to all shareholders.

In July 2015, the Company entered into an agreement with the Federal Economic Development Agency for Southern Ontario for funding through the Advanced Manufacturing Fund to support development activities associated with commercialization of the Company's PlasmaCap EBA technology. The funding is in the form of an interest-free repayable loan of up to \$20,000 covering up to 34.6% of project spending through 2018. The loan may be prepaid at any time without penalty. The loan is repayable beginning in 2020, with each of the first 24 monthly instalments being in the amount of approximately \$200, and each of the remaining monthly installments being in the amount of approximately \$300. Interest is payable on any overdue payments. The final payment on the loan is expected in 2025. To date, the Corporation has received approximately \$5,600 of funding under the Contribution Agreement.

On November 20, 2015, the Company entered into a credit and security agreement with lenders. The amount to be provided by lenders is USD \$30,000 and consists of two credit facilities. The first credit facility is USD \$20,000 and was provided on the date of the agreement and the second credit facility is USD \$10,000 and will be provided to the Company when a qualifying initial public offering occurs. Interest rate on both credit facilities is Libor + 7.5% margin. The Company will repay the first and second credit facilities by making payments of USD \$667 and USD \$333, respectively, per month starting on June 1, 2017. Both credit facilities are due on November 1, 2019 and are secured by the Company's specific assets as defined in the agreement.

On November 25, 2015, the Corporation entered into an amendment to the employment agreement with a key senior manager. In accordance with the amendment, the senior manager was issued 62,288 Restricted Shares, representing 1.5% of the number of shares outstanding as of that date, for no additional proceeds. In addition, the senior manager is entitled to receive cash bonuses and additional Restricted Shares, for no additional proceeds, upon the completion of certain performance milestones. The number of Restricted Shares will be determined by reference to the performance milestones and could aggregate to an additional amount of up to 1.75% of the outstanding common shares as at the date of the filing of the preliminary prospectus. The senior manager is further entitled to options, at a price equal to the offering price, for that number of common shares representing 0.5% of the issued and outstanding common shares as of the date of the preliminary prospectus. The Restricted Shares are subject to forfeiture in certain circumstances. The Company is in the process of determining the amount of compensation expense to be recorded in 2015, which amount is likely to be material.

THE RAPID ADVANCEMENT OF
THERAPURE BIOPHARMA INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

THERAPURE BIOPHARMA INC.
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands of Canadian dollars)

As at	September 30, 2015	December 31, 2014
Assets		
Current assets		
Cash	\$ 1,766	\$ 1,446
Accounts receivable	10,825	9,850
Inventories (<i>note 6</i>)	5,881	3,545
Prepaid expenses and other assets	484	895
Total current assets	18,956	15,736
Non-current assets		
Property, plant and equipment, net (<i>note 7</i>)	76,649	72,145
Investment in an associate	487	657
Intangible assets, net (<i>note 8</i>)	23,146	16,219
Total assets	\$119,238	\$104,757
Liabilities and shareholders' equity (deficiency)		
Current liabilities		
Accounts payable and accrued liabilities	\$ 17,450	\$ 13,531
Deferred revenues	13,330	9,124
Due to shareholder (<i>notes 9 and 17</i>)	—	113,671
Total current liabilities	30,780	136,326
Non-current liabilities		
Deferred revenues	9,342	10,185
Loan payable (<i>note 12</i>)	3,576	—
Total non-current liabilities	12,918	10,185
Total liabilities	\$ 43,698	\$146,511
Shareholders' equity (deficiency)		
Share capital (<i>note 13</i>)	163,311	35,148
Deficit	(87,771)	(76,902)
Total shareholders' equity (deficiency)	75,540	(41,754)
Total liabilities and shareholders' equity (deficiency)	\$119,238	\$104,757

Commitments and contingencies (*note 15*)

On behalf of the Board:

Director

Director

See accompanying notes

THERAPURE BIOPHARMA INC.

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(in thousands of Canadian dollars, except number of shares and per share amounts)

	Three months ended September 30		Nine months ended September 30	
	2015	2014	2015	2014
Revenues	\$ 11,472	\$ 7,664	\$ 29,488	\$ 19,284
Cost of sales (<i>notes 6 and 14</i>)	10,303	8,465	29,678	20,545
Gross margin	1,169	(801)	(190)	(1,261)
Administration and selling expenses (<i>note 14</i>)	2,844	2,026	6,922	5,363
Research and development expenses (<i>note 14</i>)	545	1,169	2,057	3,824
Loss on foreign exchange	101	480	1,541	419
Finance income	(4)	(5)	(11)	(18)
Net loss in an associate	56	72	170	218
Net loss for the period	(2,373)	(4,543)	(10,869)	(11,067)
Other comprehensive loss	—	—	—	—
Total comprehensive loss	\$ (2,373)	\$ (4,543)	\$ (10,869)	\$ (11,067)
Loss per share				
Basic and diluted loss per share attributable to the owners of the parent	\$ (0.58)	\$ (1.61)	\$ (3.34)	\$ (3.91)
Weighted average number of shares outstanding	4,108,903	2,828,710	3,257,010	2,828,710

See accompanying notes

THERAPURE BIOPHARMA INC.
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN
SHAREHOLDERS' EQUITY (DEFICIENCY)
(in thousands of Canadian dollars)

<u>For the nine-month period ended September 30, 2015</u>	<u>Share capital</u>	<u>Deficit</u>	<u>Total shareholders' equity (deficiency)</u>
Balance as at December 31, 2014	\$ 35,148	\$(76,902)	\$(41,754)
Loss for the period and comprehensive loss	—	(10,869)	(10,869)
Issuance of common shares (note 13)	128,163	—	128,163
Balance as at September 30, 2015	<u>\$163,311</u>	<u>\$(87,771)</u>	<u>\$ 75,540</u>
<u>For the nine-month period ended September 30, 2014</u>	<u>Share capital</u>	<u>Deficit</u>	<u>Total shareholders' deficiency</u>
Balance as at December 31, 2013	\$35,148	\$(63,528)	\$(28,380)
Loss for the period and comprehensive loss	—	(11,067)	(11,067)
Balance as at September 30, 2014	<u>\$35,148</u>	<u>\$(74,595)</u>	<u>\$(39,447)</u>

See accompanying notes

THERAPURE BIOPHARMA INC.
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of Canadian dollars)

<u>For the nine-month period ended</u>	<u>September 30, 2015</u>	<u>September 30, 2014</u>
OPERATING ACTIVITIES		
Comprehensive loss for the period	\$(10,869)	\$(11,067)
Adjustments to reconcile net loss to cash flows provided by (used in) operating activities (<i>note 11</i>)	7,000	9,744
Changes in non-cash working capital balances (<i>note 11</i>)	4,948	(5,755)
Cash flows provided by (used in) operating activities	<u>1,079</u>	<u>(7,078)</u>
FINANCING ACTIVITIES		
Advances from shareholder (<i>note 13</i>)	12,936	25,410
Proceeds from Advanced Manufacturing Fund loan (<i>note 12</i>)	5,592	—
Cash flows provided by financing activities	<u>18,528</u>	<u>25,410</u>
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(10,118)	(12,959)
Additions to intangible assets	(9,169)	(6,615)
Cash flows used in investing activities	<u>(19,287)</u>	<u>(19,574)</u>
Net change in cash	<u>320</u>	<u>(1,242)</u>
Cash, as at January 1	<u>1,446</u>	<u>4,440</u>
Cash, as at September 30	<u>\$ 1,766</u>	<u>\$ 3,198</u>

See accompanying notes

THERAPURE BIOPHARMA INC.
NOTES TO THE UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
For the Period ended September 30, 2015
(in thousands of Canadian dollars)

1. CORPORATE INFORMATION

Therapure Biopharma Inc. (“Therapure” or the “Company”), incorporated on June 22, 2007 under the Business Corporations Act (Ontario), is a Canadian biopharmaceutical company and contract development and manufacturing organization (“CDMO”). The Company is focused on the development, manufacture, purification and packaging of therapeutic proteins. Therapure’s expertise encompasses the complete spectrum of product development, process development and aseptic production, and it parallels the laboratory bench, development, pre-clinical, clinical and regulatory approval phases of a new drug’s journey to the market. The Company’s customers include pharmaceutical and biotechnology companies.

Therapure has the following drug development programs:

1. Therapure is developing its own pipeline of plasma protein therapeutics that it will manufacture using a proprietary protein separation technology and builds on Therapure’s knowledge in plasma and protein purification.
2. Therapure is developing its own pipeline of near clinical drug development programs targeted at large markets with unsatisfied medical needs in the areas of liver cancer, anemia and organ preservation.

The registered address of the Company’s corporate office and principal place of business is 2585 Meadowpine Blvd., Mississauga, Ontario, L5N 8H9 and is domiciled in Ontario, Canada.

2. BASIS OF PREPARATION

a) Statement of compliance

The interim condensed consolidated financial statements for the three and nine month periods ended September 30, 2015 have been prepared in accordance with IAS 34 “Interim Financial Reporting” (“IAS 34”). As permitted under this standard, these interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2014.

These interim condensed consolidated financial statements have been prepared based on International Financial Reporting Standards (IFRS) issued and effective as of the reporting date. They were approved and authorized for issue by the Board of Directors on ● , 2015.

b) Basis of measurement and consolidation

The interim condensed consolidated financial statements have been prepared on a historical cost basis and, unless otherwise indicated, are presented in thousands of Canadian dollars.

i) Subsidiary

Therapure Biopharma (USA) Inc. (the “Subsidiary”) is a wholly owned entity controlled by Therapure Biopharma Inc. (the “Parent”). The financial statements of the Subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of the Subsidiary have been changed where necessary to align with the policies adopted by the Parent.

ii) Transactions eliminated on consolidation

Inter-company balances, transactions, and any unrealized gains and losses arising from inter-company transactions have been eliminated in preparing the interim condensed consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies used in these interim condensed consolidated financial statements are disclosed in Note 3 of the Company’s annual consolidated financial statements for the year ended December 31, 2014, except for the application of new standards, amendments and interpretations effective January 1, 2015. The accounting policies have been applied consistently to all periods presented, unless otherwise indicated.

The Company implemented the following accounting policy in the third quarter of 2015.

THERAPURE BIOPHARMA INC.
NOTES TO THE UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the Period ended September 30, 2015
(in thousands of Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capitalization of borrowing costs

The Company capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Borrowing costs include interest on borrowings, finance charges on finance leases, exchange differences on foreign currency borrowings where they are regarded as an adjustment to interest costs and interest calculated by the effective interest method. If funds are borrowed generally, the amount of borrowing costs eligible for capitalization are determined by applying a capitalization rate. Capitalization ceases when substantially all the activities necessary to prepare the qualifying asset to its intended use or sale are complete.

The adoption of this accounting policy has no impact on prior accounting periods.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of interim condensed consolidated financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the interim condensed consolidated financial statements, are consistent with those disclosed in the notes to the annual consolidated financial statements for the year ended December 31, 2014.

As part of the extinguishment of the shareholder loan, discussed in note 13 to these interim condensed consolidated financial statements, the Board of Directors determined the number of shares based on a rights offering to which the shareholder loan was to be settled for. Accordingly, this related party transaction required judgement and estimation.

5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

In the third quarter of 2015, there were no standards, amendments and interpretations issued by the International Accounting Standards Board or the Interpretations Committee that would have a current or possible effect on the Company in the future. The standards, amendments and interpretations not yet in effect are disclosed in Note 5 of the Company's annual consolidated financial statements for the year ended December 31, 2014.

6. INVENTORIES

	September 30, 2015	December 31, 2014
Raw materials	\$1,792	\$ 923
Packaging materials	1,195	862
Supplies/stores	2,658	1,943
Spare parts	17	17
Work in process	586	55
Provision	(367)	(255)
	<u>\$5,881</u>	<u>\$3,545</u>

For the three and nine month periods ended September 30, 2015, total inventories in the amount of \$1,485 and \$4,535, respectively, have been recognized in cost of sales (three month period ended September 2014 — \$1,161; nine month period ended September 30, 2014 — \$3,199). In addition, during the three and nine month periods ended September 30, 2015, there was a write-down of \$60 of inventory (three and nine month periods ended September 2014 — nil).

7. PROPERTY, PLANT AND EQUIPMENT

During the nine month period ended September 30, 2015, the Company incurred \$1,867 as additions to its building improvements, equipment, vehicle and leasehold improvements (nine month period ended September 30, 2014 — \$1,699). The Company incurred \$7,479 (nine month period ended September 30, 2014 — \$12,217) as construction in progress to add new manufacturing capabilities.

THERAPURE BIOPHARMA INC.
NOTES TO THE UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the Period ended September 30, 2015
(in thousands of Canadian dollars)

8. INTANGIBLE ASSETS

Intangible assets include patents, licenses and agreements.

	<u>Patents</u>	<u>Technology</u>	<u>Licenses</u>	<u>Total</u>
Balance as at December 31, 2014	\$480	\$14,986	\$1,067	\$16,533
Additions — externally acquired	—	3,563	—	3,563
Additions — internally generated	—	5,606	—	5,606
Grant	—	(2,060)	—	(2,060)
Balance as at September 30, 2015	<u>\$480</u>	<u>\$22,095</u>	<u>\$1,067</u>	<u>\$23,642</u>

Accumulated amortization

	<u>Patents</u>	<u>Technology</u>	<u>Licenses</u>	<u>Total</u>
Balance as at December 31, 2014	\$ 72	\$ —	\$242	\$ 314
Amortization charge for the year	—	—	182	182
Balance as at September 30, 2015	<u>\$ 72</u>	<u>\$ —</u>	<u>\$424</u>	<u>\$ 496</u>
Net book value				
As at December 31, 2014	<u>\$408</u>	<u>\$14,986</u>	<u>\$825</u>	<u>\$16,219</u>
As at September 30, 2015	<u>\$408</u>	<u>\$22,095</u>	<u>\$643</u>	<u>\$23,146</u>

Federal Economic Development Agency for Southern Ontario Grant

During the nine month period ended September 30, 2015, the Company applied \$2,060 as a reduction to the Technology intangible asset as a result of receiving an interest free loan from Federal Economic Development Agency for Southern Ontario. The value of the grant was calculated as the discount amount of the face value of the loan payable (*note 12*).

Borrowing costs capitalized

During the nine month period ended September 30, 2015, the Company capitalized directly attributable costs on all borrowing of \$42 (nine month period ended September 30, 2014 — nil) related to the loan payable on the Technology intangible.

THERAPURE BIOPHARMA INC.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (Continued)
For the Period ended September 30, 2015
(in thousands of Canadian dollars)

9. RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions that have been entered into with related parties during the three and nine month periods ended September 30, 2015 and 2014, as well as balances with related parties as at September 30, 2015 and December 31, 2014.

	<u>Sales to related parties</u>	<u>Purchases from related parties</u>	<u>Amounts owed by related parties*</u>	<u>Amounts owed to related parties**</u>
Entity with controlling interest over the Company:				
As at September 30, 2015	\$—	\$—	\$—	\$ —
As at December 31, 2014	\$—	\$—	\$—	\$113,671
Associate:				
As at September 30, 2015	\$—	\$—	\$ 5	\$ —
As at December 31, 2014	\$—	\$—	\$ 4	\$ —
Three-months period ended September 30, 2015 . .	\$ 8	\$—	\$—	\$ —
Three-months period ended September 30, 2014 . .	\$367	\$—	\$—	\$ —
Nine-months period ended September 30, 2015 . . .	\$ 42	\$—	\$—	\$ —
Nine-months period ended September 30, 2014 . . .	\$716	\$—	\$—	\$ —

* The amounts represent trade receivables and are classified as account receivable by the Company on the unaudited interim consolidated statements of financial position.

** The amounts were classified as due to shareholder as a current liability on the unaudited interim consolidated statements of financial position, and are non-interest bearing, due on demand and are collateralized by a general charge on all assets of the Company (note 13).

10. FINANCIAL INSTRUMENTS

The following tables provide a summary of the classifications of financial instruments reported on the unaudited interim consolidated statements of financial position as at September 30, 2015 and December 31, 2014:

	<u>Fair value through profit or loss</u>	<u>Loans and receivables⁽ⁱ⁾</u>	<u>Other financial liabilities</u>
As at September 30, 2015			
Cash	\$1,766	\$ —	\$ —
Accounts receivable	—	8,905	—
Total assets	<u>\$1,766</u>	<u>\$8,905</u>	<u>\$ —</u>
Accounts payable and accrued liabilities	—	—	17,450
Other financial liabilities	—	—	3,576
Total liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 21,026</u>
As at December 31, 2014			
Cash	1,446	—	—
Accounts receivable	—	7,389	—
Total assets	<u>\$1,446</u>	<u>\$7,389</u>	<u>\$ —</u>
Accounts payable and accrued liabilities	—	—	13,531
Other financial liabilities	—	—	113,671
Total liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$127,202</u>

(i) Accounts receivable as presented excludes other receivables.

THERAPURE BIOPHARMA INC.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (Continued)
For the Period ended September 30, 2015
(in thousands of Canadian dollars)

10. FINANCIAL INSTRUMENTS (Continued)

Due to the nature of cash, carrying amounts on the interim statements of financial position approximate fair value.

Accounts receivable, account payable and accrued liabilities and other financial liabilities have been determined based on level 2 inputs, with the most significant input being the discount rate.

11. CASH FLOW ADJUSTMENTS AND CHANGES IN OPERATING ACTIVITIES

<u>For the nine-month period ended</u>	<u>September 30,</u> <u>2015</u>	<u>September 30,</u> <u>2014</u>
Adjustments to reconcile net loss to cash flows used in operating activities		
Depreciation of property, plant and equipment	\$ 4,842	\$ 2,764
Amortization of intangible assets	182	—
Net loss in an associate	170	218
Customer cash contributions towards capital improvements	2,285	5,939
Amortization of deferred revenues	(2,035)	—
Loss on foreign exchange	1,556	823
	<u>\$ 7,000</u>	<u>\$ 9,744</u>
Changes in non-cash working capital balances		
Accounts receivable	(1,450)	(2,969)
Inventories	(2,336)	(755)
Prepaid expenses and other assets	411	(284)
Accounts payable and accrued liabilities	4,735	(1,259)
Current deferred revenues	3,588	(488)
	<u>\$ 4,948</u>	<u>\$(5,755)</u>

12. LOAN PAYABLE

In July 2015, the Company entered into an agreement with the Federal Economic Development Agency for Southern Ontario for funding through the Advanced Manufacturing Fund to support development activities associated with commercialization of the Company's PlasmaCap EBA technology. The funding is in the form of an interest free, repayable loan of up to \$20,000 covering up to 34.6% of project spending through 2018. The loan may be prepaid at any time without penalty. The loan is repayable beginning in 2020, with each of the first 24 monthly instalments being in the amount of \$167, and each of the remaining monthly instalments being in the amount of \$333. Interest is payable on any overdue payments. The final payment on the loan is expected in 2025. As at September 30, 2015, the Company has received \$5,592 of funding for claims submitted under the Contribution Agreement.

The Company reported the long term loan payable at fair market value using discounted cash flows. The loan was discounted at a rate of 8% which is equivalent to the incremental borrowing rate at the date of receipt of the loan proceeds. Interest on the loan is recorded using the effective interest rate method from the date the funding is received. To date, all interest related to this loan was capitalized in intangible assets. The Company will continue to capitalize interest until the related asset is available for use.

As at September 30, 2015 the carrying amount of the loan payable approximated fair value.

13. SHARE CAPITAL

On July 4, 2015, pursuant to an internal recapitalization of the Company, the due to shareholder balance of \$128,163 was extinguished through a rights offering to all shareholders. The controlling shareholder committed to backstop the full amount of the offering by agreeing to exercise rights not taken up by the minority shareholders. In consideration for the backstop, the Company agreed to a commitment fee of \$5,449 which was added to the shareholder loan and settled in shares. On the date of settlement, the due to shareholder balance of \$133,531 was extinguished in exchange for 1,323,836 common shares. The commitment fee was accounted for as a reduction to equity.

THERAPURE BIOPHARMA INC.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (Continued)
For the Period ended September 30, 2015
(in thousands of Canadian dollars)

13. SHARE CAPITAL (Continued)

Issued and outstanding

	<u>September 30, 2015</u>		<u>December 31, 2014</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Issued and fully paid common shares, beginning of period	2,828,710	\$ 35,148	2,828,710	\$35,148
Issued common shares in relation to rights offering	1,323,836	128,163	—	—
Balance, end of period	<u>4,152,546</u>	<u>\$163,311</u>	<u>2,828,710</u>	<u>\$35,148</u>

14. NATURE OF EXPENSES

Information included in the unaudited interim consolidated statements of loss and comprehensive loss:

Employee salaries and benefits expense

	<u>Three-month period ended September 30</u>		<u>Nine-month period ended September 30</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cost of sales	\$4,367	\$3,407	\$11,539	\$ 9,297
Administration and selling expenses	1,384	1,116	3,720	3,262
Research and development expenses	169	457	791	1,408
	<u>\$5,920</u>	<u>\$4,980</u>	<u>\$16,050</u>	<u>\$13,967</u>

Depreciation and amortization expense

	<u>Three-month period ended September 30</u>		<u>Nine-month period ended September 30</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cost of sales	\$1,695	\$1,272	\$4,680	\$2,636
Administration and selling expenses	67	11	170	41
Research and development expenses	1	40	84	87
	<u>\$1,763</u>	<u>\$1,323</u>	<u>\$4,934</u>	<u>\$2,764</u>

15. COMMITMENTS AND CONTINGENCIES

i) Capital commitments

As at September 30, 2015, the Company had made capital commitments of \$1,909 (December 31, 2014 — \$5,845) to retrofit its Meadowpine facility and purchase capital equipment.

THERAPURE BIOPHARMA INC.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (Continued)
For the Period ended September 30, 2015
(in thousands of Canadian dollars)

15. COMMITMENTS AND CONTINGENCIES (Continued)

ii) Operating lease commitments

The Company leases its office facilities under a non-cancellable operating lease expiring in 2024. The total lease expense for the three and nine month periods ended September 30, 2015 was \$58 and \$172, respectively (three and nine month periods ended September 30, 2014 — \$36). Future minimum lease payments over the next five years and thereafter are estimated as follows:

For the years ending December 31,	
2015	\$ 56
2016	226
2017	233
2018	240
2019	247
Thereafter	<u>1,232</u>
	<u>\$2,234</u>

iii) Acquisition of technology and development milestones

Under the terms of its asset purchase and license agreement the Company has future obligations of up to US\$1,500 which may be payable in 2015. The Company has pledged, under the terms of the agreements, its assets acquired under the purchase and license agreements as security against the payment of these obligations. Losing access to these assets would result in an impairment of up to the full value of \$22,095 intangible assets associated with the Technology costs.

iv) Liquidity event payment

The Company has entered into an agreement whereby certain payments will be required to a senior manager in the event of a liquidity event involving the share capital of the Company. The amounts will be determined by reference to the values of any potential future transactions. These obligations are not reflected in these interim condensed consolidated financial statements since these obligations are contingent on future events and no values are currently determinable.

16. FINANCIAL RISK MANAGEMENT

The Company is exposed to risks of varying degrees of significance, which could affect its ability to achieve its strategic objectives for growth. The main objective of the Company's risk management process is to ensure that risks are properly identified and the capital base is adequate in relation to these risks.

The Company is exposed through its operations to the following financial risks:

- Currency risk
- Credit risk
- Liquidity risk

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk with regard to potential future payments for certain intellectual property. Effective July 4, 2015, the Company is no longer exposed to foreign exchange currency risk related to the portion of the shareholder loan that is dominated in United States dollars ("USD").

The Company's cash flows for the nine month period ended September 30, 2015 are also impacted by currency movements as 95% (nine month period ended September 30, 2014 — 95%) of the Company's revenues are in USD. A decrease of 5% in the USD exchange rate would have resulted in a decrease in revenues by \$1,395 (nine month period ended September 30, 2014 decrease of — \$914).

THERAPURE BIOPHARMA INC.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (Continued)
For the Period ended September 30, 2015
(in thousands of Canadian dollars)

16. FINANCIAL RISK MANAGEMENT (Continued)

b) Credit risk

The Company, in the normal course of business, is exposed to credit risk from its customers. Credit risk arises from the potential that the counterparty will fail to perform its obligations. However, the risk is mitigated by the fact that management believes the Company has thorough and rigorous credit approval procedures including requesting security deposits on work to be performed.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. Given the Company's access to capital from its shareholder, the Company is exposed to minimal liquidity risk.

d) Economic dependence

The Company's majority shareholder has provided an undertaking to provide financial support to the Company for fiscal 2015.

17. CAPITAL MANAGEMENT

The Company considers its cash, common shares and shareholder advances as capital. The Company's objective when managing its capital is to maintain a sufficient capital base in order to meet its short-term obligations on a month-to-month basis.

The Company has no externally imposed capital requirements and there has not been any changes in the Company's capital management policy during the year.

18. SEGMENT INFORMATION

Therapure is a biopharmaceutical company focused on manufacturing complex biologics for its customers and the development, manufacture and sale of its own blood and plasma-related therapeutic products. Therapure's business activities consist of: (i) CDMO services under the banner Therapure Biomanufacturing and (ii) proprietary product development under the banners Therapure Biologics and Therapure Innovations ("Products").

The Company's chief operating decision maker monitors the operating results of these business units separately for the purposes of assessing performance and allocating resources.

Therapure has three reportable segments: 1. "CDMO" is a supplier of pharmaceutical outsourcing services, primarily to the biologics sector of the pharmaceutical market. 2. Therapure Biologics, Therapure plans to enter the plasma-derived specialty drug products market with a portfolio of its own products, the majority of which it will manufacture using a proprietary protein separation technology called PlasmaCap EBA™ ("PlasmaCap"). 3. Therapure Innovations has a pipeline of new drug product candidates targeted at large markets with unsatisfied medical needs in the areas of liver cancer, anemia and organ preservation.

Therapure Biologics expenditures are recorded as capitalized internal development costs in the interim consolidated statement of financial position.

All assets related to reportable segments are located within Canada.

THERAPURE BIOPHARMA INC.
NOTES TO THE UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the Period ended September 30, 2015
(in thousands of Canadian dollars)

18. SEGMENT INFORMATION (Continued)

a) Revenue and expenses by reportable segment

The following tables present revenues and profit information for the Company's operating segments for the three and nine month period ended September 30, 2015 and 2014, respectively:

<u>For the three-month period ended September 30, 2015</u>	<u>CDMO</u>	<u>Innovations</u>	<u>Corporate</u>	<u>Total</u>
Revenues	\$11,472	\$ —	\$ —	\$11,472
Cost of sales	10,303	—	—	10,303
Administration and selling expenses	1,695	—	1,149	2,844
Research and development expenses	—	545	—	545
Loss on foreign exchange	—	—	101	101
Finance income	—	—	(4)	(4)
Net loss in an associate	—	—	56	56
Net loss for the period	<u>\$ (526)</u>	<u>\$(545)</u>	<u>\$(1,302)</u>	<u>\$(2,373)</u>
<u>For the three-month period ended September 30, 2014</u>	<u>CDMO</u>	<u>Innovations</u>	<u>Corporate</u>	<u>Total</u>
Revenues	\$ 7,664	\$ —	\$ —	\$ 7,664
Cost of sales	8,465	—	—	8,465
Administration and selling expenses	1,352	—	674	2,026
Research and development expenses	—	1,169	—	1,169
Loss on foreign exchange	—	—	480	480
Finance income	—	—	(5)	(5)
Net loss in an associate	—	—	72	72
Net loss for the period	<u>\$(2,153)</u>	<u>\$(1,169)</u>	<u>\$(1,221)</u>	<u>\$(4,543)</u>
<u>For the nine-month period ended September 30, 2015</u>	<u>CDMO</u>	<u>Innovations</u>	<u>Corporate</u>	<u>Total</u>
Revenues	\$29,488	\$ —	\$ —	\$ 29,488
Cost of sales	29,678	—	—	29,678
Administration and selling expenses	4,745	—	2,177	6,922
Research and development expenses	—	2,057	—	2,057
Loss on foreign exchange	—	—	1,541	1,541
Finance income	—	—	(11)	(11)
Net loss in an associate	—	—	170	170
Net loss for the period	<u>\$(4,935)</u>	<u>\$(2,057)</u>	<u>\$(3,877)</u>	<u>\$(10,869)</u>
<u>For the nine-month period ended September 30, 2014</u>	<u>CDMO</u>	<u>Innovations</u>	<u>Corporate</u>	<u>Total</u>
Revenues	\$19,284	\$ —	\$ —	\$ 19,284
Cost of sales	20,545	—	—	20,545
Administration and selling expenses	3,853	—	1,510	5,363
Research and development expenses	—	3,824	—	3,824
Loss on foreign exchange	—	—	419	419
Finance income	—	—	(18)	(18)
Net loss in an associate	—	—	218	218
Net loss for the period	<u>\$(5,114)</u>	<u>\$(3,824)</u>	<u>\$(2,129)</u>	<u>\$(11,067)</u>

THERAPURE BIOPHARMA INC.
NOTES TO THE UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the Period ended September 30, 2015
(in thousands of Canadian dollars)

18. SEGMENT INFORMATION (Continued)

b) Revenues by location from external customers

	Three-month period ended September 30		Nine-month period ended September 30	
	2015	2014	2015	2014
United States	\$10,566	\$6,930	\$26,840	\$17,499
Canada	618	505	1,584	1,011
International	288	229	1,064	774
Total	<u>\$11,472</u>	<u>\$7,664</u>	<u>\$29,488</u>	<u>\$19,284</u>

c) Revenues by major customers

As at September 30, 2015, one customer accounted for 34% (21% for total fiscal 2014) a second customer 16% (39% for total fiscal 2014) and a third customer 12% (3% for total fiscal 2014) of total period-to-date revenues in the CDMO operating segment.

19. EVENTS AFTER THE REPORTING PERIOD

On November 20, 2015, the Company entered into a credit and security agreement with lenders. The amount to be provided by lenders is USD \$30,000 and consists of two credit facilities. The first credit facility is USD \$20,000 and was provided on the date of the agreement and the second credit facility is USD \$10,000 and will be provided to the Company when a qualifying initial public offering occurs. Interest rate on both credit facilities is Libor + 7.5% margin. The Company will repay the first and second credit facilities by making payments of USD \$667 and USD \$333, respectively, per month starting on June 1, 2017. Both credit facilities are due on November 1, 2019 and are secured by the Company's specific assets as defined in the agreement.

On November 25, 2015, the Corporation entered into an amendment to the employment agreement with a key senior manager. In accordance with the amendment, the senior manager was issued 62,288 Restricted Shares, representing 1.5% of the number of shares outstanding as of that date, for no additional proceeds. In addition, the senior manager is entitled to receive cash bonuses and additional Restricted Shares, for no additional proceeds, upon the completion of certain performance milestones. The number of Restricted Shares will be determined by reference to the performance milestones and could aggregate to an additional amount of up to 1.75% of the outstanding common shares as at the date of the filing of the preliminary prospectus. The senior manager is further entitled to options, at a price equal to the offering price, for that number of common shares representing 0.5% of the issued and outstanding common shares as of the date of the preliminary prospectus. The Restricted Shares are subject to forfeiture in certain circumstances. The Company is in the process of determining the amount of compensation expense to be recorded in 2015, which amount is likely to be material.

CERTIFICATE OF THE ISSUER

Dated: January 6, 2016

This amended and restated prospectus (which includes the marketing materials included or incorporated by reference) constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated prospectus as required by the securities legislation of each of the provinces and territories of Canada.

(Signed) "*Nicholas Green*"

Nicholas Green
Chief Executive Officer

(Signed) "*David Long*"

David Long
Chief Financial Officer

On behalf of the Directors

(Signed) "*Newton Glassman*"

Newton Glassman
Director

(Signed) "*Gabriel de Alba*"

Gabriel de Alba
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: January 6, 2016

To the best of our knowledge, information and belief, this amended and restated prospectus (which includes the marketing materials included or incorporated by reference) constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated prospectus as required by the securities legislation of each of the provinces and territories of Canada.

GMP SECURITIES L.P.

(Signed) "*Steve Ottaway*"

Steve Ottaway

CIBC WORLD MARKETS INC.

(Signed) "*Ryan Voegeli*"

Ryan Voegeli

**NATIONAL BANK
FINANCIAL INC.**

(Signed) "*Rob Sainsbury*"

Rob Sainsbury

**BLOOM BURTON & CO.
LIMITED**

(Signed) "*Jolyon Burton*"

Jolyon Burton

CANACCORD GENUITY CORP.

(Signed) "*Steven Winokur*"

Steven Winokur

SCOTIA CAPITAL INC.

(Signed) "*Chad Graves*"

Chad Graves

MACKIE RESEARCH CAPITAL CORPORATION

(Signed) "*Paul Rajchgod*"

Paul Rajchgod