VALEO PHARMA INC.

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

April 12, 2019

TABLE OF CONTENTS

INTERPRETATION

Unless the context otherwise requires, all references in this Annual Information Form ("**AIF**") to "us", "we", "our", "Valeo" or the "Corporation" refer to Valeo Pharma Inc.

This AIF should be read in conjunction with Valeo's audited consolidated financial statements and management's discussion and analysis for the fiscal year ended October 31, 2018. The audited consolidated financial statements and management's discussion and analysis of the Corporation are available under the Corporation's profile on SEDAR at www.sedar.com. All financial information contained in the AIF have been established in accordance with Canadian generally accepted accounting principles including International Financial Reporting Standards ("IFRS").

Unless otherwise stated, the information in this AIF is stated as of October 31, 2018.

CURRENCY AND EXCHANGE RATE INFORMATION

Unless otherwise indicated all references to "$" or "dollars" in this AIF refer to Canadian dollars.

References to "US$" or "US dollars" mean United States of America dollars.

The Corporation's accounts are maintained in Canadian dollars.

FORWARD-LOOKING INFORMATION

This AIF contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Wherever possible, words such as "plans", "expects", or "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, have been used to identify forward-looking information.

Forward-looking information in this AIF may include, but is not limited to,

- information with respect to our future financial and operating performance,
- future development activities, and the costs and timing of those activities,
- timing and receipt of approvals, consents and permits under applicable legislation,
- new product launches,
- adequacy of financial resources.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. We believe that the assumptions and expectations reflected in such forward-looking information are reasonable. Assumptions have been made regarding, among other things: our ability to carry on development activities, the timely receipt of required approvals and our ability to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from those expressed or implied by such forward-looking information, including the absence of a public market for the Corporation's securities, our reliance on third-party suppliers and manufacturers, the availability of additional funding, common risks for pharmaceutical products, including product liability claims, insurance and recalls, registration risks in certain jurisdictions, our inability to implement the Corporation's strategy to grow the business, dependence on key management personnel and executives, competition, currency fluctuations. See "Risk Factors".

Our forward-looking statements are based on the reasonable beliefs, expectations and opinions of management on the date of this AIF. Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. We do not undertake to update any forward-looking information, except as, and to the extent required by, applicable securities laws.

INDUSTRY DATA

Market data and industry forecasts used in this AIF were obtained from various publications. Although management believes that these independent sources are generally reliable, the accuracy and completeness of such information is not guaranteed and has not been independently verified.

DEFINITIONS

In this AIF, unless the context otherwise requires, the following terms shall have the meanings set forth below:

AIF	Annual Information Form
AMF	Autorité des marchés financiers
ANDA	Abbreviated New Drug Application, an application for a U.S. generic drug approval for an existing licensed or approved drug
API	Active pharmaceutical ingredient
Board	Board of Directors of the Corporation
CBCA	Canada Business Corporations Act, RSC 1985, c. C-44, and all regulations made thereunder, as amended
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Chairman	Chairman of the Board of Directors
Class 10	Level 10 security standards in compliance with Health Canada's *Directive on Physical Security Requirements for Controlled Substances (Security Requirements for Licensed Dealers for the Storage of Controlled Substances)*
CNS	Central nervous system
CSE	Canadian Securities Exchange
DIN	A Drug Identification Number assigned by Health Canada to a drug product following approval to market in Canada, under the Food and Drugs Act (Canada) (R.S.C., 1985, c. F-27)
EMA	European Medicines Agency
EU	European Union
FDA	United States Food & Drug Administration.
Generic Drug	A drug that, in comparison with an Innovative Drug, contains identical amounts of the identical medicinal ingredients, in comparable dosage forms, but does not necessarily contain the same non-medicinal ingredients and which is interchangeable with the said Innovative Drug
GMP	The acronym for "Good Manufacturing Practices" which are the standards established by health authorities under which drugs can be developed, manufactured, packaged, analyzed, stored and shipped
Health Canada	The federal institution overseen by the Minister of Health, responsible for helping Canadians maintain and improve their health. It ensures that high-quality health services are accessible, and works to reduce health risks
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
IMS (now IQVIA)	IMS Health Incorporated, a leading pharmaceutical market research organization.
Innovative Drug	A drug that contains a medicinal ingredient not previously approved in a drug by a Regulatory Authority and that enjoys proprietary barriers to entry, including regulatory or patent-derived market exclusivity, novelty, or brand differentiation.
Manitex	Manitex Capital Inc.
Person	An individual, sole proprietorship, body corporate, firm, partnership, limited partnership, unincorporated organization or association, trust, or any other legal or commercial entity
Option Plan	A share option plan approved by the Board of the Corporation
QA/QC	Quality Assurance/Quality Control
Regulatory Authority	Any board, commission, association or other body, organization or agency, whether governmental, professional, self-regulatory or otherwise, having jurisdiction over the Corporation or over any part of the business carried on by it.
Shares	Class "A" shares of Valeo Pharma Inc.
Tax Act	*Income Tax Act* (Canada)
TPD	Therapeutic Products Directorate, which is the Canadian authority that regulates, evaluates and monitors the safety, efficacy and quality of pharmaceutical drugs and medical devices offered for sale in Canada.
Transfer Agent	Computershare Investor Services Inc.
U.S.	The United States of America.
VPI	The Corporation's subsidiary VPI Pharmaceuticals Inc. focused on the commercialization of Hospital products.

THE CORPORATION

Name, address and incorporation

Valeo was incorporated on March 27, 2003 pursuant to the CBCA. The registered office and principal place of business of the Corporation are located at 16667 Hymus Boulevard, Kirkland, Québec, Canada, H9H 4R9. See "*Description of the Business – Facilities*".

On April 23, 2008, pursuant to Articles of Amendment, the Corporation amended its articles by (i) creating a new class of shares, Class F1 Shares, and authorizing the Corporation to issue an unlimited number of such Class F1 shares, (ii) adding a restriction on the transfer of securities, except non-convertible debt securities, and (iii) granting borrowing powers to the Board, subject to the provisions of the CBCA.

On January 6, 2015, pursuant to Articles of Amendment, the Corporation amended its articles by creating a new class of shares, Class A1 Shares, and authorizing the Corporation to issue an unlimited number of such Class A1 shares.

On October 30, 2015, pursuant to Articles of Amendment, the Corporation amended its articles by (i) creating two new class of shares, Class X shares and Class X1 shares, and authorizing the Corporation to issue an unlimited number of such Class X and Class X1 shares, and by (ii) reclassifying, redesignating and converting all of the Class "A" shares into Class X shares and all of the Class A1 shares into Class X1 shares.

On September 18, 2018, the Corporation filed Articles of Amendment (i) subdividing all issued and outstanding Class "A" shares on a 1.57-for-1 basis, as approved by the special resolution of the shareholders, effective as of July 1, 2018 (ii) repealing and cancelling all classes of shares in the share capital of the Corporation, except for Class "A" shares, and (ii) adding provisions to give to the Board the ability to appoint one or more additional directors between shareholders' meetings.

On February 18, 2019, the Corporation filed Articles of Amendment to remove restrictions on transfers of Shares of the Corporation and other private issuer provisions, the whole in connection with the listing of the Shares on the CSE.

Intercorporate relationships

The Corporation has no significant subsidiaries. Valeo's subsidiaries, in the aggregate, represent less than 20% of the Corporation's consolidated assets and revenues.

As of the date of this AIF, Manitex holds 20,166,288 Shares of the Corporation representing 41.6% of the total issued and outstanding Shares. Manitex is considered to be the Promoter of Valeo Pharma. *See "Promoter".*

GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

Developments in fiscal year 2016 (November 1, 2015 – October 31, 2016)

In January 2016, Valeo began distribution of M-Eslon (extended release morphine sulphate). We had previously entered into an agreement with Ethypharm Inc. a French pharmaceutical company ("Ethypharm") in 2015 to distribute M-Eslon in Canada under an exclusive five-year agreement that started on January 1, 2016. As per the agreement, Valeo distributed the product in Canada and received a set percentage of gross sales. All costs related to the sale of M-Eslon were paid by Ethypharm. Ethypharm maintained ownership of the marketing approval for Canada.

In September 2016, we extended our partnership with Ethypharm to add M-Ediat (morphine sulphate immediate release) to our product portfolio. This addition was under the same terms as the original agreement with Ethypharm.

On November 10, 2016, VPI entered into an exclusive distribution agreement with an undisclosed partner to secure the Canadian rights to Benztropine, an anticholinergic agent used for the treatment of Parkinson's Disease.

Developments in fiscal year 2017 (November 1, 2016 – October 31, 2017)

In January 2017, Valeo expanded sales efforts for Synacthen (tetracosactide) in Canada to include promotion for the treatment of gout. In 2014, Valeo entered into an exclusive distribution agreement for Synacthen in Canada for Multiple Sclerosis, with a term of five years from the date of signature. The product is kept by Valeo on consignment until sale, at which time the product is sold to Valeo at a set transfer price. Following the signing of the Synacthen agreement, Valeo created a CNS focused sales force to promote Synacthen to multiple sclerosis specialists.

On March 31, 2017, the Corporation entered into an exclusive license and distribution agreement with Zambon S.p.A. ("Zambon"), an Italian pharmaceutical company, for the right to sell Safinamide in Canada. This exclusive license has a term of ten (10) years from the date of launch. The Corporation will purchase all of its supply from Zambon and pay a double-digit royalty, and upfront and milestone payments that can reach up to $6,250,000. The Corporation is responsible for all activities in Canada including regulatory, quality, sales, marketing and distribution activities. The Corporation cannot develop, manufacture or launch a product with the same API. The Corporation has a right of first refusal on any future indications developed by Zambon.

Our joint venture with Valeant Canada Ltd., covering Vancomycin and Baclofen sales in Canada, ended in August 2017.

In September 2017, we entered into an agreement with an EU generic drug developer and manufacturer ("EU Partner") to bring an injectable generic to the Canadian market. The agreement is an exclusive license for five years from date of approval, to be automatically extended for five years if the Corporation meets its obligations. The Corporation will pay a set transfer price per packaged finished unit of product.

In March 2017, we received a Notice of Compliance for Ethacrynate Sodium in Canada.

Developments in fiscal year 2018 (November 1, 2017 – October 31, 2018)

In November 2017, Valeo filed a new drug submission for Safinamide with Health Canada.

In March 2018, Safinamide successfully passed screening by Health Canada and was accepted for review.

In May 2018, we renegotiated the distribution agreement with Ethypharm for M-Eslon and M-Ediat to expand Valeo's role and responsibilities, including QA/QC and all commercialization activities in Canada.

In July 2018, we launched a non-brokered private placement (the "Offering") of convertible debentures (the "Debentures") for maximum gross proceeds of up to $4,000,000. The Debentures bore interest at a rate of 8% per annum. The maturity date of the Debentures is the date that is twelve (12) months following the closing of the Offering. Each $1,000 principal amount of Debentures are convertible into 2,500 Shares representing a price per share equal to $0.40 (the "Conversion Price"). The Debentures, plus all accrued and unpaid interest, are convertible into Shares at the Conversion Price, either at the option of the holder at any time or automatically upon the occurrence of a defined liquidity event. On July 25, 2018, the Corporation issued Debentures for a principal amount of $500,000.

In September 2018, Valeo and Besins Healthcare ("Besins") entered into an agreement to commercialize Utrogestan in Canada. Utrogestan is the commercial brand name for micronized progesterone indicated for luteal phase support during in-vitro fertilization cycles. Under the terms of the agreement, Valeo is responsible for all aspects of regulatory, quality, sales, marketing and distribution activities in Canada. Utrogestan has already been granted marketing approval by Health Canada and we expect a third quarter 2019 product launch. The agreement provides us with exclusive rights for five years, with Besins having a buy-back option after two years.

Subsequent Events (after October 31, 2018)

In November 2018, we expanded our existing agreement with our EU Partner to include the Canadian rights to another generic injectable.

In December 2018, we amended the terms of the Offering to (i) reduce the interest rate from 8% to 5% per annum and (ii) remove the penalty giving rise to the issuance of Bonus Shares in the case of a listing on a recognized Canadian exchange after March 31, 2019. On February 19, 2019, the Corporation announced that it had closed the final tranche of its Offering after having raised aggregate gross proceeds of $1,400,000 under all tranches of the Offering.

In December 2018, VPI entered into a license and supply agreement with a French generic manufacturer (the "Licensor") for the Canadian rights to Ondansetron ODT, a drug currently commercialized in Canada to prevent nausea and vomiting caused by cancer chemotherapy, radiation therapy or surgery. The Licensor owns the Canadian rights to Ondansetron ODT and, as part of the agreement, has transferred the DIN to Valeo. Valeo expects to start commercializing the product in the third quarter of fiscal year 2019. Under the terms of the agreement with the Licensor, Valeo will pay a transfer price as well as a percentage of net profits. No royalties, commercial or sales milestones will be paid by Valeo.

On December 21, 2018, Valeo filed a non-offering Prospectus with the securities regulatory authorities in each of the provinces and territories of Canada for the purpose of allowing the Corporation to become a reporting issuer in these jurisdictions and to become eligible for listing pursuant to the policies of the CSE in order to develop an organized market for the Corporation's Shares. Since no securities were offered pursuant to the Prospectus, no proceeds were raised and all expenses incurred in connection with the preparation and filing of this Prospectus were paid by the Corporation.

On December 27, 2018 Valeo received a receipt from the AMF for the filing of its final non-offering long form prospectus. Following the AMF receipt, the Corporation applied for the listing of its Shares on the CSE.

On January 1, 2019, the Corporation and Zambon agreed to defer a milestone payment of $350,000, which was initially due on approval of Onstryv by Health Canada. This milestone is now payable following the launch date of the product in Canada set for June 2019.

On January 10, 2019, Onstryv was approved by Health Canada for the treatment of Parkinson's Disease.

On January 24, 2019, VPI entered into a license and supply agreement with an undisclosed partner to secure the rights to one product to be added to VPI's existing Hospital Products portfolio. Regulatory filing with Health Canada is expected before the end of the year and marketing approval is expected to follow within nine to twelve (12) months.

On February 15, 2019, Valeo announced the conversion of Debentures totalling $1,400,000 plus accrued interest into Shares of the Corporation. The Debentures were issued as part of the Offering. On February 15, 2019 the shares of the Corporation were approved for listing on the CSE and all outstanding Debentures, plus accrued and unpaid interest, were converted into Shares at the conversion price, representing a total of 3,567,158 Shares.

On February 20, 2019 the Shares of the Corporation commenced trading on the CSE.

On February 25, 2019 the Corporation amended its lease agreement. The term of the lease was extended for a five-year period commencing on September 1, 2019 and expiring on August 31, 2024 (the "Additional Term"). The base rent for the Additional Term will range from $92,092 to $98,790 per annum. In accordance with the terms of the lease, the Corporation will pay additional rent representing its proportionate share of operating costs and taxes.

On March 15, 2019 the Corporation entered into a license and supply agreement with an undisclosed partner to secure the rights to three products to be added to VPI's existing Hospital products portfolio. The products are subject to regulatory review by Health Canada. Regulatory filings are expected to take place over the coming year with marketing approval to follow within nine to twelve (12) months.

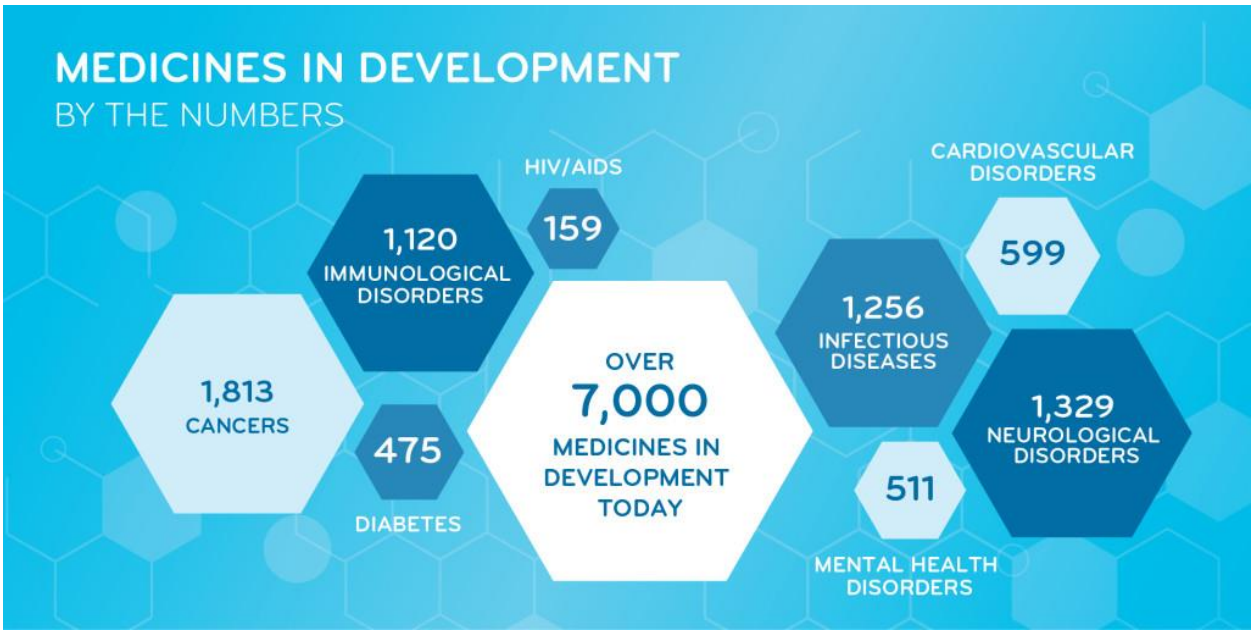
On March 21, 2019, Health Canada granted VPI marketing approval for Benztropine, an anticholinergic agent used for the treatment of Parkinson's Disease. VPI has exclusive distribution rights for Benztropine in Canada and expects to launch the product before year-end 2019.

DESCRIPTION OF THE BUSINESS

The Global Pharmaceutical Market

The global pharmaceutical industry is highly diverse and made up of various sectors, including large branded pharmaceutical companies, small to mid-sized specialty companies and niche market pharmaceutical manufacturers, marketers, biotechnology firms, research and development organizations and Generic Drug manufacturers. These participants compete for market share based on advantages including clinical efficacy and safety, technological innovation or novelty, convenience or ease of administration and cost effectiveness. In 2016, the global pharmaceutical market generated estimated gross sales of U.S.$1.1 trillion, of which U.S.$482 billion (44%) were in North America (*Source: IMS World Review Analyst 2017*).

The global market for therapeutics treating neurological conditions, consisting broadly of drugs for the treatment of psychiatric disorders, neurological disorders and pain, was estimated at U.S.$136 billion in IMS gross sales in 2016. The global market for anti-psychotic therapeutics is estimated at U.S.$18.9 billion in IMS gross sales in 2016. The North American market represents the largest market globally, with an estimated 62% market share or U.S.$11.7 billion in IMS gross sales in 2016. (*Source: IMS World Analyst 2017*).

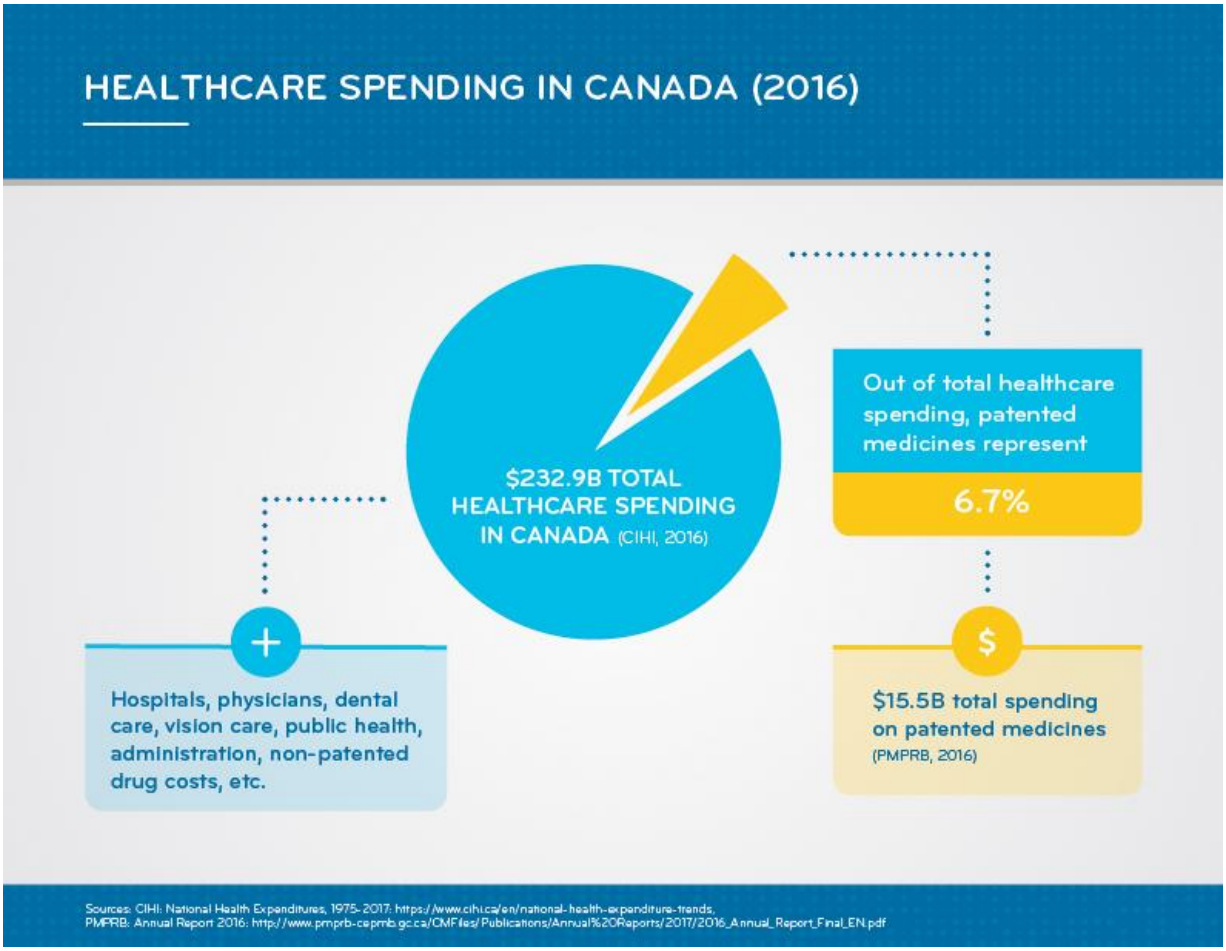


In developed countries, patent and regulatory legislation offers Innovative Drug developers a period of market exclusivity to provide incentives to pharmaceutical companies to take on the high risks, substantial costs and relatively long timeframes associated with developing Innovative Drugs. Such market exclusivity enables Innovative Drug marketers to focus on the sales and marketing of their approved products.

In the Innovative Drug industry, core competencies are required in science to successfully develop new drugs, in medical and regulatory affairs to obtain marketing approval, and in sales and marketing to drive prescription volumes and receive reimbursement. Fully integrated pharmaceutical companies build all of these core competencies, while others focus on specific areas of the value chain. For example, biotech companies focus on the development of new drugs derived from either biotechnology or chemistry. Specialty pharmaceutical companies focus on understanding the dynamics of end-users, obtaining reimbursement and building distribution networks.

The Canadian Pharmaceutical Market

According to Global Data Intelligence Center, the Canadian Pharmaceutical market is set to grow from 2016 levels of $22.6 Billion to over $25 Billion in 2021. In 2016, Generic Drugs made up $6.2 Billion in sales, but accounted for 70% of all prescriptions. As seen below, patented medicines account for more than $15 Billion in annual spending.



Globally, Canada is the 10th largest market, making up 2% of sales around the world.

The Canadian market to treat neurological conditions is estimated at U.S.$3.4 billion (*Source: IMS World Review Analyst 2017*). The Canadian market for anti-psychotic therapeutics was estimated at U.S.$528 million in IMS gross sales in 2016

Overview

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

Valeo's Strategy

We currently focus on the following therapeutic areas:

- Neurology (namely but without limitation, Multiple Sclerosis, Parkinson's Disease and Schizophrenia)

- Oncology (namely but without limitation Myelodysplastic Syndrome ("MDS") and ovarian cancer)

- Women's Health (namely but without limitation, assisted fertility treatment)

- Hospital Products (namely but without limitation, pain management, including narcotics, anti-infectives and critical care)

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

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

Commercial Strategy

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

We have a strong track record of over fifteen (15) years creating partnerships and are well positioned to focus initially on these therapeutic areas and continue to build portfolios to address the needs of specialists in these areas. Where strategically appropriate, Valeo will look to add to its portfolio through acquisitions of products, preferably ones that are already on the market.

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

Product Sourcing

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

- **Product Acquisition**: Valeo has a long history of successful product acquisitions in the Specialty Pharma area. We will continue to invest in strategic acquisitions to build on our product portfolio, however will remain selective in the acquisition targets to ensure they are accretive to ongoing activities.

- **Product in-licensing**: As above, Valeo has a strong history of successful partnerships that have been developed through in-licensing. We will continue to search for strategic alliances through in-licensing as long as the financial goals of the Corporation are met and the product opportunities fit with the commercialization goals of the Corporation.

- **Internal Product Development**: In select situations, Valeo will engage in the development of injectable generic products. Valeo has a proven track record of developing products from the ground up. This includes all phases of developing and launching a new generic product, from the identification of a target molecule/product, to the registration dossier development and submission, to supply sourcing and the launch of the product.

Growth Strategy

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

- **Continuing to grow sales of existing products in Canada** through: (a) targeted promotional strategies in commercially attractive regions and market sectors, (b) investment in organic growth opportunities such as

life cycle management programs, differentiated formulations, and expanded label indications, and (c) the support of innovative programs and technologies that could improve patient compliance and pharmacotherapy success.

- **Obtaining regulatory approval and commercially launching the current portfolio of innovative, in-licensed products in Canada**, where we have obtained exclusive Canadian marketing rights.

- **Acquiring or in-licensing additional products and product rights to commercial or late development stage assets in our target therapeutic areas** where we have deep commercial, clinical and regulatory experience, established relationships with leading institutions and key opinion leaders, and a significant commercial reach.

- **Acquiring new products that allow expansion into new therapeutic areas** with compelling market dynamics, healthcare economics, and long-term growth prospects.

- **Acquisition of products with current Canadian revenue**. Valeo will look for opportunities that add immediate revenue, if they fit strategically with ongoing sales and marketing activities.

Sources of Product Opportunities

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

- **Regional Pharmaceutical Companies** - U.S. and European specialty pharmaceutical companies, or maturing biotech firms that choose to market proprietary products in their respective territories on their own generally do not have the sales and marketing capability to market their products in Canada. We believe that we offer a good strategic fit for foreign specialty pharmaceutical companies without a presence in Canada and seek to represent such companies in Canada.

- **Canadian Branch of International Pharmaceutical Companies** – Often these companies divest non-core products from their mature brand portfolios. These opportunities may be too small for multi-national pharma companies, but fit with the growing portfolio of products in Valeo.

- **International Generic Companies** – With the exception of a few large multi-national generic companies, most companies developing and manufacturing Generic Drugs tend to be regional or country focused. As they often do not have Canada on their international expansion plans, Valeo offers a solution by allowing these companies to access the Canadian market without establishing an infrastructure in the country.

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

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

Criteria for New Product Acquisition

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

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

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

Current Portfolio

The primary focus of Valeo is to commercialize innovative, branded pharmaceutical products. However, the Corporation also participates in the generic market. The focus for Generic Drugs will be injectable Hospital Products, and other hard to source products. Our position in the generic market will be used as a tactical measure to: (i) generate stable and predictable earnings and (ii) counter-balance the inherent risk involved in developing the market for innovative products.

Valeo's current product portfolio includes:

Product	Indication	Regulatory, Commercial Status, and other important information
Onstryv (License)	Idiopathic Parkinson's Disease as an add-on for people taking a stable dose of Levodopa (L-dopa) alone or in combination with other drugs, to help with "off" episodes when L-dopa is no longer effective	The submission for Safinamide has been approved by *Health Canada* on January 10, 2019. We have actively commenced launch preparation for Onstryv and expect to start commercializing this product in June 2019.
Utrogestan (Distribution Agreement)	Micronized progesterone indicated for luteal phase support during in vitro fertilization cycles	The product has received *Health Canada* approval and Valeo expects to start commercialization of Utrogestan in the third quarter of fiscal year 2019.
Synacthen (Distribution Agreement)	17 approved indications including several in neurology	Valeo currently markets this product for severe multiple sclerosis and gout to approximately 100 neurology specialists across Canada. There is a global supply shortage on this product and Canadian sales have been halted at the end of the first quarter of 2019.
M-Eslon (Distribution Agreement)	Extended release morphine sulphate used for pain management.	Agency agreement signed in August 2015 with sale of product recorded on a net basis. Effective May 1, 2018, the contract was amended with Valeo assuming more commercial and quality control responsibilities and consequently revenues are now accounted for on a gross basis
Ethacrynate Sodium	Loop diuretic used to treat high blood pressure and associated swelling	**Canada** - VPI has initiated commercialization of the product in the third quarter of fiscal 2018. **United States** - VPI has entered into a partnership with a U.S. pharmaceutical company, to commercialize the product. VPI has filed a registration dossier with the FDA.

Benztropine (Distribution Agreement)	Anticholinergic agent used for the treatment of Parkinson's Disease	Approved by Health Canada on March 21, 2019. VPI expects to start commercializing the product before year-end 2019.
Ondansetron ODT (License)	Prevention of nausea and vomiting caused by cancer chemotherapy	Approved and Marketed in Canada. VPI has licensed the marketing authorization for the product and expects to start commercializing the product in the third quarter of 2019.
Hospital Products (7) (4 Licenses)	Anti-fungal, anti-infectives, pain management and others	VPI has licensed the Canadian rights to seven additional hospital products not yet approved in the territory. Regulatory filings will take place over the coming year with marketing approvals expected to follow within 9-15 months.

Valeo intends to pursue additional product and pipeline opportunities in the areas of Neurology, Women's Health, Oncology, Pain Management and Hospital Products, and potentially in other therapeutic areas, through targeted business development efforts. Our experienced management team has a long and proven track record of successfully sourcing, developing and commercializing drugs in a variety of therapeutic areas at all stages of their life cycle in Canada.

Our Markets

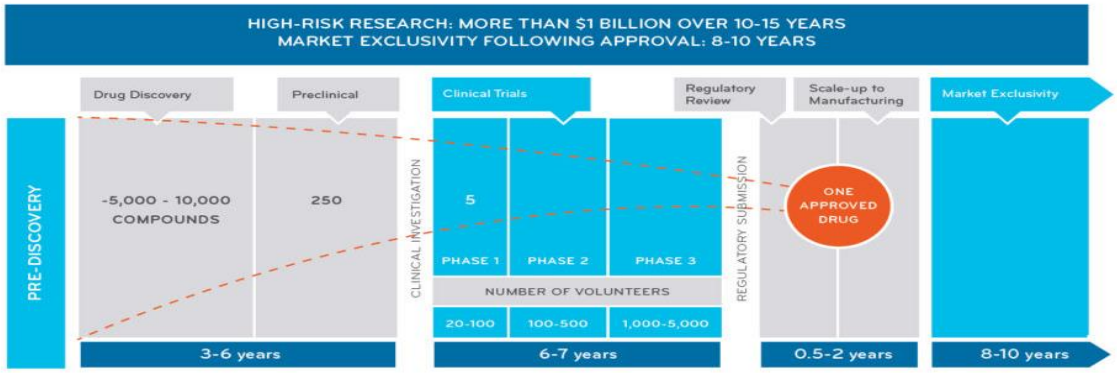
The majority of Valeo's business will be in the Canadian market. All products in-licensed to date have included the rights to Canada only. If there is potential for Valeo to license a product for a larger territory, the fit for Canada based on the above criteria, will remain the primary decision driving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

For Generic Drugs developed by Valeo, we retain the global rights to the product. Ethacrynate Sodium has been developed by Valeo and we own the rights to the product in all territories except Italy. In 2015, we partnered the U.S. rights to a U.S. pharmaceutical company, for a share of the revenues and filed an ANDA with the FDA. The decision to develop products includes consideration of international markets and the potential return on investment.

Development of Pharmaceuticals

In order for pharmaceutical companies to launch new drugs, a rigorous approval process must be undertaken with the Regulatory Authorities in the countries in which the products will be marketed. It is estimated that it takes approximately ten (10) to fifteen (15) years for an experimental drug to advance from the laboratory to the market, that less than five out of five thousand compounds that are screened eventually progress to human testing and that only one of such compound is ultimately approved for sale.

DRUG DISCOVERY TIMELINE



Most pharmaceutical products in the North American marketplace follow very similar paths of development from the drug discovery stage through to the established brand stage. The key stages are as follows:

Drug Discovery. In the drug discovery stage, researchers study the molecular mechanisms of a particular disease and attempt, through a variety of methods, to find or create a molecule that affects the way the disease functions. Typically, when a new molecule is identified that offers the potential to proceed further in development, a patent application is filed claiming the chemical formula that defines the new molecule and/or the process by which the new molecule is formulated and/or used. If issued, the patent permits the patent holder to exclude others from making, using or selling the discovery claimed in the patent for the patent lifespan.

Pre-clinical and Clinical Development. Following the drug discovery stage, candidate drugs typically undergo one to three years of extensive pre-clinical laboratory and animal testing to assess safety and demonstrate biological activity against a disease, followed by clinical (human) trials, which can take from two to ten years or more, during which safety and efficacy of the new molecule is determined. Two key factors influencing the rate of progression of clinical trials are the rate at which patients are available to participate in the research project and whether effective treatments are currently available for the disease that the drug is intended to treat. The principal activities that must be completed after initial drug discovery and synthesis work and before obtaining approval for marketing of a product are as follows:

- Pre-clinical studies: which includes pharmacological and efficacy testing in animals, toxicology testing and formulation work based on in vitro results, performed to assess the safety and potential efficacy of the product, and subject to good laboratory practice requirements;

- Phase 1 clinical trials: the initial introduction of the product into human subjects, under which the compound is generally tested for safety, dosage, tolerance, metabolic interaction, distribution, excretion and pharmacodynamics;

- Phase 2 clinical trials: involving studies in a limited patient population to: (i) determine the efficacy of the product for specific, targeted indications, (ii) determine optimal dosage, and (iii) identify possible adverse effects and safety risks; and

- Phase 3 clinical trials: which are undertaken to further evaluate clinical efficacy of the product and to further test for its safety within an expanded patient population at geographically dispersed clinical study sites in order to support marketing authorization.

Regulatory Approval, Product Launch and Growth. Once the drug developer submits all data and information generated during the discovery and development stages to the appropriate regulatory body (i.e. the FDA in the

U.S. and Health Canada in Canada) scientists and advisory committees review it and decide whether the data justifies approval for widespread patient use and marketing. If approved, the new drug is introduced into the marketplace. Sales of a branded drug, often driven by sizeable promotional investment, may rise sharply after introduction as the drug gains popularity and becomes widely prescribed by physicians.

Maturity. After years of growth, sales of a new drug typically slow or reach a plateau, a stage of the product's lifecycle referred to as maturity. The duration of the maturity stage is often dependent on the type of exclusivity the drug enjoys (e.g. patent exclusivity or regulatory exclusivity), or other barriers to competition.

Loss of Market Exclusivity. When market exclusivity is lost, and competing generic versions of the products enter the market, the brand may lose market share very rapidly. Typically, the brand will lose approximately 84% of its market volume within one year of losing market exclusivity and the introduction of generic competition (*Source: Recent trends in brand-name and generic drug competition, Journal of Medical Economics 2013*). Competition comes principally from Generic Drugs, drugs that regulatory bodies such as the FDA or Health Canada approve as substitutable products that are bio-equivalent to the brand based on abbreviated clinical development. Once approved, Generic Drugs, which are typically priced at substantial discounts to branded drugs, can be dispensed, and in some cases are required to be dispensed, in place of the brand by a pharmacist and without consent from the prescribing physician.

Established Brand Stage. Once a drug loses market exclusivity to a substitutable product and market share erodes, the drug enters the final stage of the product lifecycle, the established brand stage. Although market share continues to decline in this late stage, it rarely erodes to zero. This is due to a number of factors, the most common ones being brand recognition, physicians/patients preferring to prescribe/receive branded drugs or top tier drug plans that continue to reimburse branded drugs regardless of the cost difference and availability of Generic Drugs. Therefore demand for these drugs, while substantially reduced, often remains predictable year after year. It is often at this stage when brand companies may consider divesting the drug

Generally, pre-clinical studies may take place over a three to six-year period. Depending on the success rate of the pre-clinical studies, the actual phase I, phase II and phase III clinical trials may take up to seven years. In addition, the regulatory review and approval process put in place by Health Canada could take an additional one to three years. Finally, there may be post-marketing phase IV clinical studies required to strengthen marketing claims of approved products. By focusing on late-stage drugs, Valeo believes that its risk exposure, costs and time frames for approval may be reduced.

Regulatory Environment

Government authorities in the U.S., Canada and other countries, extensively regulate among other things, the research, development, testing, approval, manufacturing, labeling, post-approval monitoring and reporting, packaging, promotion, storage, advertising, distribution, marketing and export and import of pharmaceutical products at the federal, state, provincial and local level. The process of obtaining and maintaining approvals and the subsequent compliance with applicable federal, state, provincial, local and foreign regulatory requirements require the expenditure of substantial time, risk and financial resources. Approval of Health Canada must be obtained in Canada prior to marketing or manufacturing new pharmaceutical products for use by humans. In Canada, the Food and Drugs Act, as amended and the regulations promulgated thereunder, and other federal and provincial statutes and regulations, govern, among other things, the testing, manufacture, safety, effectiveness, labeling, packaging, storage, record keeping, approval, import, sale, distribution, advertising, promotion and post-approval monitoring of Valeo's products.

In addition to drug product approvals, applicable laws require that most companies involved in pharmaceutical production and sale hold licenses in respect of their activities and establishments. For example, the Canadian Food and Drugs Act requires that, subject to limited exceptions, all Canadian establishments must hold a drug establishment licence to fabricate, package, label, distribute, import, wholesale, and/or test a pharmaceutical product. Further, to the extent that these activities are conducted outside of Canada, foreign sites must be included on an importer's license. Companies involved in the manufacture of pharmaceutical products are required to comply with manufacturing regulations, including current good manufacturing practice requirements enforced by Health Canada and similar regulations enforced by regulatory agencies outside and Canada. Valeo and its suppliers will be subject to such regulatory requirements, and will also be subject to regular inspections from regulatory authorities.

The research, development, manufacture, distribution, sale, and marketing of pharmaceutical products are subject to extensive regulation. A comprehensive regulatory scheme requires licensing of manufacturing facilities, carefully controlled research and testing products, governmental review and approval of results prior to marketing of therapeutic products, adherence to GMP during production, and compliance with comprehensive post-approval requirements. In the U.S., Europe and Canada, these activities are subject to rigorous regulation by the FDA, the EMA, and the TPD, respectively. In addition, the research, manufacturing, distribution, sale, and promotion of pharmaceutical products are also potentially subject to regulation by various regional, national, and local authorities where the products are being developed and marketed.

Marketing Approvals

Valeo's success is ultimately dependent on obtaining marketing approval for drugs developed by our collaborative partners and our ability to comply with the regulations of Health Canada during the registration process. During the clinical evaluation of a product, we evaluate and try to ensure that clinical trials undertaken by our collaborative partners are sufficient and meet Health Canada requirements. There can be no certainty that Health Canada will accept any of these clinical studies. Our regulatory, pharmacovigilance and medical information responsibilities are handled internally by our personnel although at times third parties may be used.

Sales and Marketing

Valeo's future success depends largely on its ability to meet and exceed its commercial objectives and ensure the successful launch of it products in Canada. As described in the above sections, Valeo is building its commercial operations to successfully sell products in the areas of Neurology, Women's Health, Oncology, and Hospital Products. These areas have been selected based on a series of criteria including a limited targeted audience of specialists and practitioners. Valeo's sales and marketing operations are led by a team of experienced commercial executives who possess a strong understanding of the Canadian landscape for successfully launching products in our field of specialization. With over eighty (80) years of cumulative commercial experience, they possess strong relationships with key opinion leaders, key clients, regulators and stakeholders.

Considering the number of launches planned over the coming years, our sales and marketing efforts will include senior staff with single focus on building the following three sales units, Neurology for products such as Onstryv, Synacthen, Benztropine, Women's health for Utrogestan and others products to follow, Oncology and Hospitals products for M-Eslon, Ondansetron ODT, Sodium Ethacrynate and others. As our other non-approved products progress towards marketing approval, we will continue to adapt our organisation to ensure we have the skills, experience and resources to support the successful launch of new products and our sales growth.

Our current sales force is comprised of five sales and marketing professionals who promote Valeo's products to healthcare practitioners and pharmacy networks. In addition, Valeo has entered into agreements with local providers and buying groups with the goal of growing product knowledge, trial and usage in those regions.

Valeo is establishing a specific sales and marketing plan with respect to Safinamide and we expect to expand our dedicated neurodegenerative disease sales force in Canada to promote Safinamide to neurology healthcare practitioners and pharmacy networks.

Customers

Management of Valeo pursues a number of market access strategies and has established a number of marketing and promotional agreements in Canada. Valeo has a limited number of customers, each with contractual arrangements. The large majority of product sales are to large national wholesalers and institutions.

Manufacturing and Distribution

Valeo does not manufacture any of its products, but rather outsources this function to its license and supply partners who provide the products on terms defined in their agreement with Valeo. Valeo has not invested, nor does it intend to invest, in large scale commercial production facilities and expects to continue to outsource all of its manufacturing. Through contractual arrangements and quality control audits, Valeo ensures that its products are manufactured in accordance with the current GMP, consistent with regulatory requirements. In addition,

under most of the Corporation's product license agreements, the licensor retains the rights and obligation to manufacture the licensed product.

Where Valeo owns the rights to the product, Valeo uses third-party manufacturers for the production of its products for development and commercial purposes. Given the availability of excess capacity for manufacturing in the marketplace and the lower cost of outsourcing our manufacturing needs, Valeo intends to continue to outsource its manufacturing. Valeo's products are currently available only from sole or limited suppliers. These third-party manufactured products have accounted for all of Valeo's revenues.

Valeo depends on third parties for the supply of the raw materials necessary to develop and manufacture products, including the active and inactive pharmaceutical ingredients used in its products. Valeo is required to identify the supplier of all the raw materials for its products in the drug applications that it files with Health Canada, the FDA and the EMA. If raw materials for a particular product become unavailable from an approved supplier specified in a drug application, Valeo would be required to qualify a substitute supplier with Health Canada, the FDA or the EMA, which would likely interrupt manufacturing of the affected product. To the extent practicable, Valeo attempts to identify more than one supplier in each drug application. However, some raw materials are available only from a single source and, in some of its drug applications, only one supplier of raw materials has been identified even in instances where multiple sources exist.

Under some of its agreements, Valeo may be required to purchase a minimum amount of raw materials and/or order a minimum amount of manufactured products. Generally, Valeo must pay a shortfall penalty if it does not meet its minimum requirements. The inability to supply can have a material adverse effect on the Corporation's financial condition and results of operations and cash flows. Considering the agreements in place, the partners have the appropriate contractual obligations to ensure proper supply of the products to the Canadian Market to ensure that Valeo can adequately meet its commercial objectives.

Valeo maintains dedicated warehousing space in Kirkland, Quebec. The warehouse is 14,000 square feet including three licensed narcotics vaults, facilities to handle cold chain and shipping capabilities. There is no plan to expand this space in the near future, with ample space to facilitate the addition of future products to our growing Canadian portfolio.

Outsourcing of Select Functions

With the goal to control overhead and expenses while maintaining flexibility, the Corporation also contracts with third parties for a number of business activities if and when required, including but not limited to laboratory testing, product formulation, clinical data analysis and selective regulatory support and services.

By using contract manufacturers to produce its current products, which require relatively small and infrequent production runs, Valeo does not engage in capital intensive activities and avoids the risks involved in manufacturing. Similarly, by contracting with third parties to perform certain development activities needed to bring its products to market, we reduce expenses and associated risks.

Competition

The development and commercialization of pharmaceuticals is highly competitive. Many of our competitors are large, well-known global pharmaceutical companies which have considerably greater financial, sales, marketing and technical resources than those of the Corporation. In addition, many of the Corporation's present and potential competitors have research and development capabilities that may allow such competitors to develop new or improved products that may compete with our product lines.

The pharmaceutical industry is characterized by rapid product development and technological change. Most products that Valeo would acquire under its strategy must compete with other products already on the market or products that are later developed by competitors. Our products could be rendered obsolete or uneconomical by the development of new pharmaceuticals to treat the conditions addressed by the Corporation's products, as a result of technological advances affecting the cost of production, or as a result of marketing or pricing action by one or more of the Corporation's competitors.

The nature of the industry sees constant genericization of products losing patent life. These new Generic Drugs may compete within the same indication and reduce the revenue potential of the Corporation's product line. Generic versions are generally significantly less expensive than branded versions and, where available, may be required in preference to the branded version under third-party reimbursement programs, or substituted by pharmacies. If competitors introduce new products, delivery systems, or processes with therapeutic or cost advantages, Valeo's products can be subject to progressive price reductions or decreased volume of sales, or both. Manufacturers of Generic Drugs typically invest far less in research and development than research-based pharmaceutical companies and therefore can price their products significantly lower than branded products. Accordingly, when a branded product loses is market exclusivity and enters its established brand stage, it normally faces intense price competition from generic forms of the product.

With respect to Valeo's product acquisition strategy, Valeo's management expects to compete principally with other Canadian Specialty Pharma companies that seek to license Canadian rights from international pharmaceutical companies as part of their growth strategy.

Within Canada, Valeo competes with Innovative Drug manufacturers, innovative pharmaceutical companies that license and distribute Innovative Drugs, and Generic Drug manufacturers. Within each of Valeo's therapeutic fields, other drug companies offer competitive products. The Corporation competes with specialty pharmaceutical companies such as Acerus Pharmaceuticals Corporation, Knight Therapeutics, Cipher Pharmaceuticals, and HLS Pharmaceuticals Inc., and regional affiliates of multinationals, such as Purdue Pharma Canada, Valeant Canada Ltd. and Endo International plc of which Paladin is a subsidiary, in securing the Canadian and international rights to new products. These companies seek to develop distinct specialty niches and from time to time may compete with the Corporation in negotiating Canadian and international sales and marketing rights to certain products.

We compete with various other companies inside and outside Canada to develop and commercialize Specialty Generic Injectable products. These companies are seeking to develop distinct specialty niches and from time to time may compete with the Corporation in negotiating product rights in the targeted markets.

Intellectual Property

Valeo's success depends, in part, on its and its licensors' ability to obtain patents, protect trade secrets and know-how, as well as to operate without infringing on the proprietary rights of others. Valeo will work with its partners to ensure adequate protection in Canada.

In addition, Valeo will rely on the data exclusivity provided by Health Canada for any new API launched in Canada. This provides eight years (8 ½ years if there is a pediatric use) from the date of launch that restricts any generic competition for that time. This protection is often stronger than patent protection as it cannot be challenged in court.

Facilities

Valeo maintains offices in Kirkland, Quebec. This space includes warehousing space to manage inventory. Valeo's registered head office is located at 16667 boul Hymus, Kirkland, Qc, H9H 4R9. Since Valeo purchases its products from its partners and other third party contract manufacturers, we have very limited investment in property, plant, and equipment dedicated for production.

Valeo has invested significantly in three licensed narcotics vaults, including two Class 10 vaults, capable of storing quantities of pharmaceutical grade narcotics for sale in Canada.

Personnel and Employees

As of the date hereof, Valeo has eighteen (18) full-time employees and five consultants whose collective responsibilities cover business development, sales and marketing, supply chain management, operations, quality assurance, pharmacovigilance, regulatory, scientific affairs and finance. When required, Valeo will hire additional consultants for various non-recurrent services. We have no unionized employee.

Environment

The Corporation does not own or operate any manufacturing facilities. Further to consultations with its legal counsel, the Corporation is of the view that it does not require a certificate of authorization.

RISK FACTORS

An investment in Shares of the Corporation involves a number of risks. Readers should carefully consider the risks and uncertainties described below, together with all of the other information included in this AIF. If any of the following risks actually occurs, the Corporation's business, financial position or results of operations could be materially adversely affected. In such an event, the value of the Shares could decline. Additional risks and uncertainties that we do not presently know about or that we currently believe to be immaterial may also adversely impact our business, financial condition, results of operation or the value of your Shares.

Risks Related to Valeo and its Business Operations

Our success depends, in large measure, on our ability to enter into in-licensing, distribution and acquisitions agreements with other pharmaceutical companies as the primary source for new products and keep such agreements in effect.

Factors that may affect the success of our business include, but are not limited to, the following:

- the ability to locate new products that are attractive and complement Valeo's business;
- the price to acquire or obtain the license for these products may be too costly to justify the acquisition;
- Valeo faces ongoing competition from other pharmaceutical companies in acquiring rights to products, which makes it difficult for Valeo to find attractive products on acceptable terms;
- our partners may terminate their collaborations with the Corporation, which could make it difficult for us to attract new partners or adversely affect how Valeo is perceived in the business and financial communities.

While the Corporation attempts to minimize risk by maintaining strong relationships with its partners, the marketing and commercialization of pharmaceutical products are processes that require large investments and can take years to complete. Projects can be abandoned along the way or Regulatory Authorities can refuse to approve new products.

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

Our current revenues are highly dependent on a limited number of products.

The Corporation currently generates revenues from a limited number of products that we have in-licensed and commercialized. The loss of a single source of revenue for any reason could have a material adverse effect on our business, financial condition and results of operations.

In addition, each of these products faces competition and the ability to grow the market and our market share may be limited.

We have negative cash flows from operating activities.

We have had negative cash flows from operating activities of approximately $1.3 million for the fiscal year ended October 31, 2018. Our net loss for that same period was $2.4 million and our working capital deficiency as at October 31, 2018 was $2.0 million. Over the coming year Valeo expects to launch at least five new products and significantly increase its revenues from product sales. Consequently, we anticipate our quarterly operating performance to improved sequentially starting in the second half of the 2019 fiscal year.

The regulatory approval process for products is highly unpredictable and may take longer than expected.

The sale of pharmaceutical products in Canada, the U.S. and other jurisdictions are highly regulated, which significantly increases the difficulty and costs involved in obtaining and maintaining regulatory approval for marketing new and existing products.

The regulatory approval process procedure can be long and may involve significant delays despite Valeo's best efforts. Moreover, TPD regulations are rigorous, time consuming and costly, and Valeo cannot predict the extent to which it may be affected by changes in regulatory developments and its ability to meet such regulations. There is also a risk that Valeo's current or future products may be withdrawn from the market and the required approvals suspended because of non-compliance with regulatory requirements.

We do not manufacture products and rely, and intend to rely, on third parties to manufacture our producs. The commercialization of our products could be stopped or delayed if any such third party fails to provide us with sufficient quantities of product or fails to do so at acceptable quality levels or prices or fails to maintain or achieve satisfactory regulatory compliance.

Third parties manufacture Valeo's current products and will likely manufacture all of Valeo's future products. Valeo does not have manufacturing facilities, personnel or access to raw materials to independently manufacture its products. Except for any contractual rights and remedies which Valeo may have with its manufacturers, Valeo has no control over the availability of its products, their quality or cost. If for any reason, Valeo is unable to obtain or retain third-party manufacturers on commercially acceptable terms, it may not be able to distribute its products as planned. If Valeo encounters delays or difficulties with contract manufacturers in producing or packaging its products, the distribution, marketing and subsequent sales of these products would be adversely affected, and Valeo may have to seek alternative sources of supply or abandon or sell product lines on unsatisfactory terms. Valeo may not be able to enter into alternative supply arrangements on commercially acceptable rates, if at all. There can be no assurance that the manufacturers that Valeo will have engaged will be able to provide sufficient quantities of these products or that the products supplied will meet with Valeo's specifications. In addition, production of Valeo's future products may require raw materials for which the sources and quantities are limited. An inability to obtain adequate supplies of raw materials could significantly delay the development, regulatory approval and marketing of Valeo's existing and future products.

We may be subject to product liability claims, which can be expensive, difficult to defend and may result in large judgments or settlements.

Valeo may face an inherent business risk of exposure to product liability claims in the event that the use of its products are alleged to have resulted in adverse effects. Side effects, or marketing or manufacturing problems pertaining to any of Valeo's current or future products could result in product liability claims or adverse publicity. Unexpected safety or efficacy concerns can also arise with respect to marketed products, whether or not scientifically justified, leading to product recalls, withdrawals or declining sales, as well as product liability, consumer fraud and/or other claims.

Although Valeo intends to take what it believes to be appropriate precautions, including obtaining and maintaining product liability coverage (subject to certain deductibles and maximum payouts) and obtaining indemnification from its partners (subject to the terms of each specific agreement), Valeo may not be able to avoid significant product liability exposure. In addition, not all risks are covered by insurance and no assurance can be given that the insurance coverage obtained and maintained by Valeo will be sufficient to cover losses or claims that may occur involving Valeo's business.

The pharmaceutical industry is highly competitive and may be impacted by rapid technological change.

The Corporation competes to obtain licenses for products and competes to secure distribution channels. Moreover, our products compete with other products.

The pharmaceutical industry is subject to rapid and substantial technological change. Our products will face intense competition from conventional forms of drug delivery systems and from delivery systems, which are similar to those in-licensed by the Corporation. We will compete with companies in North America and abroad,

including major pharmaceutical and chemical companies, research and development firms, universities and other research institutions.

Many of the Corporation's competitors have greater financial resources and market capabilities, have greater experience in the area of drug development and have greater experience in obtaining TPD and other regulatory approvals. The Corporation's competitors may succeed in developing technologies and products that are more effective or cheaper to use than any products that Valeo may develop or license. These developments could render the Corporation's technologies and products obsolete or uncompetitive, which could have a material adverse effect on our business, financial condition and results of operations. These competitors could also be viewed as more favourable partners to licensors and/or distributors.

It will be difficult for us to profitably market and sell our products if reimbursement for products is limited by government authorities and third-party payor policies.

The success of many of Valeo's current and future products and, in turn, its future growth and profitability, will depend to a significant extent upon its ability to obtain competitive levels of reimbursement for those drugs from public Formularies (federal, provincial and territories) and other third-party private payers.

In order to reduce drug prices in Canada, the Council of the Federation of Canadian provinces established the pan- Canadian Pharmaceutical Alliance ("pCPA") in 2010 for the purpose of conducting joint provincial/territorial negotiations for prescription drugs in Canada, thereby achieving greater value for all Formularies.

All brand name drugs receiving a favourable review from the Common Drug Review are now subject to a negotiation process managed by the pCPA. Through this negotiation, the pCPA attempts to reach an agreement directly with drug companies like Valeo. Once this agreement or Letter of Intent ("LOI") is reached, it becomes the basis upon which individual Formularies determine if they will list – reimburse – the drug in their territory.

As drug costs have increased, public Formularies have become more restrictive in both the number of products they reimburse and the conditions under which they will be reimbursed. The failure to achieve Formulary listings and/or specific conditions attached to restricted listings may affect patients' and physicians' decisions regarding the use of Valeo's future products. There can be no assurance that the current conditions and rigor or timing of review related to submissions for public and private Formulary listings will not change or become more onerous in the future. Furthermore, there can be no assurance that the Formularies will list or continue to list Valeo's future products. If any of Valeo's future products fail to achieve a negotiated LOI with the pCPA or are not listed on the provincial Formularies, this may have a material adverse effect on Valeo's financial condition, results of operations or cash flows.

We will require additional capital to fund future operations.

We will have a need for capital resources to fund possible future operational requirements, regulatory and commercial expenditures as well as future strategic initiatives. These expenditures may cause us to incur operating losses and cash flow deficiencies for the near future and until such time as our product sales generate sufficient additional revenues. We attempt to mitigate the risk associated with drug development costs through the terms of our in-licensing agreements, where the risk of additional research and development costs is borne by our development partners and Valeo pays milestone amounts only when development, regulatory and commercial-stage milestones are achieved.

Additional funding will be required for regulatory and commercial launch activities related to new products in-licensed from our partners and/or for additional product acquisitions. Although we believe that the Corporation could obtain additional capital through future equity or debt financing, there can be no assurance that it will be able to do so on terms acceptable to us or at all. Should Valeo be unable to obtain sufficient additional capital, the regulatory development and commercial launch of our existing and/or new products could be disrupted, which could have a material adverse effect on our business, financial condition and operating results.

We depend on key managerial personnel and external collaborators for our continued success.

The success of Valeo is dependent, to a great extent, on the ability to attract and retain highly qualified staff. The competition in the industry in which the Corporation operates is intense. Valeo's success will be highly dependent

upon our Chief Executive Officer and the Corporation's small team of senior officers, our scientific and commercial personnel as well as our consultants and collaborators. The loss of key employees or collaborators, if any, could compromise the pace and success of our product development.

Although we obtained regulatory approval in Canada for our commercialized products, there is no assurance that the Corporation will receive regulatory approvals in Canada for future products.

The cost of obtaining and complying with government regulation can be substantial. Regulatory Authorities in Canada regulate the research and development, manufacture, testing and safety of pharmaceutical products as well as the approval and commercialization of such products. The regulations applicable to our existing and future products may change. There can be long delays in obtaining required clearances from Regulatory Authorities. Any failure or delay in obtaining regulatory approvals could adversely affect the market for any products Valeo develops and commercialize and therefore our business, financial condition and results of operations.

We expect the healthcare industry to face increased limitations on reimbursement, rebates and other payments as a result of healthcare reform, which could adversely affect third-party coverage of our products and how much, or under what circumstances, healthcare providers will prescribe or administer our products, if approved.

Sales of our products, if approved for marketing, will depend in part upon the availability of reimbursement from public Formularies (federal, provincial and territories government authorities) and other third-party private payors, which include managed care organizations and other private health insurers. Third-party payors are increasingly challenging the price and examining the cost effectiveness of medical products and services.

Rising insurance costs could negatively impact our profitability.

The cost of insurance, including director and officer, product liability and general liability insurance, has risen significantly in recent years and is expected to continue to increase. In response, Valeo could increase deductibles and/or decrease certain coverage to mitigate these costs. These increases, and our increased risk due to increased deductibles and reduced coverage, could have a material adverse effect on our business, financial condition and results of operations.

Under applicable employment laws, we may not be able to enforce covenants not to compete.

Valeo generally enters into non-competition agreements as part of employment agreements with employees. These agreements generally prohibit Valeo's employees, if they cease working for the Corporation, from competing directly with us or working for our competitors or clients for a limited period. We may be unable to enforce these agreements under the laws of the jurisdictions in which employees work and it may be difficult to restrict our competitors from benefitting from the expertise our former employees or consultants developed while working for us.

We are subject to risks associated with the industry in which we operate.

Currently, the Corporation operates in the Canadian healthcare industry. Accordingly, the Corporation is subject to risks associated with operating in a single industry in a concentrated geographic location. Any event affecting this industry could have a material adverse effect on the Corporation's business, financial condition and results of operations. Moreover, our projected revenues and operating results are based on assumptions concerning certain levels of product purchases in this market. Any failure to attain the Corporation's projected revenues and operating results as a result of adverse economic or market conditions could have a material adverse effect on the Corporation's business and financial condition.

Our policies regarding returns, allowances and chargebacks may reduce revenues in future fiscal periods.

We cannot ensure that our estimated reserves are adequate or that actual product returns, allowances and chargebacks will not exceed the estimates, which could have a material adverse effect on our results of operations, financial condition, and cash flows.

We may be subject to certain regulations that could restrict our activities and abilities to generate revenues as planned.

From time-to-time, governments, government agencies and industry self-regulatory bodies in Canada, have adopted statutes, regulations and rulings that directly or indirectly affect the activities of Valeo and our future clients. These regulations could adversely impact on our ability to execute our business strategy and generate revenues as planned.

We are subject to risks related to additional regulatory burden and controls over financial reporting.

The Corporation is subject to the continuous and timely disclosure requirements of Canadian securities laws and the rules, regulations and policies of the CSE. These rules, regulations and policies relate to, among other things, corporate governance, corporate controls, internal controls, disclosure controls and procedures and financial reporting and accounting systems. The Corporation has made, and will continue to make, changes in these and other areas, including the Corporation's internal controls over financial reporting. However, there is no assurance that these and other measures that it may take will be sufficient to allow the Corporation to satisfy its obligations as a public company on a timely basis. In addition, compliance with reporting and other requirements applicable to public companies create additional costs for the Corporation and require the time and attention of management of the Corporation. The Corporation cannot predict the amount of the additional costs that the Corporation may incur, the timing of such costs or the impact that management's attention to these matters will have on the Corporation's business.

In addition, the Corporation's inability to maintain effective internal controls over financial reporting could increase the risk of an error in its financial statements. Valeo's management, with the participation of the Corporation's Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting. The Corporation's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives due to its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is therefore subject to error, improper override or improper application of the internal controls. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis, and although it is possible to incorporate into the financial reporting process safeguards to reduce this risk, they cannot be guaranteed to entirely eliminate it. If the Corporation fails to maintain effective internal control over financial reporting, then there is an increased risk of an error in the Corporation's financial statements that could result in the Corporation being required to restate previously issued financial statements at a later date.

We are subject to risks related to general commercial litigation, class actions, employment claims and other litigation claims, as well as potential administrative and regulatory actions, as part of our operations.

In the course of its business, the Corporation could receive general commercial claims related to the conduct of its business and the performance of its products and services, employment claims and other litigation claims and the Corporation also could become subject to class actions. Litigation resulting from these claims could be costly and time- consuming and could divert the attention of management and other key personnel from the Corporation's business and operations. The complexity of any such claims and the inherent uncertainty of commercial, class action, employment and other litigation increases these risks. In recognition of these considerations, the Corporation could suffer significant litigation expenses in defending any of these claims and may enter into settlement agreements. If the Corporation is unsuccessful in its defense of material litigation claims or is unable to settle the claims, the Corporation may be faced with significant monetary damage awards or other remedies against it including injunctive relief that could have a material adverse effect on the Corporation's business, financial condition and results of operations. Administrative or regulatory actions against the Corporation or its employees could also have a material adverse effect on the Corporation's business, financial condition and results of operations.

If we infringe or are alleged to infringe or otherwise violate intellectual property rights of third parties, our business could be harmed.

Our commercialization activities may infringe, or otherwise violate or be claimed to infringe or otherwise violate, patents or patent applications owned or controlled by other parties. Competitors in Valeo's focused therapeutic areas may have developed large portfolios of patents and patent applications relating to our business. There may be granted patents that could be asserted against us in relation to such product candidates. There may also be granted patents held by third parties that may be infringed or otherwise violated by our other product candidates and activities, and Valeo does not know whether or to what extent the Corporation is infringing or otherwise violating third party patents. There may also be third party patent applications that, if approved and granted as patents, may be asserted against us in relation to our products or any of our product candidates or activities. These third parties could bring claims against Valeo that would cause us to incur substantial expenses and, if successful against us, could cause us to pay substantial damages and legal fees. Further, if a patent infringement suit were brought against us, we could be temporarily or permanently enjoined or otherwise forced to stop or delay research, development, manufacturing, marketing or sales of the product candidate or method that is the subject of the suit.

As a result of patent infringement claims, or to avoid potential claims, Valeo may choose or be required to seek licenses from third parties. These licenses may not be available on acceptable terms, or at all. Even if Valeo is able to obtain a license, the license would likely obligate the Corporation to pay license fees or royalties or both, and the rights granted to the Corporation might be nonexclusive, which could result in competitors gaining access to the same intellectual property, or such rights might be restrictive and limit our present and future activities. Ultimately, Valeo or a licensee could be prevented from commercializing a product, or be forced to cease some aspect of business operations if, as a result of actual or threatened patent infringement claims, the Corporation is unable to enter into or maintain licenses on acceptable terms.

Risks Related to Our Shares

Shareholders of the Corporation may be further diluted.

The Corporation has financed its operations to date through the sale of securities. We may need to continue our reliance on the sale of such securities for future financing, resulting in dilution to our existing shareholders. Our long-term capital requirements will depend on many factors. In order to meet such capital requirements, Valeo will consider additional financing (including the issuance of additional equity securities) to fund all or part of our particular programs.

Our business, financial condition and results of operations may depend on our ability to obtain additional financing, which may not be available under favourable terms, if at all. Our ability to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as our business performance. If our capital resources are exhausted and adequate funds are not available, Valeo may have to reduce substantially, or eliminate, expenditures for marketing of our products.

Our Share price could be volatile and an investment in our Shares could suffer a decline in value.

Market prices for the securities of pharmaceutical and biotechnology companies have historically been highly volatile and the market has, from time to time, experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. In addition to the risk factors described herein, factors such as fluctuations in our operating results, the aftermath of any public announcements made by us, concern as to the safety of any drugs distributed by us, and general market conditions can, and have had an adverse effect on the market price of the Shares. In the past, when the market price of a stock has been volatile, shareholders have often instituted securities class action litigation against that company. If any of our shareholders brought a lawsuit against us, the Corporation could incur substantial costs defending the lawsuit. The lawsuit could also divert the time and attention of our management.

We have a significant shareholder.

Manitex, owns 20,166,288 Shares, representing 39.7% of the total outstanding Shares (on a fully diluted basis) as of the date of this AIF. If Manitex were to sell a significant portion interest in the Corporation into the public

market, or even if the market was to perceive that such a sale may occur, such event might lower the market price of the Shares. Manitex's interests as a shareholder may not be aligned at all times with the interests of all of the other shareholders of the Corporation.

We do not currently intend to pay dividends on our Shares.

We do not currently intend to declare or pay any cash dividend on our Shares for the foreseeable future. We currently anticipate that Valeo will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Therefore, the success of an investment in our Shares will depend upon any future appreciation in their value. There is no guarantee that our Shares will appreciate in value or even maintain the price at which our shareholders have purchased their shares. See "Dividends".

We are exposed to risks of foreign exchange rate fluctuation

The Corporation is exposed to fluctuations of the Canadian dollar against certain other currencies because it publishes its financial statements in Canadian dollars, while a portion of its liabilities, revenues and costs could be denominated in other currencies. Exchange rates for currencies of the countries in which the Corporation operates may fluctuate in relation to the Canadian dollar, and such fluctuations may have a material adverse effect on our future earnings or assets when translating foreign currency into Canadian dollars. In general, the Corporation does not execute hedging transactions to reduce its exposure to foreign currency exchange rate risks. Accordingly, the Corporation may experience economic loss and a negative impact on earnings solely as a result of foreign exchange rate fluctuations, which include foreign currency devaluations against the Canadian dollar. The Corporation does not typically carry currency convertibility risk insurance.

Our operating results may fluctuate significantly and any failure to meet financial expectations may disappoint securities analysts or investors and result in a decline in the price of our Shares.

Our operating results have fluctuated in the past and are likely to do so in the future. These fluctuations could cause the price of the Shares to decline. Some of the factors that could cause operating results to fluctuate include the following:

- the inability to enter into in-licensing, acquisitions and/or distribution agreements in a timely manner that results in a failure or delay in receiving the required regulatory approvals to commercialize products;
- the timing of regulatory submissions and approvals;
- the timing and willingness of any current or future collaborators to invest the resources necessary to commercialize our product candidates, and the timing of payments Valeo may make or receive under these arrangements;
- any intellectual property infringement or other lawsuits in which Valeo may become involved;
- foreign currency fluctuations;
- the timing of achievement and the receipt of milestone payments from current or future third parties;
- failure to enter into new or the expiration or termination of current agreements with third parties;
- failure to introduce the products to the market in a manner that generates anticipated revenues;
- changes in costs and/or reimbursement for the Corporation's products;
- costs related to business development transactions;
- changes in the amount the Corporation spends to market its products;
- delays between the Corporation's expenditures to acquire new products, technologies or businesses and the generation of revenues from those acquired products, technologies or businesses;
- changes in treatment practices of physicians that currently prescribe certain of the Corporation's products;
- increases in the cost of raw materials used to manufacture the Corporation's products;

- manufacturing and supply interruptions;
- the Corporation's responses to price competition; and
- general economic and industry conditions, including potential fluctuations in interest rates.

As a result, the Corporation believes that quarter-to-quarter comparisons of results from operations, or any other similar period-to-period comparisons, should not be construed as reliable indicators of the Corporation's future performance. The above factors may cause the Corporation's operating results to fluctuate and could have a material adverse effect on the Corporation's business, financial condition and results of operations. In any period, the Corporation's results may be below the expectations of market analysts and investors, which could cause the trading price of the Shares to decline.

DIVIDENDS OR DISTRIBUTIONS

The Corporation's current intention is to re-invest future earnings to finance the growth of its business. Consequently, it does not intend to pay dividends in the foreseeable future. Any decision to pay cash dividends is left to the judgment of the Board and will depend on financial position, results of operations, capital requirements and such other factors as the Board shall deem relevant.

DESCRIPTION OF SHARE CAPITAL

The Corporation's authorized share capital consists in an unlimited number of Shares without par value, of which 48,470,168 Shares are issued and outstanding as fully paid and non-assessable as of the date hereof. The holders of the Shares shall be entitled (i) to receive notice to all meetings of the shareholders of the Corporation; (ii) to one (1) vote for each Share held by them at all meetings of the holders of the Shares, (iii) to receive at all times, and from time to time, in the sole, absolute and unfettered discretion of the directors, to an unfixed non-cumulative dividend in any amount; and (iv) to participate in the distribution of the Corporation's property or assets upon liquidation, dissolution or wind-up.

CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of the Corporation as at October 31, 2018 based on the financial statements of the Corporation for the fiscal year ended October 31, 2018, and as of the date of this AIF.

Designation of Security	Authorized Amount	Outstanding as at October 31, 2018 (audited)	Outstanding as at the date of this AIF
Class "A" Shares	Unlimited	44,903,008	48,470,166
Share Options	10% of issued and outstanding Shares	1,740,810	2,388,021
Convertible Debenture	Unlimited	Principal amount of $500,000 convertible into 1,250,000 Shares at a price of $0.40 per Share	nil

PRINCIPAL SECURITYHOLDERS

At the date of this AIF, no person beneficially owns, directly or indirectly, or exercises control or direction over, a number of Shares carrying more than 10% of the outstanding voting rights attached to the Shares, other than the following:

Name	Number of Securities Held	Percentage of Total Issued and Outstanding Shares
Manitex Capital Inc.(1)	20,166,288	41.6%
100079 Canada Inc.(2)	7,568,761	15.6%

(1) Steve Saviuk is President and CEO and a significant shareholder of Manitex through Simcor Canada Holdings Inc.
(2) 100079 Canada Inc. is a company controlled by Richard Mackay.

OPTIONS TO PURCHASE SECURITIES

Option Plan

On January 2, 2016, the Board of the Corporation adopted a share option plan (the "**Option Plan")**. Further to a review of the Option Plan, the Board approved, on September 24, 2018, amendments to the Option Plan to stay in line with current market practices and make minor changes of a housekeeping nature. The Option Plan provides that the maximum number of Shares that may be reserved for issuance under outstanding share options shall be 10% of the Corporation's issued and outstanding Shares on a non-diluted basis, as constituted on the date of any grant of options under the Option Plan.

The purpose of the Option Plan is to allow the Corporation to grant options to directors, officers, employees and consultants, as additional compensation and as an opportunity to participate in the success of the Corporation. The granting of such options is intended to align the interests of such persons with that of the Corporation's shareholders.

Under the Option Plan, options will be exercisable over periods of up to 10 years as determined by the Board at the date of grant and are required to have an exercise price no less than the greater of (i) $0.10 and (ii) the closing market price of the Shares on the trading day immediately preceding the day on which the Corporation announces the grant of options (or, if the grant is not announced, the date specified in an Option Agreement as the date on which the option is granted), less the applicable discount, if any, permitted by the policies of the CSE and approved by the Board. Pursuant to the Option Plan, the Board may from time to time authorize the issue of options to directors, senior officers, employees and consultants of the Corporation and its subsidiaries or employees of companies providing management or consulting services to the Corporation or its subsidiaries. The maximum number of Shares which may be issued pursuant to options previously granted and those granted under the Option Plan or any other stock option plan of the Corporation will be 10% of the issued and outstanding Shares at the time of the grant. In addition, the number of Shares which may be reserved for issuance to any one individual may not exceed (without the requisite disinterested shareholder approval) 5% of the issued Shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant. The Option Plan permits the Board to specify a vesting schedule in its discretion, subject to the CSE minimum vesting requirements, if any. Unless otherwise specified by the Board at the time of granting an option, and subject to the other limits on option grants set out in the Option Plan, all options granted under the Option Plan shall vest and become exercisable in full upon grant, except options granted to consultants performing investor relations activities, which options must vest in stages over twelve months with no more than one-quarter of the options vesting in any three-month period.

The Option Plan provides that if a change of control (as defined in the Option Plan) occurs, or if the Corporation is subject to a take-over bid, all Shares subject to options shall immediately become vested and may thereupon be exercised in whole or in part by the option holder. The Board may also accelerate the expiry date of outstanding options in connection with a take-over bid.

The Option Plan contains adjustment provisions with respect to outstanding options in cases of share reorganizations, special distributions and other corporation reorganizations including an arrangement or other transaction under which the business or assets of the Corporation become, collectively, the business and assets of two or more companies with the same shareholder group upon the distribution to the Corporation's shareholders, or the exchange with the Corporation's shareholders, of securities of the Corporation or securities of another company.

The Option Plan provides that on the death of an option holder, all vested options will expire at the earlier of 365 days after the date of death and the expiry date of such options. Where an optionee is terminated for cause, any outstanding options (whether vested or unvested) shall be cancelled as of the date of termination. If an optionee retires or voluntarily resigns or is otherwise terminated by the Company other than for cause, then all vested options held by such optionee will expire at the earlier of (i) the expiry date of such options and (ii) the date which is 90 days (30 days if the optionee was engaged in investor relations activities) after the optionee ceases its office, employment or engagement with the Corporation.

All outstanding options of the Corporation shall be governed by the Option Plan, including those issued prior to the implementation of the Option Plan; however, any vesting schedule imposed by the Corporation's previous stock option plan or stock option agreements in respect of any options issued prior to the implementation of the Option Plan will remain in full force and effect.

In accordance with good corporate governance practices and as recommended by *National Policy 51-201–Disclosure Standards*, the Corporation imposes black-out periods restricting the trading of its securities by directors, officers, employees and consultants during periods surrounding the release of annual and interim financial statements and at other times when deemed necessary by management and the Board. In order to ensure that holders of outstanding options are not prejudiced by the imposition of such black- out periods, the Option Plan shall contain a provision to the effect that any outstanding options with an expiry date occurring during a management imposed black-out period or within five trading days thereafter will be automatically extended to a date that is 10 trading days following the end of the black- out period.

As of the date of this AIF, the following table provides information about options to purchase Shares of the Corporation that are held by employees, officers and directors as a group, indicating the aggregate number of employees, officers and directors to whom the information applies:

Name	Designation and Number of Securities under option at the date hereof	Exercise Price ($)	Expiry Date
Employees, as a group	175,000 Shares	$0.40	Feb. 19, 2024
Officers of the Corporation, as a group	365,810 Shares 975,000 Shares 222,222 Shares	$0.16 $0.40 $0.40	May 1, 2021 Sept. 17, 2025 Feb. 19, 2024
Directors of the Corporation, as a group	250,000 Shares [(1)] 200,000 Shares 200,000 Shares	$0.40 $0.40 $0.40	Sept. 17, 2025 Nov. 13, 2025 Nov.19, 2025
Total	**2,388,032**	**-**	**-**

(1) Alexander Eastwood resigned from his position as director of the Corporation on November 13, 2018. Of the 200,000 options that were granted to him originally, 150,000 options had not yet vested at the date of his resignation and were therefore cancelled in accordance with the Option Plan.

MARKET FOR SECURITIES

Trading Price and Volume

The Valeo Shares are listed for trading on the Canadian Securities Exchange under the symbol "VPH" since February 20, 2019. The price range has been between $0.62 and $0.85 and an average of 4,000 Shares have traded daily since the first trading day.

Prior Sales

The following table summarizes the issuance of securities by the Corporation during the most recently completed financial year:

Date of Issue	Type of Security and Conversion Price
July 25, 2018	Convertible Debenture for a principal amount of $500,000, convertible into 1,250,000 Shares at a price of $0.40 per Share

ESCROWED SECURITIES

The following table summarizes is a summary of the securities that are held in escrow, to our knowledge, as of the date of this AIF and the percentage of the Corporation's outstanding securities represented by such escrowed securities.

Designation of Class	Number of Securities held in escrow	Percentage
Class "A" Shares	33,025,349	68.2%

Since their listing on the CSE, the Shares described above (the "**Escrowed Securities**") are held in escrow pursuant to an escrow agreement among the Corporation, Computershare Investor Services Inc. and each of the principals of the Corporation. The Escrowed Securities are released according to the following schedule:

Release Date	Portion of Escrowed Securities Released
At the time of Listing	1/10 of the Escrowed Securities (released on February 20, 2019)
6 months after Listing	1/6 of the remaining Escrowed Securities
12 months after Listing	1/6 of the remaining Escrowed Securities
18 months after Listing	1/6 of the remaining Escrowed Securities
24 months after Listing	1/6 of the remaining Escrowed Securities
30 months after Listing	1/6 of the remaining Escrowed Securities
36 months after Listing	The remaining Escrowed Securities

DIRECTORS AND EXECUTIVE OFFICERS

Current Directors

The following table sets forth the name, province or state, and country of residence of each of the directors of the Corporation as at October 31, 2018, as well as their position with the Corporation, as applicable, or their

principal occupation, as well as the year in which they became directors of the Corporation. Each director's term of office will expire at the next annual general meeting of the Corporation.

Name, Province and Country of Residence	Director since	Principal Occupation During the Past Five Years	Number and Percentage of Shares (1)
Steve Saviuk (2) Quebec, Canada	March 27, 2003	President & CEO of Valeo President & CEO of Manitex.	24,496,178(3) (50.5%)
Richard J. Mackay Quebec, Canada	July 25, 2018	Chaiman of Valeo Member of the Advisory Board at Health Edge Investment Partners	7,568,761(4) (15.62%)
Vincent P. Hogue(2) Quebec, Canada	July 25, 2018	VP Brokerage and Private Management for the Desjardins Group Executive VP and Head of Personal Services with Desjardins Securities	252,406 (0.05%)
Michael G. Wells(2) New Jersey, U.S.	Nov. 13, 2018	Managing Director of Princeton Biopharma Capital Partners	Nil
Maureen C. Brennan Quebec, Canada	Nov. 19, 2018	Consultant for the private and public health sectors	Nil

(1) Shares Beneficially Owned, or Controlled Directly or Indirectly

(2) Member of the Audit Committee (refer to "Audit Committee")

(3) Mr. Saviuk holds his Shares directly (115,745 Shares) and also through Manitex. (20,166,288 Shares) and Simcor Canada Holdings Inc. (4,214,145 Shares), companies over which he has control or effective control.

(4) Mr. Mackay holds his Shares through 100079 Canada Inc., a company he controls.

Current Officers

The following table sets forth the name, province and country of residence and position within the Corporation of each person who is an executive officer as of the date hereof.

Name, Province and Country of Residence	Position with the Corporation	Officer since	Other Principal Occupation During the Past Five Years	Number and Percentage of Shares(1)
Luc Mainville Quebec, Canada	Senior VP & CFO	Sept. 17, 2018	Senior VP and CFO of Ortho RTi. Chairman of Zucara Therapeutics Inc. Interim CEO at Acerus Pharmaceuticals Executive VP, Cardiome Pharma Corp. President, Neopharm Labs Inc.	1,030,055 (2.1%)
Helen Saviuk Quebec, Canada	VP Operations	Jan. 2008	CFO at Valeo CFO at Manitex	2,476,987 (5.5%)
Marc Léger Quebec, Canada	Senior VP, Chief Commercial Officer	Feb. 25, 2009	Senior VP, Commercial Operations at Valeo	2,283,636 (5.1%)
Jeff Skinner Quebec, Canada	VP Business Development	Jul. 16, 2014	Director, Business Development at SteriMax Inc.	942,000 (2.1%)
Nathalie Therrien Quebec, Canada	VP Quality Assurance and Regulatory Affairs	Jan. 25, 2016	Corporate Director of Quality Assurance and Regulatory Affairs at A.R. Medicom	1,308,369 (2.9%)
Guy Paul Allard Quebec, Canada	VP Legal Affairs & Corporate Secretary	Apr. 1, 2016	VP Legal Affairs & Corporate Secretary of Ortho RTi. VP Legal Affairs & Corporate Secretary of Manitex Counsel, Dentons Canada LLP	366,369 (0.8%)

(1) Shares Beneficially Owned, or Controlled, or Directed Directly or Indirectly

The term of office of the officers expires at the discretion of the Corporation's directors.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed below, no director or executive officer or promoter of the Corporation is, at the date of this AIF, or has been, within the 10 years prior to the date this AIF, a director, chief executive officer or chief financial officer of any issuer (including the Corporation) that:

(a) was subject to an Order (as defined below) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an Order that was issued after the director 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.

"**Order**" means a cease trade order or similar order or an order that denied an issuer access to any statutory exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

In addition, except as disclosed below, no director or executive officer or promoter of the Corporation or shareholder holding sufficient number of securities of the Corporation to affect materially the control of the Corporation:

(a) is, at the date this AIF, or has been within the 10 years before the date hereof, a director or executive officer of any issuer (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, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

(b) has, within the 10 years before the date hereof, 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 that person; or

(c) 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.

Steve Saviuk, the CEO of the Corporation, was a Director and the CFO of Cabia Goldhills Inc. (CGH.V) ("Cabia") until October 28, 2015. On April 5, 2013 a cease trade order, which is still in effect, was issued by the *Autorité des marchés financiers, the Alberta Securities Commission and the British Columbia Securities Commission* against Cabia for failing to file its annual financial statements within the required time period. In June 2017, Cabia filed for bankruptcy.

Luc Mainville, Senior VP and CFO of the Corporation was Chairman of Power Tech Corporation Inc. when it ceased trading on September 2, 2010 for not meeting filing requirements under applicable Canadian securities laws. Mr. Mainville was CEO and a Director of LAB Research Inc. from August 2006 to February 2011. In April 2011, LAB Research Inc. filed for bankruptcy.

Conflicts of Interest

The directors of the Corporation are required by law to act honestly and in good faith with a view to the best interest of the Corporation and to disclose any interests which they may have in any project or opportunity of the Corporation. If a conflict of interest arises at a meeting of the Board, any director in a conflict is required to disclose his interest and abstain from voting on such matter.

To the best of the Corporation's knowledge, there are no known existing or potential conflicts of interest among the Corporation, its promoters, directors, officers or other members of management of the Corporation as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management of Valeo serve as directors, officers, promoters and members of management of other private and public companies, namely Manitex, the Promoter of Valeo.

The directors and officers of the Corporation are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Corporation will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. Such directors or officers, in accordance with the *Canada Business Corporations Act* are required to disclose all such conflicts and are expected to govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

AUDIT COMMITTEE

(a) Audit Committee Charter

The Corporation's Board and Audit Committee have adopted an audit committee charter in accordance with National Instrument 52-110- *Audit Committees* ("**NI 52-110**"). The Corporation's audit committee charter is attached to this AIF as Schedule A.

(b) Composition of the Audit Committee

The members of the audit committee are Steve Saviuk, Michael Wells and Vincent Hogue. Mr. Wells and Mr. Hogue are considered to be "independent" within the meaning of NI 52-110. Each member of the committee is financially literate within the meaning of NI 52-110 - *Audit Committees*. They are able to assess the general application of the accounting principles in connection with the preparation of financial statements and the accounting for estimates, accruals and reserves as well as having an understanding of internal controls and procedures for financial reporting.

Mr. Saviuk holds a degree in Commerce and has training and professional experience in accounting. He has extensive experience in analyzing financial statements as director and officer of various public companies, including Manitex.

Mr. Wells has an MBA from the Wharton School of Business. Furthermore, he has extensive experience in analyzing financial statements as a director and senior executive for a number of companies in the health science industry over the years.

Mr. Hogue gained extensive experience in finance and internal controls procedures during his career in banking and finance, namely as Vice-President Brokerage and Private Management for the Desjardins Group.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial period was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee has not yet adopted specific policies and procedures for the engagement of non-audit services. However, the Charter of the Audit Committee provides that the provision of any non-audit services must first be considered by the Audit Committee.

(c) Fees paid to External Auditor

The table below sets out the fees incurred by the Corporation for the fiscal year ending on October 31, 2017, and 2018

	2017	2018
Audit Fees [(1)]	$77,188	$116,700
Tax Fees [(2)]	$1,575	$1,500
All other fees [(3)]	NIL	$21,913
Total	**$78,763**	**$140,113**

(1) Aggregate fees billed by the Corporation's external auditor for audit services.
(2) Aggregate fees billed by the Corporation's external auditor for professional services rendered for tax compliance, tax advice and tax planning.
(3) Aggregate fees billed by the Corporation's external auditor and not included above.

(d) Reliance on Exemption

The Corporation is relying on the exemption contained in Section 6.1 of NI 52-110 that provides that the Corporation, as a venture issuer, is not required to comply with Part 5 (Reporting Obligations) of NI 52-110.

APPOINTMENT OF AUDITORS AND AUDITORS' REMUNERATION

The Audit Committee is directly responsible for the appointment (subject to shareholder ratification), compensation and oversight of the independent auditor of the Corporation, who reports directly to the Audit Committee. MNP LLP (previously Horwath Leebosh Appel LLP) has been the auditor of the Corporation since their appointment in March 2003.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Corporation currently has no material legal proceedings and regulatory actions pending.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Board, as of the date of this AIF, except as described under "Principal Shareholders" no person or Corporation beneficially owns, controls or directs, directly or indirectly, Shares carrying more than 10% of the voting rights attached to the Shares.

To the knowledge of the Board, as of the date of this AIF except for the agreements described under "Description of the Business" and for the other relationships described in this AIF, no director nor officer and no person or company beneficially owning, controlling or directing, directly or indirectly, Shares carrying more than 10% of the voting rights attached to Shares, nor any associates or affiliates of the foregoing, has any material interest in any transactions involving the Corporation.

PROMOTER

Manitex has taken the initiative in founding and organizing the business of the Corporation and, accordingly, may be considered to be the promoter of the Corporation within the meaning of applicable securities legislation. In regard to the securities of the Corporation held by Manitex, refer to the information provided under "The Corporation -Intercorporate relationships" and "Principal Securityholders".

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent of the Corporation is Computershare Investor Services Inc., at its office in Montréal, Quebec, Canada.

MATERIAL CONTRACTS

Except for contracts entered into the ordinary course of business, the only contracts entered into by Valeo since the last financial year, or before the beginning of the last financial year that are still in effect, which may be regarded as material, are as follows:

- Escrow Agreement entered into on December 20, 2018 between the Corporation and Computershare Investor Services Inc.
- Transfer Agent Agreement entered into on August 24, 2018 between the Corporation and Computershare Investor Services Inc.

INTERESTS OF EXPERTS

MNP, LLP, the external auditor of the Corporation, advised the Corporation that it is independent of the Corporation in accordance with the Rules of Professional Conduct of the *Ordre des CPA du Québec*.

To the knowledge of the Corporation, after reasonable inquiry, the foregoing experts do not beneficially own, directly or indirectly, or exercise control or direction over any securities of the Corporation representing more than 1% of the outstanding Shares.

ADDITIONAL INFORMATION

Additional information relating to Valeo may be found under the Corporation's profile on SEDAR at www.sedar.com and the Corporation's website www.valeopharma.com. Further information with respect to the Corporation, including directors' and officers' remuneration and indebtedness, principal holders of securities of the Corporation and securities authorized for issuance under equity compensation plans is contained in the Management Information Circular of the Corporation for the next shareholders meeting to be held on April 26, 2019.

SCHEDULE A

AUDIT COMMITTEE CHARTER

PURPOSE

The Audit Committee is appointed by the Board to assist in fulfilling its oversight responsibilities of the Corporation. In so doing, the Committee provides an avenue of communication among the independent auditors, management, and the Board. The Committee's primary duties and responsibilities are to gain reasonable assurance of the following:

- That the Corporation complies with the applicable laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges relating to financial reporting and disclosure;
- The independence and satisfactory performance of duties by the Corporation's independent auditors;
- That the accounting principles, significant judgments and disclosures that underlie or are incorporated in the Corporation's financial statements are the most appropriate in the prevailing circumstances;
- That the Corporation's quarterly and annual financial statements present fairly the Corporation's financial position and performance in accordance with generally accepted accounting principles; and
- That appropriate information concerning the financial position and performance of the Corporation is disseminated to the public in a timely manner.

COMPOSITION AND OPERATING PROCEDURES

Audit Committee members shall meet the requirements of the exchange upon which the Corporation is listed as well as all government regulatory bodies. The Committee shall be comprised of at least three Directors as determined by the Board, a majority of whom shall be independent, non-executive Directors, free from any relationship that would interfere with the exercise of his independent judgment. All members of the Committee shall be financially literate.

The Committee members shall be appointed by the Board. The Board shall designate the Chairman of the Committee annually.

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. Quorum shall be a majority of the members.

The Committee, in consultation with management and the independent auditors, shall develop and participate in a process for review of important financial topics that have the potential to impact the Corporation's financial policies and disclosures.

The Committee shall annually review, discuss and assess its own performance. In addition, the Committee shall periodically review its role and responsibilities.

The Committee expects that, in discharging their responsibilities to the shareholders, the independent auditors shall be accountable to the Board through the Committee. The independent auditors shall report all material issues or potentially material issues to the Committee.

RESPONSIBILITIES AND DUTIES

A. Financial Accounting and Reporting Process

- Review the Corporation's annual audited financial statements and the accompanying Management Discussion and Analysis prior to filing or distribution, and report its findings for approval to the Board. Review should include discussion with management and independent auditors of significant issues regarding accounting principles, practices and judgments.

- Review the Corporation's quarterly unaudited financial statements and the accompanying Management Discussion and Analysis prior to filing or distribution, and report its findings for approval to the Board.

- Ensure that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements, and periodically assess the adequacy of those procedures.

- In consultation with management and the independent auditors, consider the integrity of the Corporation's financial reporting processes and controls. Review significant findings prepared by the independent auditors together with management's responses.

- Review with management and the independent auditors the appropriateness of the Corporation's accounting policies, disclosures, key estimates and judgments, including changes or alternatives thereto and to obtain reasonable assurance that they are in compliance with IFRS, and report thereon to the Board.

- Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

B. Independent Auditors

- The independent auditors are ultimately accountable to the Committee and the Board. The Committee shall review the independence and performance of the auditors and annually recommend to the Board the appointment of the independent auditors or approve any discharge of auditors when circumstances warrant.

- Assume direct responsibility for overseeing the work of the independent auditors engaged to prepare or issue an audit report or perform other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the independent auditors regarding financial reporting.

- Evaluate and recommend to the Board the independent auditors to be nominated to prepare or issue an audit report or perform other audit, review or attest services for the Corporation, and the compensation of the independent auditors.

- Pre-approve all non-audit services to be provided to the Corporation by its independent auditors.

Consider the independent auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.