KNIGHT THERAPEUTICS INC.

ANNUAL INFORMATION FORM

For the fiscal year ended

December 31, 2014

March 19, 2015

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Any statements made in this annual information form that are not statements of historical fact or that refer to estimated or anticipated future events are forward-looking statements. The Corporation has based its forward-looking statements on management's beliefs and assumptions based on information available to its management at the time these statements are made. Such forward-looking statements reflect the Corporation's current perspective of our business, future performance, existing trends and information as of the date of this annual information form. These include, but are not limited to, the Corporation's beliefs about future revenue and expense levels and growth rates, prospects related to its strategic initiatives and business strategies, including the integration of, and synergies associated with, strategic acquisitions, express or implied assumptions about government regulatory action or inaction, anticipated product approvals and launches, business initiatives and product development activities, assessments related to clinical trial results, product performance and competitive environment, and anticipated financial performance. Without limiting the generality of the foregoing, words such as *"may", "will", "expect", "believe", "anticipate", "intend", "could", "would", "estimate", "continue",* or *"pursue",* or the negative or other variations thereof or comparable terminology, are intended to identify forward-looking statements. The statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. The Corporation cautions the reader that these statements are based on certain assumptions, risks and uncertainties, many of which are beyond the Corporation's control. In addition, certain important factors may affect the Corporation's actual operating results and could cause such results to differ materially from those expressed or implied by forward-looking statements. The Corporation believes the risks and uncertainties discussed under the section entitled "Risks Related to Knight's Business" and other risks and uncertainties detailed herein and from time to time in the Corporation's SEDAR filings, may cause its actual results to vary materially than those anticipated in any forward-looking statement. The Corporation disclaims any obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

CORPORATE STRUCTURE

Knight Therapeutics Inc. ("**Knight**" or the "**Corporation**") was incorporated under the *Canada Business Corporations Act* (the "**CBCA**") on November 1, 2013. On April 29, 2014, the Corporation was listed for trading on the TSX.

The articles of the Corporation have been amended several times, the most recent of which was on February 26, 2014. The Corporation amalgamated with NeurAxon Inc. on January 1, 2015.

On February 28, 2014, Endo International plc (formerly named Endo International Limited and before that Sportwell Limited) ("**Endo plc**") indirectly acquired all of the issued and outstanding common shares (the "**Paladin Shares**") of Paladin Labs Inc. ("**Paladin**"), the Corporation's former parent company, pursuant to a court-approved plan of arrangement under section 192 of the CBCA (the "**Arrangement**"). Pursuant to the Arrangement, Endo plc indirectly acquired all of the Paladin Shares that were outstanding immediately prior to the effective time of the Arrangement (the "**Arrangement Effective Time**") for a consideration per Paladin Share of $1.16 in cash, 1.6331 shares of Endo plc and one common share (each, a "**Common Share**") of the Corporation. Immediately following the Arrangement, the Corporation ceased to be a wholly-owned subsidiary of Paladin.

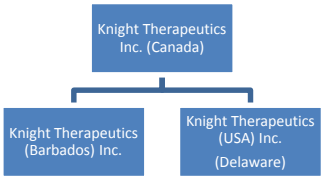
Prior to the Arrangement Effective Time, (i) certain rights associated with (x) Impavido® (miltefosine), a former product of Paladin indicated for the treatment of leishmaniasis approved in certain jurisdictions ("**Impavido®**"), including all of the intellectual property rights on a worldwide basis, and (y) the PRV, which was subsequently granted by the FDA upon the approval of Impavido® by the FDA on March 19, 2014, to Paladin Therapeutics, Inc. (now Knight Therapeutics (USA) Inc.) ("**Delco**"), a current wholly-owned subsidiary of the Corporation, and (ii) $1,000,000 in cash, were transferred to the Corporation pursuant to a business separation agreement (the "**Business Separation Agreement**").

Also prior to the Arrangement Effective Time, Paladin (i) transferred the shares of Delco to the Corporation on a rollover basis in exchange for 14,802 Common Shares, and (ii) subscribed for 22,021,257 additional Common Shares for a cash consideration of $11,901,000. As described above, these 22,036,059 Common Shares, in addition to the

original Common Share issued upon the incorporation of the Corporation, were transferred to the shareholders of Paladin on the Arrangement Effective Time.

On April 21, 2014, Knight issued an aggregate of 55,728,580 Common Shares which were issued upon the deemed exercise of the Initial Special Warrants and the Subsequent Special Warrants issued and sold at a price of $3.50 and $5.25, respectively, for aggregate gross proceeds of $255,075,030. 13,672,739 of the 55,728,580 Common Shares were issued to 3487911 Canada Inc., the former name of Long Zone Holdings Inc. ("**Long Zone**"), a company controlled by Mr. Jonathan Ross Goodman, the President and Chief Executive Officer of the Corporation, upon the deemed exercise of 6,052,739 Initial Special Warrants sold pursuant to the Initial Special Warrant Offering and 7,620,000 Subsequent Special Warrants sold pursuant to the Subsequent Special Warrant Offering.

Please see below an organizational chart showing the intercorporate relationships of Knight as at December 31, 2014. Each subsidiary is wholly-owned.



Knight Therapeutics (Barbados) Inc. is a company incorporated under the laws of Barbados and Knight Therapeutics (USA) Inc. is a Delaware corporation.

Reference hereinafter to "Knight" or the "Corporation" includes Knight Therapeutics Inc. and all its subsidiaries.

All amounts in this Annual Information Form are in Canadian dollars, except where otherwise noted.

The Corporation's executive offices are located at 376 Victoria Avenue, Suite 220, Westmount, Québec H3Z 1C3.

GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Knight is a specialty pharmaceutical company which has grown and which Knight believes will continue to grow through the (i) the acquisition and in-licensing of over-the-counter and prescription pharmaceutical products and targeted promotion of these products, and (ii) the acquisition of specialty pharmaceutical businesses in select international markets. Knight also expects to expand its presence in specialty therapeutic fields by developing innovative products that are in late stage of development. In addition, Knight finances other life science companies in Canada and internationally and intends to continue to do so. The Corporation also invests in funds which have substantial assets under management in the healthcare sector and have the ability to leverage their existing relationships with key life science companies to help secure Canadian and select international product rights for the Corporation. Knight's wholly owned subsidiary in Barbados develops innovative pharmaceuticals including those used to treat neglected tropical diseases and rare pediatric diseases. Knight expects to expand its product portfolio within existing therapeutic fields in Canada and internationally and intends to leverage its expertise in specialty sales and marketing, product acquisition and in-licensing to gain a competitive advantage in delivering pharmaceutical products to the marketplace, thereby decreasing scientific risks, long development timelines and high development costs. Knight expects to market its products to specialty physicians in Canada using its own specialty salesforce as well as through indirect marketing. Knight expects to focus on sales and marketing and to outsource functions which are not core or value-added such as manufacturing and distribution.

Knight's primary business activities include the following:

- The acquisition and in-licensing of over-the-counter and prescription pharmaceutical products and targeted promotion of these products;
- The acquisition of specialty pharmaceutical businesses in select international markets;
- Developing, acquiring or in-licensing the sales and marketing rights to innovative pharmaceutical products and technology;
- Financing other life science companies in Canada and internationally;
- Investing in funds which have substantial assets under management in the healthcare sector and have the ability to leverage their existing relationships with key life science companies to help secure Canadian and select international product rights for the Corporation.
- Developing innovative pharmaceuticals to treat neglected tropical diseases and rare pediatric diseases.

History

Knight began operating immediately following the Arrangement Effective Time.

On March 19, 2014, Knight announced that the FDA had approved Impavido® for patients with visceral, mucosal and cutaneous leishmaniasis and that Delco had received the PRV, which was designed to be transferable or sold and provides the bearer with an expedited FDA review for any new drug application.

On April 21, 2014, Knight issued an aggregate of 55,728,580 Common Shares which were issued upon the deemed exercise of the Initial Special Warrants and the Subsequent Special Warrants issued and sold at a price of $3.50 and $5.25, respectively, for aggregate gross proceeds of $255,075,030, the whole pursuant to underwriting agreements by and between Knight and a syndicate of underwriters led by GMP Securities L.P. dated March 19, 2014 and April 10, 2014, respectively. 13,672,739 of the 55,728,580 Common Shares were issued to 3487911 Canada Inc., the former name of Long Zone, a company controlled by Mr. Jonathan Ross Goodman, the President and Chief Executive Officer of the Corporation, upon the deemed exercise of 6,052,739 Initial Special Warrants sold pursuant to the Initial Special Warrant Offering and 7,620,000 Subsequent Special Warrants sold pursuant to the Subsequent Special Warrant Offering.

On June 25, 2014, the Corporation announced that it had entered into the Origin Agreement for an $850,000 secured loan (the "**Origin Loan**") to Origin. The Origin Loan bears interest at a rate of 15% per annum and matures on June 25, 2017. The Origin Loan is secured by a charge over the assets of Origin. As additional consideration for the grant of the Origin Loan, the Corporation has been issued warrants to acquire 698,483 preferred shares of Origin at a price of $0.0794 per share. Pursuant to the Origin Agreement, Origin has committed to use the Origin Loan to promote the growth of Neuragen® in Canada and the United States. Approved in Canada and in the United States, Neuragen® is the first all-natural, non-prescription topical treatment for rapid relief of pain associated with diabetic and peripheral neuropathy.

On June 26, 2014, the Corporation entered into an agreement to make an investment of US$13 million in Sectoral Asset Management Inc.'s New Emerging Medical Opportunities Fund II, L.P. ("**Sectoral Fund**"). As at the end of March 2014, Sectoral Asset Management Inc. had US$3.6 billion in assets under management and positions in over 100 companies in the healthcare sector.

On July 3, 2014, the Corporation announced that it had entered into the Apicore Agreement to support the acquisition of Apicore. Pursuant to the Apicore Agreement, the Corporation agreed to provide US$6.5 million of financing and other lenders agreed to fund an aggregate of US$3.5 million of financing (collectively, the "**Apicore Loan**"). In connection with the Apicore Loan, Medicure acquired a minority interest in Apicore. The Apicore Loan bears interest at a rate of 12% per annum and matures on June 30, 2018 and is secured by a charge over the U.S. assets of Apicore. As additional consideration for the grant of the Apicore Loan, the Corporation was issued warrants to acquire a beneficial interest of 8.125% in Apicore. Medicure has the right to acquire all of the Corporation's interests in Apicore within three years from the signature of the Apicore Agreement for a pre-determined cash amount.

On September 2, 2014, the Corporation announced that it had entered into an asset purchase agreement with Orphan relating to the purchase by the Corporation of the Canadian rights for ATryn® and Photofrin® (porfimer sodium), two innovative pharmaceutical products approved for sale in multiple jurisdictions.

On October 2, 2014, the Corporation announced that it entered into an agreement to make an investment of €19.5 million in Forbion Capital Fund III C.V. ("**FCF III**"), a fund managed by Forbion Capital Partners, a fund manager which, as at the end of June 2014, had €450 million in assets under management through its four active funds (including FCF III) and positions in 30 life science companies.

On October 28, 2014, the Corporation announced that it had entered into an agreement to make an investment of $30 million in Teralys Capital Innovation Fund LP ("**Teralys Fund**"). Teralys Fund is managed by Teralys Capital, which is the largest venture capital fund of funds manager dedicated to technologies and life sciences in Canada, having $1.5 billion in assets under management with a significant focus on the North American life sciences sector.

On November 19, 2014, the Corporation completed the sale of its PRV to Gilead for gross proceeds of US$125 million in cash, which were received by a wholly-owned subsidiary of the Corporation on the same date.

On December 2, 2014, the Corporation announced that it had entered into the CRH Agreement for a US$30 million loan (the "**CRH Loan**") to CRH to fund CRH's acquisition of Gastroenterology Anesthesia Associates, LLC and related businesses, collectively a Southeast US-based anesthesia services provider ("**GAA**"). The CRH Loan was complemented by (i) a sub-secured loan of $22.5 million from Crown Capital Partners Inc., (ii) an unsecured loan of US$2 million from the Bloom Burton Healthcare Structured Lending Fund II, (iii) an equity financing of US$5 million of common shares of CRH, and (iv) CRH cash on hand. The CRH Loan bears interest at a rate of 10% per annum plus other additional consideration. The CRH Loan matures on December 1, 2016 and may be extended for one year should CRH meet profitability milestones. The CRH Loan is secured by a charge over the assets of CRH and GAA. As additional consideration for the grant of the CRH Loan, the Corporation was issued 3,000,000 common shares of CRH.

On December 16, 2014, the Corporation announced that it had entered into two agreements to make investments, through one of its wholly-owned subsidiaries, of US$25 million in Domain Partners IX ("**Domain Fund**") and US$10 million in Sanderling Ventures VII ("**Sanderling Fund**"), which commitments are in addition to the investment commitments of $30 million in Teralys Fund, US$13 million in Sectoral Fund and €19.5 million in FCF III. Domain Fund is managed by Domain Associates, L.L.C., a fund manager that invests in early-stage life science companies with a significant focus on North America. Sanderling Fund is managed by Sanderling Ventures, L.L.C., a fund manager that was founded in 1979 and that emphasizes early-stage financing and active management of its biomedical portfolio companies.

On December 22, 2014, Knight completed a bought deal offering for gross proceeds of $86,958,900 of Common Shares of Knight. The offering was completed through a syndicate of underwriters led by GMP Securities L.P. and who purchased, on a bought deal basis, an aggregate of 12,882,800 Common Shares at a price of $6.75 per Common Share, the whole pursuant to an underwriting agreement dated December 9, 2014. On January 14, 2015, the syndicate of underwriters acquired 1,932,420 additional Common Shares ($13,043,835) at the offering price pursuant to an Over-Allotment Option, bringing the total gross proceeds of this offering to $100,002,735.

On January 1, 2015, Knight acquired NeurAxon Inc. ("**NeurAxon**") for approximately $1.75 million. Knight will provide additional funding to further develop the NeurAxon family of products. NeurAxon has a family of pain and migraine pipeline products, based on selective inhibition of nitric oxide synthase (NOS).

On January 22, 2015, Knight, through one of its wholly owned subsidiaries entered into a senior secured debt financing agreement with Synergy Strips Corp. ("**Synergy**"). The secured loan of US$6 million will bear interest at 15% per annum and matures on January 20, 2017. As part of the transaction, the Corporation was issued 4,595,187 common shares in the capital of Synergy representing approximately 6.5% of its fully diluted capital. Knight also received a 10 year warrant entitling it to purchase up to 3,584,759 shares of Synergy at $0.34 per share.

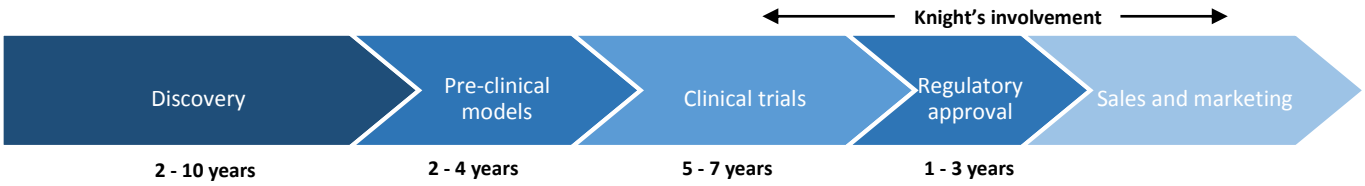
DESCRIPTION OF THE BUSINESS

The Innovative Drug Industry

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, medical and regulatory affairs, to obtain marketing approval, and 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.

In order for pharmaceutical companies to launch new drugs, a rigorous approval process must be undertaken with the national regulatory authorities in the countries in which the products will be marketed. PhRMA, a U.S. based pharmaceutical industry group, estimates that it takes, on average, up to 15 years for an experimental drug to advance from the laboratory to the market, that only 5 in 10,000 compounds that are screened eventually progress to human testing and that only 1 of such compounds is ultimately approved for sale. Generally, Pre-clinical Studies may take place over a 3 to 6 year period. Thereafter, and 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 7 years. In addition, the regulatory review and approval process by the FDA and the TPD could take an additional 1 to 3 years. Finally, there may be post-marketing phase IV Clinical Studies required by both the FDA and the TPD to strengthen marketing claims of approved products. By focusing on late-stage drugs, the Corporation believes that the risks, costs and time frames for approval may be reduced.



During the past decade, the pharmaceutical industry has continued to consolidate, a trend which has gone unabated in recent years. The Corporation believes that this consolidation is being driven by a desire among pharmaceutical companies to (i) reduce costs through economies of scale and synergies; (ii) add sales and marketing capabilities in other territories; and (iii) gain access to promising product pipelines in key therapeutic categories.

Industry consolidation has increased the level of sales necessary for an individual product to justify active marketing and promotion by large pharmaceutical companies. This has led large pharmaceutical companies to focus their

marketing efforts on drugs with high volume sales, new product launches and products which fit within core therapeutic or marketing areas. As a result, major pharmaceutical companies increasingly have sought to divest small or non-strategic product lines which, the Corporation believes, can be highly profitable for specialty pharmaceutical companies that focus on developing expertise in specialty therapeutic fields.

The Canadian Pharmaceutical Market

The Canadian healthcare system operates such that each province functions as a distinct territory with the power to govern Provincial Formulary reimbursement. According to IMS, total Canadian sales of pharmaceutical products amounted to U.S.$18.2 billion for the twelve month period ending December 31, 2013, an increase of 0.4% from the previous year. The Corporation believes that the absence of significant growth in the pharmaceutical industry is primarily the result of pricing and reimbursement pressures and unfavorable exchange rates, that are partially offset by growth driven primarily by: (i) the aging population; and (ii) technological breakthroughs which have increased the number of ailments that can be treated with drugs.

The Corporation believes that as multinational pharmaceutical companies continue to increase in size, their threshold for desirable products and the target market size of innovative products increases. Many products do not address sufficiently large potential markets and are overlooked by multinational pharmaceutical companies. Thus, the Corporation believes that these dynamics create an opportunity for specialty pharmaceutical companies such as Knight.

THE CORPORATION'S STRATEGY

Knight intends to continue its growth and become a prominent specialty pharmaceutical company in select therapeutic fields in Canada and select international markets. Knight believes that this can be accomplished through targeted promotion of its innovative pharmaceutical products in Canada, through the acquisition of additional specialty pharmaceutical products in Canada and in select international markets. Knight has demonstrated and continues to believe that there are opportunities to obtain sales and marketing rights to products. Knight intends to execute the following strategy to continue to achieve this objective:

Focusing on Specialty Therapeutic Fields

Knight is focused on those therapeutic fields where a small number of specialist physicians account for the majority of prescriptions written. This will enable Knight to use a relatively small salesforce to target these physicians and to profitably capture market share.

This targeted approach may be used for all of Knight's current products and is a determinant of whether Knight will enter a new therapeutic area or add a new product. This contrasts with products which are more broadly prescribed, for example, by approximately 35,000 general practitioners in Canada.

Leveraging Specialized Sales and Marketing Infrastructure

Knight's strategy is to continue to grow its drug portfolio and to develop sales and marketing expertise within therapeutic fields in which it is active. This will enable Knight to continue to build on the strategic relationships it has with prescribing physicians and industry contacts.

Developing and Acquiring Late-Stage Pharmaceuticals

Knight maintains an active program to identify potential products for development, acquisition or licensing. In addition, the Corporation continues to pursue opportunities to in-license late-stage products from biotech companies. Knight focuses on currently marketable or late-stage development products 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. This will allow Knight to focus on developing competencies in regulatory affairs, and sales and marketing.

In order to ensure continuous growth, the Corporation has acquired and invested in product acquisitions and licensing agreements over the last fiscal year. At present, the Corporation is actively pursuing product acquisitions that may require substantial capital resources. There are no present agreements or commitments with respect to any such acquisitions, except as disclosed in the Management Discussion and Analysis to the Corporation's annual audited consolidated financial statements for fiscal 2014.

Knight uses a number of internal and external sources to identify products for acquisition, to evaluate their scientific and clinical viability, and to estimate their commercial potential. Through its own internal business development efforts and, to a lesser extent, consultants, the Corporation identifies products for potential acquisitions. Once identified, each product undergoes scientific, clinical and commercial screens to further evaluate its fit within Knight's product portfolio and the likelihood of its future success. The criteria used for screening development, acquisition, or in-licensing product opportunities are as follows:

- ***Financial return:*** The expected return must reflect the inherent clinical, regulatory and commercial risks involved, with late-stage development products generally requiring a higher expected return than products with existing sales;

- ***Stage of development:*** To mitigate the risk of failure, Knight generally considers projects that are in Phase II or later clinical trials having demonstrated safety and efficacy in humans;

- ***Required investment:*** Knight will minimize its up-front payments for new product rights and targets projects that, in the event of failure, will not materially affect the results of the Corporation;

- ***Market differentiation:*** The product must be differentiated from existing marketed pharmaceuticals by providing superior safety, efficacy, or pharmacoeconomic value; and

- ***Economies of scope:*** The product must generally be marketable through Knight's existing or developing sales channels, or fit within select countries identified as growth and value opportunities as part of Knight's geographic expansion and, unless the product will be profitable on its own at the outset, must complement or supplement Knight's existing products.

Long-term licensing

Knight invests in life sciences venture capital funds in exchange for well-placed introductions to their network of companies, including the funds' portfolio companies, in an effort to secure product rights. Knight earns a return on substantially the same terms as any other limited partner in the fund, but more importantly, Knight obtains preferential access to innovative pharmaceutical products from around the world for Canada and select international markets. These investments are designed to provide financial incentives to the life sciences funds to help secure product rights and source loan opportunities for Knight.

Knight invests across a variety of complementary funds to get the broadest access possible to product rights. This includes investing in early to late stage funds; funds with a global, European and North American focus; and both direct investment funds and fund of funds. The expectation is that Knight will build a pipeline of innovative products for 5 to 10 years from now, albeit just for Canada and select international markets, leveraging billions of dollars in R&D.

Lending to Life Sciences Companies

Knight lends capital to life sciences companies. Typically, loans have low double digit interest rates, are fully secured and come with additional consideration to the Corporation. Loans often come with product rights or product options for Canada and select international markets. These loans strengthen Knight's ties within the life sciences industry and, in doing so, help to secure product rights for Knight either on a direct or indirect basis.

Outsourcing of Select Functions

To reduce overhead, control expenses and maintain flexibility, the Corporation contracts with Pharmascience Inc., a subsidiary of Joddes Limited, and other third parties, for a number of business activities, including but not limited to:

- administrative services
- laboratory studies
- logistic services
- pharmacovigilance
- product manufacturing
- select selling services

Jonathan Ross Goodman is a shareholder of Joddes Limited, which is a private corporation owned by members of the Goodman family.

By using contract manufacturers to produce its current products, which require relatively small and infrequent production runs, Knight controls its investment in capital and avoids the risks involved in manufacturing. Similarly, by contracting with other persons to perform certain research activities, the Corporation reduces expenses and risks associated with maintaining a research facility.

Geographical Expansion

Knight maintains an active program of identifying potential products and companies that fit within its existing business model but that are located in select areas such as Israel, Russia, Sub-Saharan Africa and other countries outside the United States and Western Europe. Knight intends to continue its growth by becoming an international specialty pharmaceutical company and believes that these countries provide potentially significant growth and value opportunities. Through its own internal business development efforts and, to a lesser extent, external consultants, the Corporation identifies these opportunities with each such target undergoing economic, legal, commercial, scientific and clinical review to further evaluate its fit within Knight's business plan and the likelihood of its future success. Knight currently has exclusive worldwide rights to Impavido® and the NeurAxon family of products.

Knight manages substantially all of its international operations from its Barbados subsidiary, Knight Therapeutics (Barbados) Inc. In order to acquire and in-license products for international markets, Knight Therapeutics (Barbados) Inc. may develop, acquire or in-license products directly. Additionally, the Corporation invests in life sciences venture capital funds in exchange for well-placed introductions to their network of companies in an effort to secure product rights to select international markets. Knight also lends capital to life sciences companies which, either directly or indirectly, helps secure international product rights.

Neglected Tropical Diseases and Rare Pediatric Diseases

With the approval of Impavido® by the FDA on March 19, 2014 for the treatment of leishmaniasis, a neglected tropical disease, Delco was granted a PRV. This PRV was sold by Knight Therapeutics (Barbados) Inc. on November 19, 2014 for US$125 million to Gilead. It is Knight Therapeutics (Barbados) Inc.'s intention to continue to invest in treatments or cures for neglected tropical diseases and rare pediatric diseases, which may result in revenue from the

sale of pharmaceutical products for neglected tropical diseases and rare pediatric diseases respectively, as well as a beneficial interest in future PRVs.

BUSINESS OF THE CORPORATION

Knight is a pharmaceutical company that researches, acquires, in-licenses, develops, markets, out-licenses and sells pharmaceutical products. Knight's strategy is to identify and focus on innovative pharmaceutical products in specialty therapeutic fields. Attractive therapeutic fields are those where a relatively small number of specialized physicians account for the majority of prescriptions written and in which Knight can establish a portfolio of innovative products that meets the needs of those specialists.

Sources of Product Opportunities

The Corporation 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:

Multinational Pharmaceutical Companies - The Corporation believes that pharmaceutical companies are increasingly focusing on drugs with high sales potential that can significantly impact their profitability. As a result, many multinational pharmaceutical companies have products that, despite the opportunity for growth, receive little or no promotion. Knight seeks to either acquire these products outright or offer these companies a means of sharing in the financial benefits of Knight's direct sales and marketing.

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. The Corporation believes that Knight offers a good strategic fit for other specialty pharmaceutical companies without a presence in Canada, and seeks to represent such companies in Canada.

Emerging Biotech Companies - According to the Pharmaceutical Research and Manufacturers of America association (PhRMA), there are more than 5,000 medicines in development globally, all of which have the potential to help patients around the world. According to IMS, as of December 2013, the Canadian market represented approximately 2.4% of the world pharmaceutical market. When negotiating with a multinational pharmaceutical company for North American or global distribution rights, Canadian and certain other select territories distribution rights are generally ascribed little or no defined value. By carving out these territories through a licensing agreement with a Corporation such as Knight, a biotech company stands to gain additional value as a means of defraying the cost of research and development.

Moreover, many emerging biotech companies wish to control and/or actively participate in the commercialization of their products in the U.S. The Corporation believes that such companies do not have the resources to work internationally, and are more inclined to sign regional distribution deals for smaller markets such as Canada, Israel, Russia and Sub-Saharan Africa. Through its contacts with biotech companies and the venture capital community, the Corporation is made aware of opportunities to acquire the Canadian and other geographical licensing rights to innovative products.

Additionally, the Corporation intends to support the financing of biotech companies to acquire later stage products. This includes investing in life sciences venture capital funds, lending to life sciences companies and supporting the development of pharmaceutical products for neglected tropical diseases and rare pediatric diseases.

Based upon business conditions, our financial strength and other factors, we regularly re-examine our business strategies and may change them at any time as circumstances warrant.

Knight's Product Portfolio

Knight has worked diligently to build its pipeline of products. Within its first year of operation, Knight has assembled a portfolio of products and is working on building a diversified product pipeline of drugs in development.

Knight's Product Portfolio

Product	Indication	Licensor / Vendor	Regulatory Status	Country Rights
Impavido®	Leishmaniasis	N/A	Approved in 14 countries	Worldwide
ATryn®	Prevention of thromboembolic events	rEVO Biologics	Pre-registration	Canada
Photofrin®	Oesophageal cancer, Endobronchial cancer, High-grade dysplasia in Barrett's oesophagus, Papillary bladder cancer	Pinnacle Biologics	Approved	Canada
FOCUSfactor®[2]	Dietary supplement	Synergy Strips Corp.	Approved	Canada[1]
NXN-188[2] (nNOS/5HT)	Acute migraine	N/A	Phase 2	Worldwide
NXN-462[2] (nNOS)	Pain and Neurological Disorders	N/A	Phase 2	Worldwide
nNOS/iNOS Inhibitor[2]	Inflammatory pain	N/A	Preclinical	Worldwide

[1] Knight has an exclusive option for the product rights to FOCUSfactor® for Israel, Russia and Sub-Saharan Africa.

[2] Acquired subsequent to December 31, 2014.

Knight's current product portfolio consists of products which have a strong opportunity for growth over the next two to five years. These brands are actively promoted, or expected to be once approved, by Knight. The Corporation expects to continuously add products to the list of current brands.

Impavido®

Impavido® was Knight's first product. The worldwide rights to Impavido® came to Knight as part of the Business Separation Agreement with Paladin. Impavido® is an oral treatment for leishmaniasis previously approved in 13 countries. Leishmaniasis is a tropical disease which affects up to 12 million people globally. It is caused by the bite of a sand-fly in endemic countries and presents in three forms. In March 2014, it was approved by the FDA for the treatment of cutaneous, mucosal and visceral leishmaniasis. Paladin markets and distributes Impavido® on Knight's behalf worldwide, excluding the United States, under a distribution and license agreement. Knight is planning to commercialize Impavido® in the United States through a similar agreement with a new partner.

ATryn®

In September 2014, Knight entered into an asset purchase agreement with Orphan relating to the purchase of the Canadian rights for ATryn® and Photofin®.

ATryn® is a recombinant antithrombin that is currently approved in the US and the EU for the prevention of thromboembolic events in patients with hereditary antithrombin deficiency. ATryn® received approval in the United States from the FDA in 2009 and marketing authorization by the European Commission prior to that in 2006. Additional clinical trials with ATryn® are being conducted in pregnant women who suffer from severe preeclampsia to determine the possible benefits of ATryn® to both the mother and her unborn child.

Knight is planning to file a New Drug Submission with Health Canada in the first half of 2015.

Photofrin®

Photofrin® is indicated for the treatment of oesophageal cancer, endobronchial cancer, high-grade dysplasia in Barrett's oesophagus and papillary bladder cancer.

Photodynamic therapy (PDT) with Photofrin® (porfimer sodium) is a two-stage process requiring administration of both the drug and a light source. Photofrin® belongs to a group of cancer-fighting medications known as *antineoplastics*. It kills cancer cells by making them more sensitive to the destructive effects of a laser light, which is aimed at them after injecting the medication. This is why the procedure is called *photodynamic therapy*. Additional clinical trials with Photofrin® are being conducted in patients with cholangiocarcinoma who are not candidates for surgery.

FOCUSfactor®

FOCUSfactor® is a dietary supplement sold at America's leading retailers such as Costco, Sam's Club, Walmart, Walgreens and The Vitamin Shoppe. FOCUSfactor®, America's leading brain health supplement, is a nutritional supplement that includes a proprietary blend of brain supporting vitamins, minerals, antioxidants and other nutrients. In December 2012, the United States Patent and Trademark Office issued US Patent 8,329,227 covering FOCUSfactor's proprietary formulation "for enhanced mental function." The issuance of the patent marked one of the few times a patent has been issued for a nationally branded nutritional supplement. FOCUSfactor is clinically tested with results demonstrating improvements in focus, concentration and memory in healthy adults. The FOCUSfactor® formulation approved by Health Canada is different from the formulation sold in the United States.

NeurAxon family of products

NeurAxon has two chemically distinct lead products at clinical Phase 2, both of which have provided an excellent safety data base for further development. All NeurAxon products are selective nNOS (neuronal nitric oxide synthase) enzyme inhibitors with additional properties built in depending on the therapeutic target e.g. 5HT for migraine and iNOS (inducible nitric oxide synthase) enzyme inhibition. NXN-188 is a first-in-class dual action small molecule incorporating nNOS inhibition and 5HT agonism for the treatment of acute migraine attacks with a further potential for use in some forms of visceral pain. To date, NXN-188 has shown activity and safety in clinical trials for migraine. NXN-462, a pure selective nNOS inhibitor, is under development for the potential treatment of chronic pain and other neurological indications. NXN-462 is a Phase 2 clinical development compound which has shown good safety in trials to date. There are several other preclinical projects in the NeurAxon portfolio which could be developed into clinical development candidates for other indications. One of the more advanced preclinical projects has a potential for activity in inflammatory pain indications.

While the primary focus of Knight is the innovative or branded pharmaceutical market, the Corporation may also participate, to a lesser extent, in the generic market. The Corporation's position in the generic market will be used as a tactical measure to: (i) generate stable and predictable earnings during the Corporation's early stages of development; and (ii) counter-balance the inherent risk involved in developing the market for innovative products. Knight remains focused on its Innovative Drugs and will outsource all of its generic sales efforts.

Knight's International Brands

Knight Therapeutics (Barbados) Inc. currently sells Impavido® in 13 countries through Paladin which acts through a long term distribution agreement. Knight currently has the global rights to the NeurAxon family of products and intends to out-license the rights for the NeurAxon family of products everywhere except in Canada, Israel, Russia and Sub-Saharan Africa. In addition, Knight secured an exclusive option to license the rights to FOCUSfactor® in Israel, Russia and Sub Saharan Africa. It is Knight's goal to continue to acquire or in-license rights to innovative prescription and OTC products for select international markets on an opportunistic basis.

Knight's Fund Investments

As of the date hereof, Knight has committed to invest in five life sciences venture capital funds for approximately $110 million in total commitments based on the exchange rates as of the dates of the commitments. In June 2014, the Corporation committed to invest US$13 million in Sectoral Fund. In October 2014, the Corporation committed to invest €19.5 million in FCF III and $30 million in Teralys Fund. In December 2014, the Corporation committed to invest US$25 million in Domain Fund and US$10 million in Sanderling Fund.

Knight's Loan Portfolio

As of the date hereof, Knight has four loans outstanding to life sciences companies. In June 2014, Knight loaned $850,000 to Origin. In July 2014, Knight loaned US$6.5 million to support the acquisition of Apicore. In December 2014, Knight loaned US$30 million to CRH Medical Corporation. In January 2015, Knight loaned US$6 million to Synergy Strips Corporation.

Sales and Marketing

Knight's Sales and Marketing strategy will focus on 3 key activities: creating demand among targeted prescribers, ensuring distribution to appropriate points of sale and securing reimbursement for consumers. Knight plans to expand its Sales and Marketing team and capabilities as it acquires additional products.

Creating Demand Among Targeted Prescribers - Knight will utilize a "pull-through" marketing approach that is typical of pharmaceutical companies. Knight's sales representatives will demonstrate the features and benefits of its products to physicians who may write prescriptions for Knight's products. These physicians write prescriptions for their patients, who, in turn, take the prescriptions to pharmacies to be filled. The pharmacies then place orders with the wholesalers, or, in case of large chain pharmacies, their distribution centers, to which Knight will sell its products.

Knight plans to employ a national physician salesforce. The Corporation believes that it can effectively reach its core prescriber group with a focused sales team because of the concentrated nature of the innovative markets in which it competes and because of the Corporation's use of fact-based physician targeting tools. The Corporation will use fact-based physician targeting in order to obtain the greatest return for its sales effort. The Knight sales team will use the data to focus on this smaller, high potential group while other marketing tactics, such as advertising and direct mail, will be used to reach the balance of the market in a more efficient manner.

Knight plans to organize and support various continuing education initiatives to ensure that physicians are kept informed of the most current practices in using the Corporation's products. The Corporation believes that participation in medical conferences in Canada and internationally is important in building awareness of the Corporation's products and their benefits among its target groups. Conference participation will be further used to build the supportive relationship between the Corporation and its core physician target groups.

Knight will plan to fund and support Phase IV clinical studies as may be appropriate for its current or future products. These studies benefit the Corporation by generating new data which may subsequently be promoted and/or published and by positioning Knight as a supporter of new medical research among its core physician target group.

The Corporation will also be active in working to build awareness and encourage use of its brands directly with consumers by working with and supporting consumer advocacy groups in its areas of interest. The Corporation believes that this activity helps to generate awareness of the brands directly with patients.

Ensuring Distribution to Appropriate Points of Sale - Knight will employ a variety of tactics to support its own direct sales efforts to ensure that its products are available for sale at the appropriate distribution points.

Securing Reimbursement for Consumers - Knight recognizes that gaining reimbursement from public and private payers is a key success factor to marketing pharmaceutical products in Canada. To reach this goal, the Corporation will use external consultants for Government Affairs to prepare new Formulary submissions and manage the reporting requirements of existing listings. As the need arises, the Corporation will employ consultants to prepare certain new presentations to the provincial bodies responsible for overseeing formularies and private insurers. The Corporation supports these submissions and presentations by commissioning independent pharmacoeconomic studies to illustrate the economic benefits of incorporating their products in treatment regimens.

Licensing and Intellectual Property

The pharmaceutical industry places great emphasis on brand differentiation by the use of trademarks. Thus, while some of the Corporation's products do not have patent protection, the Corporation believes that many of the products it intends to sell are differentiated based on their recognizable trademarks.

Knight owns or licenses the following trademarks in Canada: Impavido®, ATryn®, Photofrin® and FOCUSfactor®. In addition, Knight owns the following trademark in other jurisdictions: Impavido®. The Corporation's success depends in part on its ability to obtain patents, protect trade secrets, operate without infringing the proprietary rights of others and prevent others from infringing its proprietary rights.

Manufacturing and Distribution

Knight does not manufacture any of its products directly, but rather outsources this function to third parties. Knight 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, Knight ensures that its products are manufactured in accordance with the current GMP, consistent with regulatory requirements.

Knight uses third-party and related 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 and Knight's manufacturing needs, Knight intends to continue to outsource its manufacturing for the near term. Knight's products are currently available only from sole or limited suppliers. These third-party manufactured products have accounted for all of Knight's revenues.

Knight depends on third parties for the supply of the raw materials necessary to develop and manufacture its products, including the active and inactive pharmaceutical ingredients used in its products. Knight is required to identify the supplier of all the raw materials for its products in the drug applications that it files with Health Canada. If raw materials for a particular product become unavailable from an approved supplier specified in a drug application, Knight would be required to qualify a substitute supplier with Health Canada, which would likely interrupt manufacturing of the affected product. To the extent practicable, Knight 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, Knight may be required to purchase a minimum amount of raw materials and/or order a minimum amount of manufactured products. Generally, Knight 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.

Facilities

Knight leases a 2,807 square foot premises in Westmount, Quebec and conducts business in Barbados from an office situated in Bridgetown, Barbados. The lease in Westmount, Quebec has an original term of approximately 2 years, ending March 31, 2016.

The Corporation expects that the current location and square footage in Westmount, Quebec will be sufficient for the foreseeable future. The Corporation expects to expand to a larger location in Barbados in 2015.

Potential Liability and Insurance

The drugs distributed by the Corporation contain medicinal ingredients that have been approved for marketing by Health Canada, the FDA and the EMA. The Corporation faces an inherent business risk of exposure to significant product liability and other claims in the event the use of the Corporation's products results, or is alleged to have resulted, in adverse effects. Knight maintains product liability insurance to cover such risks. The Corporation has never been involved in any significant legal proceedings or been the subject of any claim regarding the safety of its products.

Personnel and Employees

As of the date hereof, Knight has 7 permanent full-time employees whose primary collective responsibilities relate to Business Development. Additionally, Knight has 1 employee who is on contract and 3 permanent part-time employees. Knight also engages several consultants for various services. Knight does not have any employees who are members of a union.

Competition

The market for drugs is highly competitive with many established manufacturers, suppliers and distributors actively engaged in all phases of the business. Knight believes that competition in the sale of pharmaceutical products is based primarily on efficacy, reimbursement coverage, brand awareness, availability, product safety, and price. As Knight acquires brand name pharmaceutical products, they may be subject to competition from alternate therapies during the period of patent protection and thereafter from generic or other competitive products. All of Knight's products compete with generic and/or other competitive products in the marketplace. Competing in the branded product business will require Knight to identify and quickly bring to market new products embodying technological innovations. Successful marketing of branded products depends primarily on the ability to communicate the efficacy, safety and value to healthcare professionals in private practice, group practices and health care organizations. The Corporation anticipates that its branded product offerings will support its existing areas of therapeutic focus.

Many of Knight's competitors are large well-known 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 the Corporation's product lines.

The pharmaceutical industry is characterized by rapid product development and technological change. The Corporation's 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.

Within Canada, Knight competes with Innovative Drug manufacturers, innovative pharmaceutical companies that license and distribute Innovative Drugs, and Generic Drug manufacturers. Within each of Knight's therapeutic fields, other drug companies offer competitive products. For example, Impavido® is approved in 14 markets around the world and faces generic competition in many of these markets. The Corporation competes with specialty pharmaceutical companies and regional affiliates of multinationals, such as Valeant Canada Ltd. and Endo International plc of which Paladin is a subsidiary, in securing the Canadian and international rights to new products. All of these companies are seeking 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.

RISKS RELATED TO KNIGHT'S BUSINESS

Investing in the Corporation's securities involves a significant amount of risk. Potential investors should carefully consider the risks described below, together with all of the other information in Knight's publicly filed documents, before making an investment decision. If any of the following risks actually occurs, Knight's business, financial condition or results of operations and financial condition could be adversely affected. In any such case, the trading price of the Common Shares could decline, and investors could lose all or part of their investment.

Limited Business History

Knight has been operating for just over one year and thus has a limited history of operations and earnings. The likelihood of success of Knight must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business in the biotechnological and pharmaceutical markets. In order to continue to properly operate its business, Knight will need to continue to develop operational, financial and management information systems and employ a number of key individuals in management and administrative roles. There can be no assurance that Knight will be able to generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its current business plans.

Collaborations or other transactions with companies involve and will continue to involve the lending of money to such companies putting Knight's capital at risk in the event of a failure to repay

Certain of Knight's collaborations or other transactions with pharmaceutical companies and drug developers have involved and will continue to involve the financing of such companies including by way of loans and other forms of debt. Such loans take and may continue to take different forms and will have different terms with respect to interest rate, repayment terms, security and other matters. There can be no assurance that any such companies will be able to repay such loans in accordance with their repayment terms or that any security in respect of such loans would be sufficient at the time of realization to cover the debt owed by such companies. Any failure to repay such loans in accordance with applicable terms, failure to realize on security or inadequacy of security upon realization could have a material adverse effect on the capital position and general financial condition of Knight.

Knight's business plan and strategy rely, in part, on acquisitions

Knight's business plan is focused in part on growth by identifying suitable acquisition opportunities, pursuing such opportunities, completing acquisitions and effectively integrating such businesses in Knight's business and operations. If Knight is unable to manage its growth effectively, this could adversely impact its financial position and results of operations. There can be no assurance that Knight will be able to identify suitable acquisition candidates, as to the pace of growth through acquisitions or that Knight will be able to acquire assets or companies on an accretive basis.

The successful integration of new operations arising from Knight's acquisition business plan and strategy requires that a substantial amount of management time and attention be focused on integration tasks. Management time that is devoted to integration activities may detract from management's normal operations focus. Integration activities

can result in unanticipated operational problems, expenses and liabilities. If Knight is not successful in executing its integration strategies in a timely and cost-effective manner, it will have difficulty achieving its growth and profitability objectives.

Knight invests in funds that may make investments that are not profitable to Knight or that may not help Knight secure product rights

As part of Knight's growth strategy, it invests in healthcare-specialized funds and fund managers which have substantial assets under management in the healthcare sector and have the ability to leverage their existing relationships with key life science companies to help secure Canadian and select international market product rights for Knight. As at the date hereof, the Corporation has committed to invest, or made investments, in Sectoral Fund, FCF III, Teralys Fund, Domain Fund and Sanderling Fund, which represent commitments of approximately $110 million of the $130 million it intends to invest in this strategy. Knight does not exercise direction or control over the funds in which it invests and does not have any direct decision making in the investment decisions of such funds. There is no guarantee that such funds will make investments that are profitable for Knight nor that Knight's relationships with such funds will help Knight secure any product rights. Further, Knight's investments in such funds are capital in nature and there is no guarantee that all or any such capital will be recovered.

Knight's investment in Neglected Tropical Diseases and Rare Pediatric Diseases may not lead to approved products or to the granting of a Priority Review Voucher (PRV) by the FDA

It is Knight Therapeutics (Barbados) Inc.'s objective to source opportunities to license or acquire and develop therapeutics to treat either Neglected Tropical or Rare Pediatric Diseases. Knight Therapeutics (Barbados) Inc. may not be able to source such opportunities or to source them on attractive deal terms. In addition, Knight Therapeutics (Barbados) Inc. may not be successful in securing FDA approval for such therapeutics and therefore may not be successful in receiving a beneficial interest in additional PRVs. Even when a PRV is granted, it may be difficult to sell or may be sold for an amount or terms that are less favourable than expected.

Ability to Have Access to Additional Financing and Capital and Dilution

Knight may consider issuing additional debt or equity securities in the future to fund potential acquisitions or investments, or for general corporate purposes. If Knight issues additional equity or convertible debt securities to raise additional funds, its existing shareholders may experience additional dilution, and the new equity or debt securities may have advantageous rights, preferences and privileges when compared to those of Knight's shareholders as at the date hereof. Such dilution may be significant. In addition, if Knight incurs debt, it may increase its leverage relative to its earnings or to its equity capitalization, requiring Knight to pay interest expenses. Knight may not be able to market such issuances on favourable terms, or at all, in which case, Knight may not be able to develop or enhance its products, execute its business plan, take advantage of future opportunities, or respond to competitive pressures or unanticipated customer requirements.

Ability to Implement Knight's Strategy to Grow the Business

Knight's business strategy is focused on enhancing its competitive standing through the promotion and sale of new products through new marketing and distribution channels. Since Knight engages in limited proprietary research activity with respect to product development, it will rely heavily on purchasing product lines from other companies.

Other companies, many of which have substantially greater financial, marketing and sales resources than Knight, compete for the acquisition of products. Knight may not be able to acquire rights to additional products on acceptable terms, if at all, or be able to obtain future financing for acquisition on acceptable terms, if at all. The inability to effect acquisitions of additional branded products could limit the overall growth of the business. Furthermore, even if Knight is able to obtain rights to pharmaceutical products, Knight may not generate sales sufficient to create a profit or otherwise avoid a loss.

Ability to Integrate New Products and Companies in Canada and Internationally

The integration of newly acquired products and companies into Knight's business will require significant management attention and expansion of marketing, sales and general and administrative staff. Knight's strategic direction includes becoming an international specialty pharmaceutical company. Investing and operating in international locations and possibly other emerging markets carry substantial inherent financial, legal and political risks. If Knight cannot integrate its acquisitions successfully, these changes and acquisitions could have a material adverse effect on the business, financial condition, results of operations and cash flows.

In addition, potential future acquisitions in international jurisdictions are subject to risks inherent in conducting business abroad, including possible nationalization or expropriation, price and currency exchange controls, fluctuations in the relative values of currencies, political instability and restrictive governmental actions.

Key Person, Ability to Hire and Retain Key Personnel

The success of Knight is dependent, in part, on the services of its President and Chief Executive Officer, Mr. Jonathan Ross Goodman. Mr. Goodman suffered an accident in August 2011 from which he has not yet fully recovered, with energy level and memory retrieval issues remaining outstanding at certain times. The experience of this individual will be a significant contributing factor to Knight's continued success and potential growth. The loss of Mr. Goodman's services on a short, medium, long term or on a temporary basis could have a material adverse effect on Knight's operations and business prospects. In addition, Knight believes that its future success will depend in large part on its ability to attract and retain additional highly skilled technical, management and sales and marketing personnel. There can be no assurance that Knight will be successful in attracting and retaining such personnel and the failure to do so could have a material adverse effect on Knight's business, operating results and financial condition.

Generic Product Risk

In 2014, global gross sales of Impavido® were $1.6 million. Under the Distribution and License Agreement between Knight Therapeutics (Barbados) Inc. and Paladin Labs (Barbados) Inc., as amended, Knight Therapeutics (Barbados) Inc. granted to Paladin Labs (Barbados) Inc. exclusive commercialization rights for Impavido® for a ten year term for the world, other than the United States. Under that agreement, Paladin Labs (Barbados) Inc. shall pay to Knight Therapeutics (Barbados) Inc., a fee of 22.5% of licensing revenue (other than gross sales) derived from Impavido® worldwide, other than the United States. In addition, under an exclusive supply agreement between Knight Therapeutics (Barbados) Inc. and Paladin Labs (Barbados) Inc. entered into in December 2014, the latter must acquire all of its requirements for inventory of Impavido® from Knight Therapeutics (Barbados) Inc. for a purchase price equal to the latter's cost of manufacturing or acquiring same, plus 22.5% of gross sales of Impavido® worldwide (other than the United States). 22.5% of gross sales of Impavido® was $365 thousand for the year ended December 31, 2014 representing 100% of sales related to products. No assurance can be provided that similar gross sales of Impavido® will be made by Paladin Labs (Barbados) Inc. or that any sales will be made at all. It is expected that gross sales of Impavido® will decline due to the emergence of generic competition. Although a portion of Knight's future revenue may be generated by products not subject to competition from generic products, there may be no proprietary protection for many of the branded pharmaceutical products which will eventually form part of Knight's portfolio. The entrance into the market of a generic pharmaceutical product typically completely erodes the branded product's market share within twelve months which may have a material adverse effect on Knight's business, financial condition and results of operations.

Ability to Acquire License Rights to New Products

Knight expects that it will depend on acquisition of rights to products from other companies as the primary source for new products. Risks in acquiring new products include: a) the ability to locate new products that are attractive and complement Knight's business, and b) the price to acquire or obtain the license for these products may be too

costly to justify the acquisition. Knight also foresees facing competition from other pharmaceutical companies in acquiring rights to products, which will make it more difficult for Knight to find attractive products on acceptable terms.

Ability to Successfully Develop New Drugs

Knight intends to invest substantial time, resources and capital in identifying and purchasing new drugs, dosage and delivery systems, either on its own or through possible licensors. Knight's continued growth will depend, in part, on its success in such a process. Knight may not be able to recover its investment in the development of new drugs, given that projects may be interrupted, unsuccessful or not as profitable as initially contemplated.

Dependence upon Companies in which Knight Makes Strategic Investment

Economic, governmental, industry and external factors outside Knight's control may affect each of the companies in which Knight invests, whether directly or indirectly through its fund investment and lending strategies. If these companies do not succeed, the value of Knight's assets and the market price or value of its Common Shares could decline. Some of the material risks relating to the companies in which Knight may invest include:

- the ability of these companies to successfully develop and obtain governmental approvals for the products which serve as the basis for Knight's investments;
- the ability of competitors to develop similar or more effective products, making the drugs developed by the companies in which Knight invests difficult or impossible to market;
- the ability of the companies in which Knight invests to adequately secure patents for their products and protect their propriety information;
- the ability of the companies in which Knight invests to enter the marketplace without infringing upon competitors' patents;
- the ability of the companies in which Knight invests to remain technologically competitive, and the dependence of these companies upon key scientific and managerial personnel; and
- the ability of the companies in which Knight invests to manage cash flow in order to remain solvent and ensure that Knight's investment remains realizable.

Knight will have limited or no control over the resources that any company in which it invests may devote to developing the products for which Knight collaborates with them. Any company in which Knight invests may not perform as expected. Such companies may breach or terminate their agreements with Knight or otherwise fail to conduct product discovery and development activities successfully or in a timely manner. If any of these events occurs, it could have a material adverse effect on Knight's business.

Product Liability Claims, Insurance and Recalls and Unexpected Product Safety or Efficacy Concerns

Knight may face an inherent business risk of exposure to product liability claims in the event that the use of its technologies or products are alleged to have resulted in adverse effects. Side effects or marketing or manufacturing problems pertaining to Impavido®, ATryn®, Photofrin®, FOCUSfactor®, NeurAxon family of products, or any of Knight's 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. These risks will exist for those products in clinical development and with respect to those products that receive regulatory approval for commercial sale. In addition, clinical studies sponsored by Knight may also involve risks of civil

liability. Although Knight 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), Knight may not be able to avoid significant product liability exposure. Moreover, taking into consideration the present liability insurance market, there is no assurance that Knight will be able to obtain and to continue to maintain adequate insurance coverage in connection with its business or that the insurance coverage will be consistently available, or consistently available on economically feasible terms, to Knight. In addition, not all risks are covered by insurance and no assurance can be given that the insurance coverage obtained and maintained by Knight will be sufficient to cover losses or claims that may occur involving Knight's business.

Marketing and Competition

The Innovative Drug and Generic Drug industries are competitive and this competition may increase. Products compete on the basis of efficacy, safety and side effect profiles, price and brand differentiation. Some of Knight's competitors may have greater technical or financial resources than Knight and may use these resources to pursue a competitive position that threatens Impavido®, ATryn®, Photofrin®, FOCUSfactor®, NeurAxon family of products, or Knight's future products. Impavido®, ATryn®, Photofrin®, FOCUSfactor®, NeurAxon family of products, and Knight's future products could be rendered obsolete or uneconomical by the development of new pharmaceuticals to treat the conditions addressed by these 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 Knight's competitors.

Ability to Obtain Regulatory Approvals

The manufacture and sale of pharmaceutical products in Canada and the United States of America 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 Knight's best efforts. Moreover, TPD regulations are rigorous, time consuming and costly and Knight 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 Knight's current or future products may be withdrawn from the market and the required approvals suspended as a result of non-compliance with regulatory requirements.

In addition, there can be no assurance that the regulators will not require modification to any submissions which may result in delays or failure to obtain regulatory approvals. Any delay or failure to obtain regulatory approvals could adversely affect the ability of Knight to utilize its technology, thereby adversely affecting operations. Further, there can be no assurance that Knight's future products will prove to be safe and effective in clinical trials, or receive the requisite regulatory approval.

New Legislation or Regulatory Requirements

New legislative proposals for pharmaceutical product pricing, reimbursement levels, approval criteria and manufacturing requirements may be proposed and adopted both in Canada and in other markets in which Knight will sell its products. New legislation or regulatory requirements may have a material adverse effect on Knight's financial condition, results of operations or cash flows. Any failure to comply with applicable laws, rules and regulations in all jurisdictions in which Knight plans to operate may result in legal proceedings.

Ability to Obtain Product Reimbursement

The success of Impavido®, ATryn®, Photofrin® and NeurAxon family of products, and of many of Knight's 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.

As drug costs have increased, public formularies have become more restrictive in both the number of products they list for reimbursement and in the conditions under which they will be reimbursed. The failure to achieve listings and/or specific conditions attached to restricted listings may affect patients' and physicians' decisions regarding the use of Knight's future products. There can be no assurance that the current conditions and rigor of review related to listing submissions to 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 Knight's future products. If any of Knight's future products are not listed on the provincial formularies, this may have a material adverse effect on Knight's financial condition, results of operations or cash flows.

Ability to Protect and Maintain its Intellectual Property and Licensing Arrangements

Knight's success will depend in part on its ability to protect and maintain intellectual property rights and licensing arrangements for Impavido®, ATryn®, Photofrin®, FOCUSfactor®, NeurAxon family of products, and its future products. Knight does not know whether any of its patent applications will result in the issuance of any patents. Even if issued, these patents may not provide Knight with a competitive advantage against competitors with similar technologies. Furthermore, competitors may design around Knight's patents and develop similar technologies or duplicate any technologies that Knight may have developed. No assurance can be given that licenses or rights to be used by Knight will not be challenged, invalidated, infringed or circumvented. Moreover, laws of many countries may not protect Knight's intellectual property to the same extent as the laws of Canada and the United States, and those countries may also lack adequate rules and procedures for defending Knight's intellectual property rights. Furthermore, certain countries outside the United States and Canada enforce a system of compulsory licenses whereby third parties can be granted license to commercialize patented products if the patent is not commercially exploited by its owner or its licensees in the country within a certain number of years of the patent issuance in that specific country. To the extent that Knight's future employees, consultants or contractors will use intellectual property owned by others in connection with their work for Knight, disputes may also arise as to the rights in related or resulting knowhow and inventions. Any loss of patent protection would likely adversely affect Knight's operating results in those national markets. The commercial success of Knight will also depend in part on Knight not infringing patents or proprietary rights of others and not breaching the licenses to be granted to Knight. There can be no assurance that Knight will be able to obtain a license to any third-party technology that it may require to conduct its business or that such technology can be licensed at a reasonable cost. There is no certainty that Knight will not be challenged by its partners for non-compliance of its future licensing arrangements. Furthermore, there can be no assurance that Knight will be able to remain in compliance with its future licensing arrangements. Consequently, there may be a risk that these licensing arrangements will be withdrawn with no compensation or penalties to Knight.

Reliance on Third Parties for Supply and Manufacture of Products

Third parties manufacture Impavido®, ATryn®, Photofrin®, FOCUSfactor® and NeurAxon family of products, and will manufacture all of Knight's future products. Knight does not have manufacturing facilities, personnel or access to raw materials to independently manufacture its products. Except for any contractual rights and remedies which Knight may have with its manufacturers, Knight will have no control over the availability of its products, their quality or cost. If for any reason, Knight 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 Knight 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 Knight may have to seek alternative sources of supply or abandon or sell product lines on unsatisfactory terms. Knight 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 Knight will have engaged will be able to provide sufficient quantities of these products or that the products supplied will meet with Knight's specifications. In addition, production of Knight'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 Knight's existing and future products.

Drug manufacturers are subject to ongoing periodic unannounced inspection by Health Canada, the FDA, and corresponding state and foreign agencies, including European agencies and their designees, to ensure strict compliance with GMPs and other government regulations. While Knight will be obligated to audit the performance of third-party contractors, it does not have complete control over its third-party manufacturers' compliance with these regulations and standards. Failure by either Knight's third-party manufacturers or by Knight to comply with applicable regulations could result in sanctions being imposed, including fines, injunctions, civil penalties, failure of the government to grant review of submissions or market approval of drugs, delays, suspension or withdrawal of approvals, product seizures or recalls, operating restrictions, facility closures and criminal prosecutions, any of which could negatively impact the business.

Knight has entered into and intends to continue to enter into licensing and collaboration arrangements pursuant to which Knight will commit itself to supplying third parties with product. In the event that Knight is unable to fulfill such obligations as a result of a failure of Knight's contract manufacturers, Knight may be in breach of its obligations under those arrangements.

Disputes Regarding Ownership or Inventorship of Products and Technologies

From time to time Knight may become involved in disputes relating to the ownership or inventorship of its existing and future products and technologies. If Knight is unsuccessful in obtaining these assignments of patents or is otherwise unable to establish its ownership of the invention covered by the patents, Knight may face additional expense in perfecting its title to these patents and its business may be adversely affected.

Global Political and Economic Conditions

Challenging global market and economic conditions with a tighter credit environment and recession in most major economies began in fiscal 2008, developed in 2009 and continues today. It is possible that the world's major economies may face similar structural flaws and challenges going forward that will impact global productivity growth in 2015. Concerns about the systemic impact of ongoing potential long-term and wide-spread recession, energy costs and geopolitical issues have contributed to increased market volatility and may affect expectations for western and emerging economies. These conditions have contributed to volatility at high levels. Any turbulence in Canada and international markets and economies and prolonged declines in business consumer spending may adversely affect Knight's liquidity and financial condition, and the liquidity and financial condition of Knight's future customers.

Knight has no control over changes in inflation and interest rates, foreign currency exchange rates and controls or other economic factors affecting its businesses or over the possibility of political unrest, legal and regulatory changes in jurisdictions in which Knight operates. These factors could negatively affect Knight's results of operations in those markets.

Agreements Relating to the Development and Distribution of Products

Knight faces significant competition in seeking appropriate development, marketing and distribution partners. Moreover, collaboration and distribution arrangements are complex and time consuming to negotiate, document and implement. Knight may not be successful in establishing and implementing collaboration or marketing and distribution arrangements upon satisfactory terms or at all. Reliance on these agreements will likely expose Knight to a number of risks, including the following:

- development, marketing and distribution partners may not devote sufficient resources to Knight's products or product candidates;

- disputes may arise with respect to payments that Knight believes are due under such distribution and collaboration agreements;

- unwillingness on the part of development, marketing and distribution partners to provide updates regarding the progress of its development, commercialization or marketing activities, or to permit public disclosure of these activities;

- development, marketing and distribution partners may terminate the relationship;

- disputes may arise in the future with respect to the ownership of rights to technology developed with partners;

- disagreements with development, marketing and distribution partners could result in litigation or arbitration;

- partners may elect to pursue the development of any additional product candidates and pursue technologies or products either on their own or in collaboration with other parties, including competitors with competing technologies or products;

- collaborators and marketing and distribution partners may pursue higher priority programs or change the focus of their programs, which could affect the collaborator's and distributor's commitment to their respective territories; and

- development, marketing and distribution partners may develop or distribute products that compete with Knight's products.

The occurrence of any of these or other events may impair commercialization of Knight's existing and future products.

Concentration of Credit Risk: Major Customers, and Strategic Relationships

Credit risk is the risk of loss associated with the inability of a third party to fulfil its payment obligations. Knight's trade credit risk will be of particular significance due to the concentration of its revenues at the onset on a limited number of products and the revenues associated therewith and due to the expected future concentration of sales and receivables in certain major customers. Knight will sell its pharmaceutical products primarily to drug wholesalers, retailers and distributors, including national, provincial and independent pharmacies, retail drug and food store chains, hospitals, member of buying groups, clinics and other institutions. A significant portion of Knight's revenues will be derived from sales and therefore are dependent on the activities and success of a limited number of customers. Certain of these customers will comprise a significant part of the distribution network for pharmaceutical products in Canada. In recent years, this distribution network has undergone significant consolidation, marked by mergers and acquisitions among wholesale distributors and large retail drug store chains. As a result, a small number of large, wholesale distributors and large chain drug stores control a significant share of the market. Knight expects that consolidation of drug wholesalers and retailers may adversely impact pricing and create other competitive pressures on drug manufacturers. Any significant reduction or loss of business with one or several of these customers could have a material adverse effect on Knight's business, financial condition, cash flows and results of operations.

Another source of credit risk for Knight may arise from its strategic investments and loans in and to third-parties with whom it will have strategic commercial relationships. Knight intends to continuously monitor the risks associated with the amounts invested (as debt and/or convertible investments). There can be no assurance of the financial stability of these debtors. The insolvency or operational failure of such debtors could both have an impact on the benefits that might otherwise be enjoyed by Knight under these strategic commercial relationships and jeopardize its ability to recover a portion or all of the credit it has extended, both of which could have an adverse impact on the financial position of Knight.

Policies Regarding Returns, Allowances and Chargebacks May Reduce Revenues in Future Fiscal Periods

Knight will establish reserves based on its best estimates of the impact that these policies may have in subsequent periods. Knight cannot ensure that such reserves are adequate or that actual product returns, allowances and chargebacks will not exceed the estimates, which could have a material adverse effect on the results of operations, financial condition, cash flows and the market price of Knight's securities.

Value of Inventory

Knight values inventory at the lower of cost determined on a first-in, first-out basis, and net realizable value. Knight establishes reserves for inventory to reflect situations in which the cost of the inventory is not expected to be recovered. The reserve for inventory is equal to all or a portion of the inventory which has reached its expiration or is close to expiration and not expected to be sold, based on the specific facts and circumstances. In order to determine whether the inventory is properly stated at the lower of cost or net realizable value, management plans to review the amount of inventory on hand and the remaining shelf life, and estimate the time required to sell such inventory taking into account current and expected market conditions and competition. The write-down of inventory may have a material adverse effect on the results of operations in the period in which the write-down occurs.

Value of Intangible Assets and Goodwill

Knight is required to review the carrying value of its intangible assets for impairment periodically or when there is an indication of impairment and is required to review the carrying value of its goodwill on an annual basis. Intangible assets include the net book value of product rights, trademarks and process know-how covered by certain patented and non-patented information. Goodwill is the excess of the aggregate consideration transferred in a business combination and the amount recognized for the non-controlling interests over the net identifiable assets acquired and liabilities assumed. The goodwill will be allocated to each of Knight's cash-generating units that expect profit from the business combination, irrespective of whether other assets or liabilities of the acquiree will be assigned to those units. Management reviews the carrying value based on projected future results. If events such as generic competition or inability to manufacture or obtain supply of product occur that may cause sales of the related products to decline, Knight will adjust the projected results accordingly. Any impairment in the carrying value will result in a write-down of the intangible asset or goodwill which will be charged to income during the period in which the impairment is determined. The write-down of intangible assets or goodwill may have a material adverse effect on the results of operations in the period in which the write-down occurs.

Income Tax

Knight's income tax reporting is subject to audit by tax authorities. The effective tax rate may change from year to year based on the mix of income, non-deductible expenses, changes in tax law and changes in the estimated values of future income tax assets and liabilities.

Knight bases its tax provision on certain estimates and assumptions made by management. Knight's consolidated income tax rate is affected by the mix and amount of net income earned in each of its subsidiaries. Knight may enter into many transactions and arrangements in the ordinary course of business and in certain of these, the tax treatment may not be entirely certain. Knight therefore makes and will continue to make estimates and judgments in determining its consolidated tax provision and the value of Knight's tax assets and taxes payable. The final outcome of any audits by taxation authorities may differ from the estimates and assumptions Knight will use in determining its consolidated tax provisions and accruals. This could result in a material effect on Knight's consolidated income tax provision, financial position, cash flows and the net income for the period in which such determinations are made.

Knight and its affiliates are subject to taxation in Canada, the United States and Barbados and may in the future be subject to taxation in certain other foreign jurisdictions. Knight's effective tax rate and tax liability is determined by a number of factors, including the amount of taxable income in particular jurisdictions, the tax rates in these

jurisdictions, tax treaties between jurisdictions, the extent to which it transfers funds to and repatriates funds from its subsidiaries and future changes in laws. An adverse interpretation or ruling by one of the taxing authorities in a jurisdiction in which Knight operates or a change in law could increase its tax liability or result in the imposition of penalty payments, which could adversely impact its operating results.

PFIC Rules Related to the Ownership and Disposition of Knight Shares

Knight believes that it is not presently a PFIC under the Internal Revenue Code, but Knight has not secured an opinion of counsel to that effect and there can be no assurance that the U.S. Internal Revenue Service will agree with that conclusion. A U.S. holder of shares of a PFIC will generally be required to treat excess distributions or gain from the sale of shares as ordinary income and pay an interest charge to the extent the excess distribution or gain is allocated to prior taxable years for PFIC purposes. If Knight is a PFIC, U.S. holders who make a timely election could, alternatively, (a) mark their Common Shares to market each year and treat the gain or loss (to the extent of previously recognized gain) as ordinary income or (b) include in their income annually their share of net earnings of Knight as income from a qualified electing fund (a "**QEF Election**"), whether or not Knight distributes cash to the U.S. holder. However, if Knight is not able to provide U.S. holders with the information required by them to make a QEF Election, such U.S. holders may not be able to avail themselves of the QEF Election. A PFIC is any foreign corporation which meets either an asset or income test. The asset test is met if at least 50% of assets of a corporation consist of passive assets; and the income test is met if at least 75% of its income is from passive assets and activities. It is possible in the future, that Knight will seek to raise additional capital, and if it is successful in raising such capital, Knight will have additional working capital that is considered a passive asset under the PFIC asset test. Therefore, even assuming that Knight is not currently a PFIC, it is possible that it will become a PFIC in the future.

Product Pricing Regulations on Certain Patented Drug Products

Certain patented drug products that may form part of Knight's portfolio of products from time to time and may be subject to product pricing regulation by the PMPRB. For new patented products, the price in Canada is limited to either the cost of existing drugs sold in Canada or the median of prices for the same drug sold in other specified industrial countries. For existing patented products, prices cannot increase by more than the Consumer Price Index. The PMPRB will monitor compliance through a review of the average transaction price of each patented drug product to be reported by Knight over a recurring six-month reporting period. The PMPRB may deem certain of Knight patented future products to be excessively priced based on its assessment of the product and its competitors in the market and this may have a material adverse effect on Knight's financial condition and results of operations or cash flows.

Quarterly Fluctuations

Knight's results of operations, in particular, revenues, may vary from quarter to quarter due to many factors including the following: the level of acceptance of Impavido®, which will affect the revenues associated therewith; the ability to sell meaningful amounts of ATryn®, Photofrin®, FOCUSfactor® and NeurAxon family of products which may be dependent on approvals for an initial indication or additional indications in Canada and select international markets; the timing and number of future product launches. Each new product launch requires significant promotional investment during the first three to five years from launch. The level of patient and physician acceptance of Knight's existing and future products, as well as the availability of similar therapies, may impact Knight's revenues by driving the level and timing of prescriptions for its products. Other factors include expenditures related to the acquisition, sale and promotion of pharmaceutical products, the availability and cost of raw materials, interruptions in supply by third-party manufacturers, new products introduced by Knight or its competitors, the mix of products that Knight sells, sales and marketing expenditures and general economic and industry conditions that may affect customer demand.

Compliance with Laws and Regulations Affecting Public Companies

Any future changes to the laws and regulations affecting public companies, compliance with existing provisions of National Instrument 52-109—Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian Securities Administrators ("**NI 52-109**") and the other applicable Canadian securities laws and regulation and related rules and policies, may cause Knight to incur increased costs as it evaluates the implications of new rules and responds to new requirements. Delays or a failure to comply with the new laws, rules and regulations could result in enforcement actions, the assessment of other penalties and civil suits.

New laws and regulations may make it more expensive for Knight to provide indemnities to its officers and directors and may make it more difficult to obtain certain types of insurance, including liability insurance for directors and officers; as such, Knight may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for Knight to attract and retain qualified persons to serve on its Board of Directors, or as executive officers. Knight may be required to hire additional personnel and utilize additional outside legal, accounting and advisory services—all of which could cause general and administrative costs to increase beyond what Knight currently has planned. Knight intends to evaluate and monitor developments with respect to these laws, rules and regulations, and cannot predict or estimate the amount of the additional costs it may incur or the timing of such costs. Knight is required to review and report annually on the effectiveness of its internal control over financial reporting in accordance with NI 52-109.

Knight's President and Chief Executive Officer is expected to report on the effectiveness of Knight's internal control over financial reporting. Management's review is designed to provide reasonable assurance, not absolute assurance that all material weaknesses existing within Knight's internal controls are identified. Material weaknesses will represent deficiencies existing in Knight's internal controls that may not prevent or detect a misstatement occurring which could have a material adverse effect on the quarterly or annual financial statements of Knight. In addition, management cannot provide assurance that the remedial actions that will be taken by Knight to address any material weaknesses identified will be successful, nor can management provide assurance that no further material weaknesses will be identified within its internal controls over financial reporting in future years. If Knight fails to maintain effective internal controls over its financial reporting, there is the possibility of errors or omissions occurring or misrepresentations in Knight's disclosures which could have a material adverse effect on Knight's business, its financial statements, and the value of the Common Shares.

Reliance on Information Technology

Knight is dependent on information technology systems, including Internet-based systems, for internal communication as well as communication with customers and suppliers. Any significant disruption of these systems, whether due to computer viruses or other outside incursions, could materially and adversely affect Knight's operations.

Reliance on Data Obtained from IMS

Knight expects to rely on operational data obtained from IMS, an industry accepted data source. IMS data may not accurately reflect actual prescriptions. If IMS data does turn out to be inaccurate or unreliable and Knight's controls are not effective, there could be an adverse effect on Knight's ability to properly manage inventory and its financial performance.

Volatility of Share Price

The market price of the Common Shares is subject to volatility. Deviations in actual financial results as compared to the expectations of securities analysts who follow Knight can have a significant effect on the trading of the Common Shares.

Interest Rate Risk

Knight is subject to interest rate risk on its cash and cash equivalents and marketable securities. The Corporation does not believe that the results of operations or cash flows would be materially affected to any significant degree by a sudden change in market interest rates relative to interest rates on the investments, owing to the relative short-term nature of the marketable securities and currently low market yields.

Foreign Exchange Risk

Knight holds a significant portion of its cash in United States dollars ("**USD**"). This results in financial risk due to fluctuations in the value of the USD relative to the Canadian dollar ("**CAD**"). Additionally, Knight has investments denominated in Euros. This results in financial risk due to fluctuations in the value of the Euro relative to CAD. Any significant fluctuation in the USD or Euro relative to the CAD could have a significant effect on Knight's cash position.

Absence of Dividends

Knight has not paid dividends on its Common Shares and does not anticipate declaring any dividends in the foreseeable future. As a result, the return on an investment in Common Shares will depend upon any future appreciation in value. There is no guarantee that the Common Shares will appreciate in value or even maintain the price at which they were purchased.

DIVIDEND RECORD AND POLICY

Knight intends to retain its earnings to finance growth and does not expect to pay dividends on its Common Shares in the foreseeable future. No dividend was declared or paid by the Corporation on its Common Shares since the Corporation came into existence.

CAPITAL STRUCTURE

The authorized share capital of the Corporation is comprised of an unlimited number of Common Shares of which 92,921,496 shares and 1,644,720 options to purchase Common Shares were issued and outstanding as at March 18, 2015. Each Common Share entitles the holder to one vote per share. The holders of Common Shares are entitled to receive notice of meetings of shareholders of the Corporation and to vote at such meeting. The holders of the Common Shares are entitled to receive, as and when declared by the Board of Directors, dividends in such amounts as shall be determined by the Corporation's Board of Directors. The holders of Common Shares have the right to receive the remaining property of the Corporation in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary.

MARKET FOR SECURITIES

The Common Shares of the Corporation are listed for trading on the Toronto Stock Exchange and are traded under the symbol "GUD".

Price Range and Trading Volume

The Common Shares are listed and posted for trading on the TSX under the trading symbol "GUD". Beginning on March 3, 2014 until April 28, 2014, the Common Shares were listed and posted for trading on the TSX Venture Exchange under the same trading symbol. The following table sets forth, for the periods indicated, the reported high and low closing prices and the total trading volume of the Common Shares on the TSX-V (until April 28, 2014) and the TSX (since April 29) on a monthly basis, for each of the months (or, if applicable, partial months) for which the Common Shares have been trading on such exchanges:

Month	High	Low	Volume
2014:			
March……..	$5.55	$3.83	16,997,231
April……	$6.92	$5.49	17,764,516
May…….	$5.99	$5.30	4,799,642
June…….	$5.71	$5.31	3,904,698
July……	$5.41	$4.86	4,967,394
August……	$5.47	$4.95	2,039,543
September……..	$6.69	$5.66	5,889,357
October……..	$6.19	$5.55	3,579,137
November……..	$6.90	$5.83	6,019,619
December…….	$7.00	$6.70	5,824,647
2015			
January	$8.17	$6.99	6,648,729
February	$9.93	$8.06	7,390,308
Up until March 18, 2015	$9.35	$8.56	4,524,459

DIRECTORS AND OFFICERS

The following table sets forth the name, province/state, and country of residence of each of the directors of the Corporation as of the date hereof, as well as their position with the Corporation and/or their principal occupation as well as the year in which they became directors of the Corporation.

Name, Province/State of Residence	Principal Occupation	Director Since[(4)]	Other Principal Occupations Held in Last Five Years
Jonathan R. Goodman Quebec, Canada	President and Chief Executive Officer of the Corporation;	2013	President and Chief Executive Officer of Paladin from 1995-2011
Robert N. Lande[(1)(3)] New York, USA	Chief Financial Officer of FXCM Inc.	2013	None
James C. Gale[(1)(2)(3)] New York, USA	Managing Partner, Signet Healthcare Partners	2013	None
Sylvie Tendler[(2)] Quebec, Canada	President, Sylvie Tendler & Associates	2014	President of IntrinsiQ Tendler Inc. 2007-2010
Ed Schutter[(1)] Georgia, USA	President and CEO of Arbor Pharmaceuticals, LLC	2015	None

(1) Member of the Audit Committee
(2) Member of the Nominating Committee
(3) Member of the Corporate Governance and Compensation Committee
(4) Each director has been elected to hold office until the date of the Corporation's next annual meeting of shareholders

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 of Residence	Position within Knight	Other Principal Occupations Held in Last Five Years
Jonathan R. Goodman Quebec, Canada	President and Chief Executive Officer	President and Chief Executive Officer of Paladin from 1995-2011
Jeffrey Kadanoff Quebec, Canada	Chief Financial Officer	Vice President-Strategic Planning and Development, Reitmans (Canada) Limited from 2011-2013 Principal, Bain & Company from 1997-2011
Amal Khouri Quebec, Canada	Vice President, Business Development	Global Business Development and Licensing, Novartis Pharmaceuticals Corporation from 2007-2014

As at March 18, 2015, the directors and executive officers of Knight as a group beneficially own, directly or indirectly, or exercise control or direction, over 22,120,535 Common Shares or 24% of Knight's Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the directors and officers of the Corporation, no director or officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation:

a) is, as at the date of the AIF or has been, within the 10 years before the date of the AIF, a director or executive officer of any company that while that person was acting in that capacity,

   i) was the subject of a cease trade or similar order or an order that denied the relevant companies access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

   ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the Corporation being the subject of a cease trade or similar order or an order that denied the relevant Corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

   iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

b) has, within the 10 years before the date of the AIF, 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 its assets.

To the knowledge of the directors and officers of the Corporation, no director or executive officer of the Corporation (i) has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities

regulatory authority, or (ii) has been subject to 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.

Committees of the Board of Directors and their Responsibilities

The committees of the Board of Directors of the Corporation are the Corporate Governance and Compensation Committee, the Nominating Committee and the Audit Committee.

Corporate Governance and Compensation Committee

The members of the Corporate Governance and Compensation Committee are Robert N. Lande and James C. Gale. The Corporate Governance and Compensation Committee is responsible for setting and reviewing the compensation paid to the Corporation's executive officers and for selecting and administering the Corporation's short and long-term incentive plans for such executive officers. The Corporate Governance and Compensation Committee also reviews and recommends a plan of succession for the Corporation's senior management. The Corporate Governance and Compensation Committee is also responsible for setting and reviewing the compensation paid to the directors and for evaluating each director's contribution to the performance of the Board of Directors.

The Corporate Governance and Compensation Committee meeting for fiscal year 2014 took place on February 20, 2015.

Nominating Committee

The members of the Nominating Committee of the Board are James C. Gale and Sylvie Tendler. The principal duties of the Nominating Committee are to evaluate the size of the Board; identify the skill sets currently available and skill sets that may be required; assess the performance of the Board, its committees and the contributions of individual directors; and recommend to the Board the director nominees to be put before the shareholders at the annual meetings.

The Nominating Committee meeting for fiscal year 2014 took place on March 10, 2015.

Audit Committee

The principal duties of the Audit Committee of the Board (the "**Audit Committee**") include assisting the Board in its oversight of (i) the integrity of the Corporation's financial statements, financial reporting process, system of internal controls over financial reporting, and audit process, (ii) compliance with, and process for monitoring compliance with, legal and regulatory requirements, (iii) the independent auditors' qualifications and independence, (iv) the performance of the independent auditors, and (v) pre-approval of all audit and non-audit services provided by the independent auditors. The Audit Committee charter is attached hereto as Schedule "A".

The Audit Committee meetings for fiscal year 2014 took place on May 27, 2014, August 13, 2014, November 10, 2014 and March 18, 2015.

Composition of the Audit Committee

The Audit Committee is currently composed of Robert N. Lande (Chair), James C. Gale, and Ed Schutter each of whom is (i) independent and (ii) financially literate. Messrs. Lande, Gale and Schutter all have the ability to read and understand financial statements that present a breadth and complexity of accounting issues comparable to the breadth and complexity of the issues raised by the Knight's financial statements, understand the accounting principles Knight uses to prepare its financial statements and have the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves.

Relevant Education and Experience

Robert N. Lande – Chairman
Mr. Lande has been a director of Knight since 2013 and was a director of Paladin from 1995 to 2014. He was a member of the Audit Committee of Paladin from 2003 until 2014 and was Chairman of the Audit Committee of Paladin from January 2004 until 2014. Mr. Lande has been the Chairman of Knight's Audit Committee since February 28, 2014. Mr. Lande is the Chief Financial Officer of FXCM, Inc. a foreign exchange brokerage firm. Formerly, he was managing partner and Chief Operating Officer of Riveredge Capital Partners LLC. Prior to Riveredge Capital, Mr. Lande worked for over 16 years within the BCE/Bell Canada group where his last position was Chief Financial Officer of Telecom Américas Ltd., a joint venture between Bell Canada International, AT&T (then SBC Communications) and America Movil. Mr. Lande is chartered financial analyst and holds an M.B.A. from the John Molson School of Business and a B.A. in Economics from McGill University.

James C. Gale, Director
Mr. Gale has been a director of Knight since 2013 and was a director of Paladin from 2008 to 2014. Mr. Gale is the founding partner of Signet Healthcare Partners. He initiates investments and provides active management oversight to a number of the portfolio companies. He is currently the Chairman of the Board of Alpex Pharma S.A. and also serves on the Board of Directors of Spepharm AG, Pfenex Inc., Bionpharma Inc., and IGI Laboratories Inc. Prior to founding Signet Healthcare Partners, Mr. Gale was head of principal investment activities and head of investment banking for Gruntal & Co., LLC ("Gruntal"). While at Gruntal, Mr. Gale's investment activities included Andrx Corporation, Royce Laboratories (merged with Watson Pharmaceuticals), Lifecell Corporation, Neurocrine Biosciences, and BML Pharmaceuticals (acquired by Endo Pharmaceuticals). Prior to joining Gruntal, he originated and managed private equity investments for the Home Insurance Co., Gruntal's parent. Earlier in his career, Mr. Gale was a senior investment banker at E.F. Hutton & Co. Mr. Gale holds an M.B.A. from the University of Chicago.

Ed Schutter, Director

Mr. Schutter is President and CEO of Arbor Pharmaceuticals, LLC. ("Arbor"). Prior to Arbor, he served as President of Sciele Pharmaceuticals which was sold to Shionogi & Co. Ltd. in 2008 for $1.4 billion. Prior to Sciele, Mr. Schutter served as VP of Global Business Development at Solvay Pharmaceuticals based in Basel, Switzerland. He was also a co-founder of North Hampton Pharmaceuticals which later was renamed to Ventrus Biosciences. In addition to his board duties with Arbor, Mr. Schutter is on the Board of Trustees for Mercer University, is the Chairman of the Board of Georgia Bio, is a member of the Emory University New Venture Advisory Board, and a founding member and Executive Director of the Atlanta based Bio/Med Investor Network Inc. He holds a Bachelor degree in Pharmaceutical Sciences from Mercer University, an M.B.A. from Kennesaw State University and has also completed post graduate work in international business at Nyenrode University in the Netherlands.

Pre-Approval Policies and Procedures

The Audit Committee has instituted a policy to pre-approve audit and non-audit services. The Chair of the Audit Committee is given limited delegated authority from time to time by the Audit Committee to pre-approve permitted non-audit services. The Audit Committee also considers on a continuing basis whether the provision of non-audit services is compatible with maintaining the independence of the external auditors.

External Auditor Service Fees

The table below provides the fees that Ernst & Young LLP billed the Corporation for the fiscal year ended December 31, 2014. Paladin bore all expenses related to the Corporation's fiscal year ended December 31, 2013, at which time the Corporation was a wholly-owned subsidiary of Paladin:

Category

	2014
	$
Audit fees	185,274
Audit-related fees	-
Tax Fees	$22,716
All other fees	6,000
Total Fees	$213,990

Fees for audit services include fees associated with the annual audit, review of the Corporation's interim financial statements, involvement with public offerings and fees associated with regulatory filings. Audit-related fees are for services provided by Ernst & Young that are reasonably related to its role as auditor, and consist principally of advice on accounting standards and other specific transactions. Tax fees include tax compliance, tax advice and tax planning, including expatriate tax services. All other fees would principally include translation services.

LEGAL PROCEEDINGS

To the knowledge of the Corporation there are no material legal proceedings to which the Corporation is a party or to which their property is subject, and no such proceedings are contemplated.

PROMOTERS

Jonathan Ross Goodman may be considered a promoter of Knight within the meaning of applicable securities legislation by reason of his initiatives in founding and organizing Knight's business and affairs. Mr. Goodman did not receive any compensation from the Corporation for the fiscal year ended 2013. For the fiscal year-ended 2014, Mr. Goodman received a salary of $1 and 1,166,470 stock options to purchase Common Shares in connection with his employment with the Corporation and 20,000 stock options in connection with his role as a director of the Corporation. Mr. Goodman directly or indirectly through his holding company, Long Zone, owns 21,777,207 Common Shares, representing approximately 23% of the outstanding Common Shares as of March 18, 2015 and 22,963,677 Common Shares assuming the exercise of all his stock options, representing approximately 24% of the outstanding Common Shares.

MATERIAL CONTRACTS

The Corporation has entered into the following material contracts, the particulars of which are described elsewhere in this Annual Information Form:

- Business Separation Agreement by and between the Corporation, Paladin, Paladin Labs (Barbados) Inc., Knight Therapeutics (Barbados) Inc. and Paladin Therapeutics, Inc. dated February 27, 2014
- Distribution and License Agreement by and between Knight Therapeutics (Barbados) Inc. and Paladin Labs (Barbados) Inc. dated February 27, 2014, as amended on December 30, 2014
- underwriting agreement by and between Knight and a syndicate of underwriters led by GMP Securities L.P. dated March 19, 2014
- underwriting agreement by and between Knight and a syndicate of underwriters led by GMP Securities L.P. dated April 10, 2014
- asset purchase agreement by and between Knight and Orphan Canada Inc. dated September 2, 2014

- Voucher Purchase Agreement made by and between Knight Therapeutics (Barbados) Inc., Knight Therapeutics (USA) Inc. and Gilead Sciences, Inc. dated as of November 18, 2014

- Credit Agreement by and between Knight and CRH Medical Corporation dated as of December 1, 2014

- underwriting agreement by and between Knight and a syndicate of underwriters led by GMP Securities L.P. dated December 9, 2014

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is CST Trust Company at its principal offices located in Montreal, Quebec.

INTEREST OF EXPERTS

The Corporation's Annual Audited Consolidated Financial Statements for the year ended December 31, 2014 included in the Corporation's Annual Report filed under National Instrument 51-102 – *Continuous Disclosure Obligations*, portions of which are incorporated by reference in this AIF, have been audited by Ernst & Young LLP. Ernst & Young LLP, Montréal, Québec, is the external auditor who prepared the Auditors' Report to Shareholders. Ernst & Young LLP is independent of the Corporation within the meaning of the Code of Ethics of the Ordre des comptables professionnels agréés du Québec.

ADDITIONAL INFORMATION

Additional information regarding the Corporation can be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities and the securities authorized for issuance under our equity compensation plan, if applicable, is contained in our management information circular for our annual meeting of shareholders, relating to the year ended December 31, 2014 that involves the election of our directors. Additional financial information is provided in our comparative financial statements and management's discussion and analysis for the most recent completed financial year.

The foregoing documents may be obtained by contacting our Chief Financial Officer at our head office, 376 Victoria Avenue, Suite 220, Westmount, Québec H3Z 1C3, telephone: (514) 484-4831.

SCHEDULE "A" GLOSSARY OF TERMS

Apicore: collectively, Apicore LLC and Apicore US LLC

Apicore Agreement: financing agreement by the Corporation in support of the acquisition of Apicore dated July 3, 2014

CRH Agreement: financing agreement by and between the Corporation and CRH Medical Corporation dated December 1, 2014

EMA: European Medicines Agency

FDA: the U.S. Food and Drug Administration

Formulary: an official list of drugs established by a provincial government or a private insurance company plan, the cost of which will be reimbursed by them for the benefit of eligible patients.

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.

Gilead: Gilead Sciences, Inc.

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.

Initial Special Warrants: 21,428,580 special warrants of the Corporation to purchase Common Shares at a price of $3.50.

Initial Special Warrant Offering: the offering of the Initial Special Warrants by the Corporation.

Innovative Drug: a drug that usually enjoys proprietary barriers to entry, including regulatory or patent-derived market exclusivity, novelty or brand differentiation.

IMS: IMS Health Incorporated, a leading pharmaceutical market research organization**.**

Medicure: Medicure Inc.

Origin: Origin Biomed Inc.

Origin Agreement: financing agreement by and between the Corporation and Origin dated June 25, 2014.

Orphan: Orphan Canada Inc.

PRV: Priority Review Voucher

PMPRB: the acronym for Patented Medicine Prices Review Board, which is an independent quasi-judicial body that oversees pricing of patented pharmaceuticals in Canada.

Subsequent Special Warrants: 34,300,000 special warrants of the Corporation to purchase Common Shares at a price of $5.25.

Subsequent Special Warrant Offering: the offering of the Subsequent Special Warrants by the Corporation.

TPD: Health Canada's Therapeutic Products Directorate

TSX: the acronym for the Toronto Stock Exchange, a Canadian senior equities market.

TSX-V: the acronym for the Toronto Stock Venture Exchange, a Canadian junior equity market.

SCHEDULE "B"
AUDIT COMMITTEE CHARTER

APPROVED BY THE BOARD OF DIRECTORS ON FEBRUARY 22, 2015

The Audit Committee (the "**Committee**") is created by the Board of Directors of the Corporation (the "**Board**") with the purpose, composition, duties and responsibilities that follow:

Purpose of the Committee: The Committee represents and assists the Board in discharging its oversight responsibility relating to: (i) the accounting, reporting, and financial practices of the Corporation and any subsidiaries, including the integrity of the Corporation's financial statements; (ii) the surveillance of administration and financial controls and the Corporation's compliance with legal and regulatory requirements; (iii) the External Auditor's qualifications and independence; (iv) the performance of the Corporation's External Auditor; and (v) prepares the report required to be included in the Corporation's annual information form pursuant to the rules of the governing regulatory bodies including *National Instrument 52-110 – Audit Committees* ("**52-110**").

Definitions and Interpretation:

In this Charter:

"**Board**" means the board of directors of the Corporation;

"**Chairman**" means the chairman of the Committee;

"**Committee**" means the audit committee of the Board;

"**Corporation**" means Knight Therapeutics Inc.

"**Director**" means a member of the Board; and

"**External Auditor**" means the Corporation's independent auditor.

Composition: The members of the Committee shall be appointed by the Board. The Committee shall be composed of at least three Directors. The appointment of members of the Committee shall take place annually at the first meeting of the Board after a meeting of the shareholders at which Directors are elected, provided that if the appointment of members of the Committee is not so made, the Directors who are then serving as members of the Committee shall continue as members of the Committee until their successors are appointed. The Board may appoint a member to fill a vacancy which occurs in the Committee between annual elections of Directors. If a vacancy exists on the Committee, the remaining members shall exercise all of their powers so long as a quorum remains in office. Any member of the Committee may be removed from the Committee by a resolution of the Board.

Independence and Financial Literacy of the Members: Each member shall be "independent" within the meaning of 52-110. Each member of the Committee must be "financially literate" as defined in 52-110 and at least one member must have accounting or related financial management expertise, as determined by the Board.

Committee Chairman: The Chairman of the Committee (the "Chairman") shall be designated by the Board. The designation of the Committee's Chairman shall take place annually at the first meeting of the Board alter a meeting of the members at which Directors are elected, provided that if the designation of Chairman is not so made, the Director who is then serving as Chairman shall continue as Chairman until his or her successor is appointed.

Meetings: Any of the Chairman of the Board, any member of the Committee, the Chief Financial Officer, the Secretary of the Corporation or the auditor (either internal or the External Auditor), may, acting alone, require that the Chairman call a meeting of the Committee within a reasonable time. The Committee shall meet at least four times per year, either in person or telephonically, and at such times and places as the Committee shall determine. The External Auditor shall receive notice of each meeting of the Committee and shall be entitled to attend any such meetings at the Corporation's expense. The Committee shall meet separately in executive session, at least once per year, with the External Auditor. The Committee shall report regularly to the full Board with respect to its activities. The majority of the members of the Committee shall constitute a quorum.

External Advisors: The Committee shall have the authority to retain such external counsel, accountants, experts and other advisors as it determines appropriate to assist it in the performance of its functions and shall receive appropriate funding, as determined by the Committee, from the Corporation for payment of compensation to any such advisors.

Remuneration of Committee Members: Members of the Committee and the Chairman shall receive such remuneration for their service on the Committee as the Board may determine from time to time. No member of the Committee may earn fees from the Corporation or any of its subsidiaries other than directors' fees. For greater certainty, no member of the Committee shall accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation.

Duties and Responsibilities:

Among its specific duties and responsibilities, the Committee shall:

(i) Recommend to the Board the appointment and compensation of the External Auditor and oversee the External Auditor’s work. The Board shall appoint and retain, subject to ratification by the Corporation’s shareholders, compensate, evaluate, and terminate, when appropriate, the External Auditor, which shall report to the Board.

(ii) Obtain and review, at least annually, a report by the External Auditor describing: the External Auditor’s internal quality-control procedures and any material issues raised by the most recent internal quality-control review, or peer review.

(iii) Approve in advance all audit services to be provided by the External Auditor. (By approving the audit engagement, the audit services within the scope of the engagement shall be deemed to have been pre-approved.)

(iv) Establish policies and procedures for the engagement of the External Auditor to provide audit and permissible non-audit services, which shall include pre-approval of all permissible non-audit services to be provided by the External Auditor.

(v) Consider, at least annually, the independence of the External Auditor, including whether the External Auditor’s performance of permissible non-audit services is compatible with the auditor’s independence, and obtain and review a report by the External Auditor describing any relationships between the External Auditor and the Corporation or any other relationships that may adversely affect the independence of the auditor.

(vi) Review and discuss with the External Auditor:

(a) the scope of the audit, the results of the annual audit examination by the auditor, and any difficulties the auditor encountered in the course of their audit work, including any restrictions on the scope of the External Auditor’s activities or on access to requested information and any significant disagreements with management; and

(b) the reports of the External Auditor with respect to interim periods.

(vii) Review, analyse and discuss with management and the External Auditor the annual audited financial statements of the Corporation, and, in relation thereto, if any:

(a) the auditor's judgment as to the quality of the Corporation's accounting principles, setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements;

(b) the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," including accounting policies that may be regarded as critical;

(c) major issues regarding the Corporation's accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles and financial statement presentations;

(d) the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented;

(e) reports from the External Auditor as required by applicable securities rules; and

(f) review earnings press releases.

These reviews must be completed before any of the above items are publicly disclosed.

(viii) Recommend to the Board based on the review and discussion described in paragraphs (v) – (vii) above, whether the annual financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" relating thereto should be approved.

(ix) Review, analyse and discuss with management and (if and where applicable) the External Auditor the interim financial statements of the Corporation, and, in relation thereto, if any:

(a) an analysis of the auditor's judgment as to the quality of the Corporation's accounting principles, setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements;

(b) the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," including accounting policies that may be regarded as critical;

(c) major issues regarding the Corporation's accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles and financial statement presentations;

(d) the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented;

(e) reports from the External Auditor as required by applicable securities rules; and

(f) review earnings press releases.

These reviews must be completed before any of the above items are publicly disclosed.

(x) Approve, on behalf and in the name of the Board, based on the review and discussion described in paragraph (ix) above, the interim financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" relating thereto.

(xi) Resolve disagreements, if any, between management and the External Auditor with respect to issues relating to financial reporting.

(xii) Review and discuss the adequacy and effectiveness of the Corporation's internal controls, including any significant deficiencies in internal controls and significant changes in such controls reported to the Committee by the External Auditor or management.

(xiii) Periodically review and discuss the adequacy and effectiveness of the Corporation's disclosure controls over financial information, procedures, and management reports thereon.

(xiv) Review and discuss with the principal internal auditor of the Corporation the scope and results of the internal audit program.

(xv) Review and discuss corporate policies with respect to earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies.

(xvi) Review and discuss the Corporation's policies with respect to risk assessment and risk management.

(xvii) Oversee the Corporation's compliance systems with respect to legal and regulatory requirements.

(xviii) Establish procedures for handling complaints regarding accounting, internal accounting controls and auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding accounting and auditing matters.

(xix) Establish policies for the hiring of employees and former employees of the External Auditor and any former external auditor.

(xx) Annually evaluate the performance of the Committee and assess the adequacy of the Committee's charter.

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