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June 6, 2022

**TO THE CREDITORS OF MEDIPIRE PHARMACEUTICALS INC. AND MEDIPIRE HOLDINGS INC.**

**Re: In the Matter of the Notices of Intention to Make a Proposal of Medipure Pharmaceuticals Inc. and Medipure Holdings Inc.**

**Material Adverse Change Report of the Proposal Trustee Pursuant to Section 50.4(7) of the Bankruptcy and Insolvency Act**

Take notice that the enclosed material adverse change report (the "**Report**") was issued by Deloitte Restructuring Inc. on June 3, 2022 in its capacity as proposal trustee (the "**Proposal Trustee**") under the Notices of Intention to File a Proposal filed by Medipure Pharmaceuticals Inc. ("**MPI**") and Medipure Holdings Inc. ("**MHI**", together with MPI, "**Medipure**" or the "**Companies**") on May 11, 2022 pursuant to Part III, Division I of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended.

Subsequent to the issuance of the Report, the Proposal Trustee received confirmation from Medipure that the Companies received USD \$149,983 in funds on June 6, 2022.

The Proposal Trustee was also provided with a letter from the BC Securities Commission ("**BCSC**") to MHI dated June 3, 2022, after the Report issuance date, that the BCSC does not require Medipure to seek relief from the terms of the November 2015 Cease Trade Order for purposes of seeking Court approval of a debtor in possession ("**DIP**") loan. The Proposal Trustee understands that Medipure will be making an application to Court to apply for approval of a DIP loan shortly.

Additional information with respect to these proceedings can be found in our website at <https://www.insolvencies.deloitte.ca/en-ca/Pages/Medipure-Pharmaceuticals-Inc-and-Medipure-Holdings-Inc.aspx>.

Should you have any questions regarding these proceedings, please do not hesitate to contact Mr. Jordan Yin at (604) 640-5089.

Yours truly,

**DELOITTE RESTRUCTURING INC.**

In its capacity as Trustee under the Notice of Intention to Make a Proposal of Medipure Holdings Inc. and Medipure Pharmaceuticals Inc. and not in its personal capacity.

Per: Jeff Keeble, CPA, CA, CIRP, LIT, CBV  
Senior Vice President

Enclosure



Court File Nos. B220220 and B220221  
Vancouver Registry  
Estate Numbers 11-2829780 and 11-2829781

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
OF MEDIPURE PHARMACEUTICALS INC. AND MEDIPURE HOLDINGS INC.

**MATERIAL ADVERSE CHANGE REPORT OF THE PROPOSAL TRUSTEE  
PURSUANT TO SECTION 50.4(7) OF THE BANKRUPTCY AND INSOLVENCY ACT**

**DELOITTE RESTRUCTURING INC.**

**JUNE 3, 2022**

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## APPENDICES

Appendix A – Cash Flow Forecast for the Period of May 7 to June 17, 2022 and  
Management's Report on Cash Flow

## INTRODUCTION

- 1) This material adverse change report (the "**Report**") has been prepared by Deloitte Restructuring Inc. ("**Deloitte**") in its capacity as proposal trustee (the "**Proposal Trustee**") under the Notices of Intention to File a Proposal ("**NOIs**") filed by Medipure Pharmaceuticals Inc. ("**MPI**") and Medipure Holdings Inc. ("**MHI**", together with MPI, "**Medipure**" or the "**Companies**") on May 11, 2022 (the "**Filing Date**") pursuant to Part III, Division I of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"). The proceedings in which the Proposal Trustee was appointed are referred to herein as the "**NOI Proceedings**".
- 2) As a result of filing the NOIs, the Companies were each granted an automatic 30-day stay of proceedings pursuant to Section 69(1) of the BIA (the "**Initial Stay**"). The Companies are required to file a proposal within the Initial Stay or within any further extension of the Initial Stay as granted by the Supreme Court of British Columbia (the "**Court**").
- 3) The Proposal Trustee sent notice of the NOI's to all of the known creditors of the Companies on May 17, 2022.
- 4) Medipure's management ("**Management**") worked with the Proposal Trustee to prepare a cash flow forecast (the "**Cash Flow Forecast**") for the Companies for the period from May 7 to June 17, 2022 (the "**Forecast Period**") using the probable and hypothetical assumptions set out in the notes to the Cash Flow Forecast. The Cash Flow Forecast was filed with the Office of the Superintendent of Bankruptcy on May 20, 2022. The Cash Flow Forecast, together with Management's Report on the Cash Flow Statement as required by subsection 50.4(2)(c) of the BIA, are attached hereto as Appendix "**A**".

## PURPOSE

- 5) The purpose of this Report is to provide the creditors and this Honourable Court with:
  - a) information and notice, pursuant to Section 50.4(7) of the BIA, regarding a material adverse change in the projected cash-flow and financial circumstances of the Companies; and
  - b) the Proposal Trustee's intended course of action.

## TERMS OF REFERENCE

- 6) In preparing this Report, the Proposal Trustee has relied upon unaudited financial and other information supplied, and representations made to it, by Management and the Companies' legal counsel. Although this information has been reviewed, Deloitte has not conducted an audit nor otherwise attempted to verify the accuracy or completeness of any of the information prepared by Management or otherwise provided by the Companies in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook*. Accordingly, Deloitte expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information contained in, or otherwise used to prepare this Report.
- 7) Certain of the information referred to in this Report consists of financial forecasts and/or projections prepared by Management. An examination or review of financial forecasts and projections and procedures as outlined by the *Chartered Professional Accountants of Canada* has not been performed. Readers are cautioned that since

financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from those forecasts and/or projected and the variations could be significant.

- 8) All monetary amounts contained in this Report are expressed in Canadian dollars, unless otherwise indicated.
- 9) Information in respect of the NOI Proceedings are posted on the Proposal Trustee's website at [www.insolvencies.deloitte.ca/en-ca/Pages/Medipure](http://www.insolvencies.deloitte.ca/en-ca/Pages/Medipure).

## BACKGROUND

- 10) MHI was incorporated under the *Business Corporations Act* of British Columbia ("**BCBCA**") on June 20, 2014. MPI was incorporated under the BCBCA on February 12, 2014. MPI is a wholly owned subsidiary of MHI.
- 11) MHI also has two other wholly owned subsidiaries that are not subject to these NOI Proceedings:
  - a) Medipure Life Sciences India Pvt Ltd ("**Medipure India**"). Established in February 2018, Medipure India operates a research and development ("**R&D**") laboratory in Hyderabad, India. Medipure India was set-up to run preclinical and clinical drug trials in India's more streamlined regulatory system.
  - b) Medipure D.o.o. ("**Medipure Croatia**"). Established in May 2018, Medipure Croatia owns and operates a 34,000 square foot R&D facility in Ludbreg, Croatia. Medipure Croatia was formed to utilize the European Union's R&D and clinical trial platform, while achieving faster approval times for studies.
- 12) The Proposal Trustee understands that each of the Companies currently have three directors, Mr. Lorne Nystrom, Mr. Daniel L. Gelinias, and Dr. Nihar Pandey.
- 13) MHI became a reporting issuer on November 7, 2014, trading on the Canadian Securities Exchange under the symbol "MDH". On November 4, 2015, MHI was issued a cease trade order ("**CTO**") by the British Columbia Securities Commission ("**BCSC**") as a result of MHI's failure to file continuous disclosure materials, and was subsequently delisted in August 2016. MHI is currently subject to CTOs in the provinces of British Columbia, Alberta and Ontario.
- 14) The Computershare listing for MHI indicates that approximately 41% of the MHI shares are held by GCB Capital LLC ("**GCB**") with the remaining shares being widely held by several US and Canada-based investors. The principal of GCB is Mr. Chris Condon. The Proposal Trustee understands that there may be unissued or disputed MHI shareholdings as a result of the CTOs and other matters, but the Proposal Trustee has not reviewed these issues in any detail to date.
- 15) The Companies are engaged in biopharmaceutical R&D with a focus on developing proprietary endocannabinoid system-based prescription drugs. Medipure is currently developing a suite of drugs targeting specific disease areas including pain management, mood disorder, anxiety, nausea, appetite, oncology, arthritis, dermatology and fatty liver disease.
- 16) Medipure's R&D centre is located in Burnaby, BC. MPI holds a Level 6 Dealer's License for Controlled Substances pursuant to the *Controlled Drugs and Substances Act*. This license allows Medipure to use various controlled substances for its pharmaceutical R&D activities. The research team is led by Dr. Pandey, Medipure's Chief Scientific

Officer. Medipure has a total of 17 employees, including Dr. Pandey, who provide scientific, financial and administrative support for the operations and are considered a key part of the value of the Companies.

- 17) Medipure's drug candidates are at various stages of development and testing. The Companies' currently have no revenues and have operated at a loss since inception. Without revenues, Medipure has relied on equity and debt financing to fund its operations.
- 18) The Companies' consolidated unaudited and draft financial statements for the year ended March 31, 2022 indicate a comprehensive loss of \$7.4 million, with an accumulated deficit of \$36.0 million since inception.
- 19) As a result of the CTOs, Medipure has been restricted from raising additional capital to fund its operations. The Companies' have a substantial working capital deficiency and began to experience liquidity issues in late 2021.
- 20) The Companies' principal secured creditor is SHP Capital LLC ("**SHP**"), which the Proposal Trustee understands is owed approximately US\$2.1 million, plus interest and costs, under a senior secured promissory note dated October 21, 2021. SHP is also a shareholder in MHI, having contributed approximately US\$8.4 million in the later half of 2021 pursuant to certain stock purchase agreements.
- 21) On or around March 2022, Medipure held discussions with SHP to seek additional financing for its operations. The Proposal Trustee understands that SHP proposed providing additional funding largely via additional secured loan notes and preferred shares at a significant cost.
- 22) As a result of the significant cost associated with the funding offer from SHP and an alternative financing agreement from HFS Management Inc. ("**HFS**") that the Proposal Trustee understands was received just before a March 2022 MHI board meeting, the MHI board accepted the HFS financing proposal over the proposal provided by SHP. The Proposal Trustee understands that Mr. Condon is involved with HFS and is, or will be, the principal party providing the funding. HFS has advanced a total of USD \$370,000 to the Companies since April 2022, including the May 20<sup>th</sup> Funding (as defined later herein).
- 23) On April 5, 2022, SHP filed a petition in the Court seeking, among other things, the appointment of a receiver-manager under section 227(3)(c) of the BCBCA. The Proposal Trustee understands that this action did not advance and on May 2, 2022, SHP filed an application for a bankruptcy order in respect of the Companies, with a hearing date set for May 13, 2022 (the "**May 13 Bankruptcy Application**"). The Companies' filed the NOIs prior to the hearing date for the May 23 Bankruptcy Application in an effort to stay the action and to try and preserve value and maximize recoveries for their stakeholders. SHP has raised concerns around Medipure not meeting the funding requirements outlined in the Cash Flow Forecast and has now reset the May 13 Bankruptcy Application to June 7, 2022.
- 24) The Proposal Trustee understands that there were a number of events related to SHP and other shareholders, including GCB, Mr. Condon and the former Chief Executive Officer, Mr. Boris Weiss, which lead to the NOI Proceedings. In the May 13 Bankruptcy Application materials, SHP and Mr. Craig Anderson (the principal and sole manager of SHP) make various allegations related to improper financing activities and mismanagement of the Companies. The Proposal Trustee has not investigated these allegations and is not able comment on their veracity at this time.

- 25) Medipure engaged Boughton Law Corporation ("**Boughton**") to assist them before and during the NOI Proceedings.
- 26) During the Initial Stay, Medipure has also engaged separate legal counsel, Farris LLP ("**Farris**"), who has been in discussions with the BCSC, along with Boughton, to seek the partial revocation of the CTOs to, among other things, allow the Companies to secure debtor in possession ("**DIP**") financing. A formal partial revocation application to the BCSC was made by Farris on behalf of Medipure on June 1, 2022 (the "**Partial Revocation Application**"). The Proposal Trustee understands that a special committee of the Board of Directors has been recently re-established to address the BCSC's concerns and that BDO Dunwoody LLP has been engaged to complete a related forensic audit. The timing of when this Partial Revocation Application will be reviewed or responded to by the BCSC is not yet known.
- 27) The Proposal Trustee understands that Medipure has continued to explore their options to refinance and/or restructure its debts and has secured a commitment letter from HFS for DIP financing, with a DIP financing application planned to be made to Court during the week ending June 10, 2022.

## **MATERIAL ADVERSE CHANGE**

- 28) The Cash Flow Forecast projected that HFS would advance US\$80,000 to Medipure during the week ended May 20, 2022 (the "**May 20<sup>th</sup> Funding**") and US\$100,000 during the week ended May 27, 2022 (the "**May 27<sup>th</sup> Funding**"). The May 20<sup>th</sup> Funding was received on May 16, 2022, but the May 27<sup>th</sup> Funding has not been received as of the date of this Report.
- 29) Management and Boughton have indicated that HFS has not yet advanced the May 27<sup>th</sup> Funding due, in part, to delays caused by the discussions occurring with and the various requirements of the BCSC to obtain a partial revocation order.
- 30) The funding shortfall has resulted in material employee wage arrears as follows:
  - a) Arrears of payroll and related WorkSafe BC and payroll source deductions for 17 employees for the two week period ended May 13, 2022 which was due and payable on May 20, 2022 in the amount of approximately \$84,000, plus arrears of wages in a further amount of approximately \$20,000 owing to Dr. Pandey and Mr. Walia (VP of Finance) relating to pay periods from March to May 2022 which were deferred due to the Companies' liquidity issues. Dr. Pandey and Mr. Walia agreed to defer payment of a further \$14,000 of their May 13, 2022 payroll to the week ending June 24, 2022 as is reflected in the Cash Flow Forecast; and
  - b) Arrears of payroll and related benefits and payroll source deductions for 17 employees for the two week period ended May 27, 2022 which are due and payable on June 3, 2022 but scheduled to be paid during the week ended June 10, 2022 in the Cash Flow Forecast in the amount of approximately \$99,000.
- 31) In addition, as a result of the funding shortfall, the Companies are unable to pay rent for the head office and laboratory totalling approximately \$18,000, which was due on June 1, 2022.
- 32) The Proposal Trustee is concerned regarding the ongoing payment of the employees and other post-filing obligations and the timing of when, and if, additional funds will be received by the Companies. If the DIP application is not successful or further delays occur, the arrears will continue to accrue. Management has indicated that the

employees have been informed about the funding status and that, while they remain patient and loyal, more delays will create more frustration.

- 33) Based on the foregoing, the Proposal Trustee has ascertained that there is a material adverse change in the Companies' circumstances which has or will result in:
- a) A significant adverse effect on the projected cash-flow;
  - b) A significant or reasonably expected significant impairment to the Companies' financial circumstances and the ability of Medipure to carry on operations; and
  - c) A significant impairment to the likelihood of success of a proposal.

### **PROPOSAL TRUSTEE'S INTENDED COURSE OF ACTION**

- 34) The Proposal Trustee is of the view that a material adverse change has occurred in the Companies' projected cash-flow and financial circumstances pursuant to section 50.4(7)(b) of the BIA.
- 35) It is the Proposal Trustee's intended course of action to:
- a) File this Report with the Court and the Official Receiver without delay pursuant to subsection 50.4(7)(b)(i) of the BIA;
  - b) Distribute this Report to all known creditors of the Company and make it available on the Proposal Trustee's website, pursuant to subsection 50.4(7)(c) of the BIA; and
  - c) Continue to monitor the cash-flows and financial circumstances of the Companies', particularly with respect to the Companies progress in obtaining interim and DIP financing and the partial revocation of the CTOs.

All of which is respectfully submitted to this Honourable Court this 3<sup>rd</sup> day of June, 2022.

### **DELOITTE RESTRUCTURING INC.**

In its capacity as Proposal Trustee of  
Medipure Holdings Inc. and Medipure Pharmaceuticals Inc.  
and not in its personal or corporate capacity



Per: Jeff Keeble, CPA, CA, CIRP, LIT, CBV  
Senior Vice-President



## **Appendix A**

### **Cash Flow Forecast for the Period of May 7 to June 17, 2022 and Management's Report on Cash Flow**

**Medipure Holdings Inc. and Medipure Pharmaceuticals Inc.**  
**Projected Cash Flow Statement**  
**For the Period Ending June 17, 2022**  
**CDN\$'000**  
**Page 1 of 2**

Court File No. \_\_\_\_\_  
 Vancouver Registry  
 Estate No. (MPI) 11-2829780  
 Estate No. (MHI) 11-2829781

	Week #	1	2	3	4	5	6	Total
	Week Ending	13-May	20-May	27-May	03-Jun	10-Jun	17-Jun	
<b>Receipts</b>								
HFS Management Inc. loan draws		52	102	-	-	-	-	154
DIP financing		-	-	129	-	413	-	542
Other misc. receipts		-	-	-	-	-	-	-
<b>Total receipts</b>		52	102	129	-	413	-	696
<b>Operating disbursements</b>								
Office and laboratory lease/rent costs		-	-	-	18	-	-	18
Payroll, source deductions, benefits and WCB		-	87	71	-	99	81	337
R&D: project study and trials costs		-	-	2	-	32	1	35
Critical vendors		-	-	-	-	20	15	35
Insurance / equipment rental / storage costs		-	1	1	2	-	1	5
Other administrative and laboratory costs		-	-	14	-	23	16	53
Funding of subsidiaries		-	-	2	-	1	7	11
<b>Total operating disbursements</b>		-	88	90	20	174	121	493
<b>Other disbursements</b>								
Professional fees		50	15	15	-	75	-	155
DIP financing interest and fees		-	-	2	-	-	-	2
FX changes		-	-	-	-	-	-	-
<b>Total other disbursements</b>		50	15	17	-	75	-	157
<b>Net cash flow</b>		2	(1)	22	(20)	164	(121)	46
Opening cash balance		1	2	2	23	4	167	1
Net cash flow for the week		2	(1)	22	(20)	164	(121)	46
<b>Closing cash balance</b>		2	2	23	4	167	46	46

Medipure Holdings Inc. and Medipure Pharmaceuticals Inc.

*Raman Walia*

Per: Raman Walia, VP Finance

Date: May 20, 2022

Deloitte Restructuring Inc. - Proposal Trustee

*JKaeb*

Per: Jeff Kaebler, Senior Vice President

Date: May 20, 2022

**Medipure Holdings Inc. and Medipure Pharmaceuticals Inc.**

Projected Cash Flow Statement

For the Period Ending June 17, 2022

CDN\$'000

Page 2 of 2

Court File No. \_\_\_\_\_  
Vancouver Registry  
Estate No. (MPI) 11-2829780  
Estate No. (MHI) 11-2829781

Key Assumptions

- 1) This cash flow has been prepared on a consolidated basis as Medipure Holdings Inc. ("MHI") owns 100% of Medipure Pharmaceuticals Inc. ("MPI", collectively with MHI, "Medipure") and provides funding for MPI to operate and pay most of the operating costs which are in the name of MPI.
- 2) Medipure intends to apply for Court for approval of a DIP Loan Facility which is still being finalized. Required draws on the DIP Loan Facility have been estimated and would be subject to approval of the DIP Loan Facility by the Court.
- 3) Medipure expects to receive ~\$458k in SRCD refunds (net of consulting fees) in June. For prudence, this amount has not been included in the forecast as CRA may have a right of offset.
- 4) All obligations incurred after the date of the NOI will be paid in the regular course.
- 5) Rent costs are in respect of Medipure's corporate office in North Vancouver, and its laboratory at BCI in Burnaby.
- 6) Medipure intends to apply to Court for the approval of outstanding wages and source deductions in the amount of ~\$172k. Wages will then be paid in the regular course through the stay period.
- 7) R&D costs are deferred to the extent possible to manage liquidity during the stay period.
- 8) Medipure intends to apply to Court for the approval to pay certain pre-appointment arrears related to critical suppliers for the laboratory.
- 9) Cash flow includes minimal funding of MHI's subsidiary in Croatia. It is assumed that MHI's subsidiary in India will not require funding as it has sufficient funds on hand during the stay period.
- 10) Professional fees include the costs of the Proposal Trustee and its counsel, restructuring and securities counsel to the Company and the costs of audits required to remove the Cease Trade Orders.
- 11) Amounts included in the cash flow are shown in CAD. USD transactions are assumed to be at an exchange rate of 1.29.

Medipure Holdings Inc. and Medipure Pharmaceuticals Inc.

Deloitte Restructuring Inc., Proposal Trustee

  
Raman Wallia

Per: Raman Wallia, VP Finance

Date: May 20, 2022



Per: Jeff Keeble, Senior Vice President

Date: May 20, 2022

District of: British Columbia  
Division No. 03 – Vancouver  
Court No.  
Estate No. 11-2829781

- FORM 30 -

Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of:  
Medipure Holdings Inc.  
of the City of Vancouver, in the Province of British Columbia

The management of Medipure Holdings Inc., has developed the assumptions and prepared the attached statement of projected cash flow of the insolvent debtor, as of the 20<sup>th</sup> day of May 2022, consisting of a weekly cash flow forecast for the period of May 9 to June 17, 2022.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Vancouver in the Province of British Columbia, this 20<sup>th</sup> day of May 2022.

Medipure Holdings Inc.



Per: Rman Walia, Executive Vice President, Finance

District of: British Columbia  
Division No. 03 – Vancouver  
Court No.  
Estate No. 11-2829781

FORM 30 - Attachment  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of:  
Medipure Holdings Inc.  
of the City of Vancouver, in the Province of British Columbia

**Purpose:**

The purpose of the Cash Flow Statement for the period of May 9, 2022 to June 17, 2022 is to enable the creditors of Medipure Holdings Inc. to assess their position with respect to the filing of a Notice of Intention to make a Proposal under Section 50.4(1) of the Bankruptcy and Insolvency Act.

**Assumptions:**

- 1) This cash flow has been prepared on a consolidated basis as Medipure Holdings Inc. ("MHI") owns 100% of Medipure Pharmaceuticals Inc. ("MPI", collectively with MHI, "Medipure") and provides funding for MPI to operate and pay most of the operating costs which are in the name of MPI.
- 2) Medipure intends to apply for Court for approval of a DIP Loan Facility which is still being finalized. Required draws on the DIP Loan Facility have been estimated and would be subject to approval of the DIP Loan Facility by the Court.
- 3) Medipure expects to receive ~\$458k in SRED refunds (net of consulting fees) in June. For prudence, this amount has not been included in the forecast as CRA may have a right of offset.
- 4) All obligations incurred after the date of the NOI will be paid in the regular course.
- 5) Rent costs are in respect of Medipure's office in North Vancouver, and its laboratory at BCIT in Burnaby.
- 6) Medipure intends to apply to Court for the approval of outstanding wages and source deductions in the amount of ~\$172k. Wages will then be paid in the regular course through the stay period.
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- 9) Cash flow includes minimal funding of MHI's subsidiary in Croatia. It is assumed that MHI's subsidiary in India will not require funding as it has sufficient funds on hand during the stay period.
- 10) Professional fees include the costs of the Proposal Trustee and its counsel, restructuring and securities counsel to the Company and the costs of audits required to remove the Cease Trade Orders.
- 11) Amounts included in the cash flow are shown in CAD. USD transactions are assumed to be at an exchange rate of 1.29.

Dated at the City of Vancouver in the Province of British Columbia, this 20<sup>th</sup> day of May, 2022.

Medipure Holdings Inc.



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Per: Rman Walia, Executive Vice President, Finance

District of: British Columbia  
Division No. 03 – Vancouver  
Court No.  
Estate No. 11-2829780

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(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of:  
Medipure Pharmaceuticals Inc.  
of the City of Vancouver, in the Province of British Columbia

Purpose:

The purpose of the Cash Flow Statement for the period of May 9 to June 17, 2022 is to enable the creditors of Medipure Pharmaceuticals Inc. to assess their position with respect to the filing of a Notice of Intention to make a Proposal under Section 50.4(1) of the *Bankruptcy and Insolvency Act*.

Assumptions:

- 1) This cash flow has been prepared on a consolidated basis as Medipure Holdings Inc. ("MHI") owns 100% of Medipure Pharmaceuticals Inc. ("MPI", collectively with MHI, "Medipure") and provides funding for MPI to operate and pay most of the operating costs which are in the name of MPI.
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- 10) Professional fees include the costs of the Proposal Trustee and its counsel, restructuring and securities counsel to the Company and the costs of audits required to remove the Cease Trade Orders.
- 11) Amounts included in the cash flow are shown in CAD. USD transactions are assumed to be at an exchange rate of 1.29.

Dated at the City of Vancouver in the Province of British Columbia, this 20<sup>th</sup> day of May, 2022.

Medipure Pharmaceuticals Inc.



Per: Rman Walia, Executive Vice President, Finance

District of: British Columbia  
Division No. 03 – Vancouver  
Court No.  
Estate No. 11-2829780

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The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Vancouver in the Province of British Columbia, this 20<sup>th</sup> day of May 2022.

Medipure Pharmaceuticals Inc.



Per: Rman Walia, Executive Vice President, Finance