

**Form 51-102F3**  
**MATERIAL CHANGE REPORT**

1. **Name and Address of Company**

AlliancePharma Inc. (“**Alliance**”)  
1197, Notre-Dame East  
Thetford Mines, Québec  
G6G 2V2

2. **Date of Material Change**

June 29 and June 30, 2016

3. **Press Release**

A press release disclosing this matter was issued via Marketwired on July 4, 2016. A copy of the press release is attached hereto as Schedule « A ».

4. **Summary of Material Change**

On June 29, 2016 Alliance has entered into definitive agreements to acquire three companies and on June 30, 2016 Alliance has entered into a private placement agreement with a healthcare-focused private equity fund in order to finance a portion of these transactions.

More specifically, Alliance has acquired on June 29, 2016 all the shares of Pro-J-Pharma Inc. (“**Pro-J-Pharma**”) and has entered into definitive agreements to acquire Pharmapar Inc. (“**Pharmapar**”) and Agence L.I.V. Inc. (“**LiV**”). Furthermore, on June 30, 2016, Alliance concluded a \$4 million private placement with Persistence Capital Partners, a private equity fund specializing in health care to finance a portion of these acquisitions.

Pro-J-Pharma is a firm specializing in personnel placement in pharmacies and is headquartered in Saint-Eustache, Quebec. Pharmapar is a generic pharmaceutical distribution company headquartered in Montreal. LiV is a medical communication agency headquartered in Sainte-Julie, Quebec.

5. **Full Description of Material Change**

For full description of the material change, see the press release attached hereto as Schedule A.

6. **Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

7. **Omitted Information**

Not applicable.

8. **Executive Officers**

Further information regarding the matters described in this report may be obtained from Marc Lemieux, President & Chief Executive Officer of Alliance who is knowledgeable about the details of this report and may be contacted at 418-755-0821.

9. **Date of Material Change Report**

July, 8 2016

**Schedule « A »**

**Press release from AlliancePharma inc. dated July 4, 2016**

## AlliancePharma Announces Transformative Acquisitions

- Materially Expands Presence in Pharmacy Services and Pharmaceutical Solutions Markets -

**Theftord Mines, Quebec, July 4, 2016** – AlliancePharma Inc. (TSXV: APA) (“**AlliancePharma**” or the “**Corporation**”) is pleased to announce that it has entered into definitive agreements to acquire three companies and has also entered into a private placement agreement with a healthcare-focused private equity fund. These transformative transactions will position AlliancePharma for the next stage of its corporate development. Assuming the completion of these transactions, AlliancePharma will have approximately 100 employees, a network of over 750 allied health professional contractors, 1,100 clients and annual gross sales of over \$50 million.

Specifically, AlliancePharma is pleased to announce a \$4 million private placement from Persistence Capital Partners (“**PCP**”), a private equity fund specializing in health care, as well as the acquisition of Pro-J-Pharma Inc. (“**Pro-J-Pharma**”) and entering into definitive agreements to acquire Pharmapar Inc. (“**Pharmapar**”) and Agence L.I.V. Inc. (“**liV**”). Each of these businesses will add to AlliancePharma’s core competencies:

- **Pro-J-Pharma:**
  - o Firm specializing in personnel placement in pharmacies
  - o Broadens AlliancePharma’s current personnel placement services for pharmacies and extends its geographic reach within Quebec
- **Pharmapar:**
  - o Generic pharmaceutical distribution company
  - o Opens the door to pharmaceutical distribution for AlliancePharma
- **liV:**
  - o Medical communication agency
  - o Opens the door to branded pharmaceuticals for AlliancePharma through education and medical communication

“I am delighted to announce these acquisitions and our new strategic financing,” said AlliancePharma president and CEO, Marc Lemieux. “Given the aging demographics of Canada, and the increasing pressures on the healthcare system, it is our belief that pharmacies will play an ever-increasing role in the healthcare system. With these acquisitions, AlliancePharma is well-positioned to provide a significantly expanded range of services to our pharmacy and pharmaceutical clients.”

### Acquisitions and significantly expanded reach

Up to now, AlliancePharma has specialized in personnel placement for pharmacies, specifically pharmacists and lab personnel. It is a leading provider of these services in Quebec, and the acquisition of Pro-J-Pharma is highly complementary to its existing business. Assuming



completion of the acquisitions of Pharmapar and liV, AlliancePharma will significantly expand its scope of services, particularly in the Pharmacy Services and Pharmaceutical Solutions Markets.

### Pro-J-Pharma

On June 29, 2016, AlliancePharma acquired 100% of the shares of Pro-J-Pharma from François Théorêt and Guylaine Demontigny in consideration for 556,000 common shares of AlliancePharma, namely 278,000 shares to Mr. Théorêt and 278,000 shares to Ms. Demontigny. The transaction was effective June 1, 2016.

Pro-J-Pharma specializes in healthcare personnel placement and is headquartered in Saint-Eustache, Quebec.

For the years ended May 31, 2014 and 2015 (unaudited), Pro-J-Pharma generated revenue of \$1,660,000 and \$1,687,000 respectively and a net profit (loss) of \$5,000 and (\$16,000). Its balance sheet for the years ended May 31, 2014 and 2015 (unaudited) shows assets of \$266,000 and \$190,000 respectively, liabilities of \$271,000 and \$240,000, and negative stockholders' equity of \$5,000 and \$50,000. The acquisition should be immediately accretive to the Corporation's income and cash flow from operations, and it anticipates future positive impacts from operating synergies and efficiencies.

The principals at Pro-J-Pharma—François Théorêt and Guylaine Demontigny—will continue to be involved in the operations to ensure continuity and service quality for clients. Additional information is available on Pro-J-Pharma at [www.groupeprojacques.com](http://www.groupeprojacques.com).

### Pharmapar

On June 29, 2016, AlliancePharma entered into a definitive agreement with Jean-Louis Gélinas, Hugues Gélinas, and Gestion J.L.H.M. Gélinas Inc. to purchase, subject to certain conditions, all of the issued and outstanding shares of Pharmapar in consideration for \$8,500,000 payable in cash at closing, the issuance of 8,888,889 common shares of AlliancePharma at closing, and a balance of purchase price of \$1,600,000, payable in cash in five equal annual instalments of \$320,000 beginning on the first anniversary of the transaction.

Pharmapar is a generic pharmaceutical distribution company headquartered in Montreal, Quebec. Its subsidiary, Biomed 2002 Inc., also specializes in generic product distribution.

For the 2014 and 2015 calendar years (unaudited), Pharmapar generated net sales of \$21,171,000 and \$22,206,000 respectively and net profit of \$445,000 and \$699,000. Its balance sheet for the 2014 and 2015 calendar years (unaudited) shows assets of \$10,771,000 and \$10,366,000 respectively, liabilities of \$7,173,000 and \$6,043,000, and stockholders' equity of \$3,598,000 and \$4,323,000.

Closing of this transaction is subject to fulfilling certain closing conditions on or before August 16, 2016, including a new credit facility for the Corporation, which is currently being negotiated.



A finder's fees of 1,560,000 common shares of the Corporation will be paid to an arms-length intermediary upon successful closing of the transaction.

The principals at Pharmapar, including Jean-Louis Gélinas and Hugues Gélinas, will continue to oversee operations to ensure operational continuity and corporate growth. Additional information is available on Pharmapar at [www.pharmapar.ca](http://www.pharmapar.ca).

#### liV

On June 29, 2016, AlliancePharma entered into a definitive agreement with 9301-6053 Québec Inc. and Lee Courchesne to purchase, subject to certain conditions, all of the issued and outstanding shares of liV in consideration for \$5,000,000 payable in cash at closing, and the issuance of 3,833,333 common shares of AlliancePharma at closing.

liV is an agency specializing in professional medical and pharmaceutical training. It is headquartered in Sainte-Julie, Quebec.

For the years ended May 31, 2014 and 2015 (unaudited), liV generated revenue of \$4,066,000 and \$8,336,000 respectively and net profit of \$209,000 and \$816,000. Its balance sheet for the years ended May 31, 2014 and 2015 (unaudited), shows assets of \$1,197,000 and \$2,901,000 respectively, liabilities of \$987,000 and \$1,974,000, and stockholders' equity of \$210,000 and \$926,000.

Closing of this transaction is subject to fulfilling certain closing conditions on or before August 16, 2016, including a new credit facility for the Corporation, which is currently being negotiated.

A finder's fees of 750,000 common shares of the Corporation will be paid to an arms-length intermediary upon successful closing of the transaction.

Lee Courchesne will continue to oversee agency operations and service quality. Additional information on liV is available at [www.livagency.ca](http://www.livagency.ca).

#### **Diversification and a pan-Canadian presence**

Following these acquisitions, the Company has regrouped its activities into two segments to better reflect its focus on its customers:

- **Pharmacy Services**, which provides a range of services to pharmacies and pharmacists, including staffing, generic medication, and related services; and
- **Pharmaceutical Solutions**, which provides a range of medical communications, training and other services to pharmaceutical firms in Canada

Given liV's pan-Canadian clients, these transactions represent the beginning of a strategy to broaden the Corporation's activities outside Quebec.



## Strategic Investment by Persistence Capital Partners

In order to finance these transactions, the Corporation has entered into an agreement with PCP, Canada's leading private equity fund exclusively focused on high-growth opportunities in Canadian healthcare, to invest \$4 million into AlliancePharma.

PCP is a Montreal-based private equity fund that targets investment opportunities with strong growth potential in the healthcare sector. With its in-depth industry knowledge and operational experience in health care, PCP aims for long-term capital appreciation by identifying and developing attractive investment opportunities in the Canadian healthcare field.

Commenting on the investment, Stuart M. Elman, Managing Partner of PCP, said, "We are delighted to support the growth of AlliancePharma as it embarks on this exciting phase of its development, and to partner with talented entrepreneurs like Marc Lemieux and the management team at AlliancePharma." Concurrent with this announcement, Mr. Elman has agreed to join the board of directors of AlliancePharma.

On June 30, 2016, PCP entered into an agreement to subscribe for 40,000 Class A preferred shares of the Corporation (the "**Preferred Shares**") the creation and issuance of which must be approved by the shareholders of the Corporation at a special meeting of shareholders to be held no later than September 30, 2016. Marc Lemieux, Isabelle Bégin, and Gestion Isamar Adstock Inc., who hold a total of approximately 71% of the issued and outstanding common shares of the Corporation, have undertaken to vote in favor of the creation and issuance of the Preferred Shares.

The Preferred Shares will be convertible into common shares of the Corporation anytime up to their expiration date at a conversion price of \$0.35 per share. Assuming full conversion of the Preferred Shares, a total of 11,428,571 common shares are issuable to PCP.

The Preferred Shares will be entitled to vote as a separate class of shares and will also be entitled to vote on an "as converted" basis at any special or general meeting of the shareholders of the Company. The Preferred Shares shall not be entitled to any fixed dividend entitlement, but shall participate in all dividends declared on the Common Shares on an "as converted" basis.

In the event of a change of control of the Corporation, and at any time after June 30, 2020, PCP may demand that the Corporation redeem its Preferred Shares at a redemption price equal to the greater of (i) the subscription price of the Preferred Shares plus a preferred return equal to 24%, compounded annually from the date of their issuance, less any amounts previously distributed as dividends and (ii) their fair market value. In the event of a liquidation, holders of Preferred Shares will be entitled to receive, in priority to holders of other shares of the Company, an amount per Preferred Share equal to the product of three times the subscription price less any amounts previously distributed as dividends.

As additional consideration, PCP has received 11,428,571 warrants entitling it to purchase one AlliancePharma common share per warrant, for a total of 11,428,571 common shares at an exercise price of \$0.69 per common share, at any time in the five years following the investment closing date.



As long as (i) the Preferred Shares remain issued and outstanding or (ii) PCP owns, directly or indirectly, 10% or more of the issued and outstanding common shares on a fully diluted basis, PCP will have certain governance rights, including the right to appoint directors, pro-rata pre-emptive participation rights of future share issuances, as well as certain registration rights.

Closing of the PCP investment is subject to certain conditions, including final approval by the TSX Venture Exchange, and the creation and issuance of the Preferred Shares.

### **A new stage in its corporate life**

Founded in 2009, AlliancePharma is the result of the vision of Isabelle Bégin and Marc Lemieux. Having worked for years in the pharmaceutical industry and having noticed the enormous potential in pharmaceutical products and services, they saw an opportunity to better serve the needs of pharmacists and the healthcare industry, and thus AlliancePharma was born. The company quickly became a major player in personnel placement for pharmacies.

In recent months the company has undertaken to diversify through a series of acquisitions aimed at broadening its range of services to the healthcare industry. The acquisitions announced today mark a significant advance that gives shape to the vision of its two founders and positions AlliancePharma as a new strategic partner in the pharmaceutical industry.

### **About AlliancePharma**

AlliancePharma is a leading solution and service provider to the pharmaceutical market. Today it is a respected name for quality and expertise among pharmacists. Its management team is guided by a vision of continuing to lead the way in Quebec while extending operations across Canada and internationally. Additional information on the Corporation is available at [www.alliancepharmainc.ca](http://www.alliancepharmainc.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### **CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

*This press release from AlliancePharma contains forward-looking statements about the acquisition of all equity securities in planned acquisitions by AlliancePharma and about strategic financing from PCP. Forward-looking statements are typically identified by the words assumption, goal, guidance, objective, outlook, strategy, target, and other similar expressions, or future or conditional verbs such as aim, anticipate, believe, predict, could, expect, intend, may, plan, seek, should, strive, and will. By their nature, forward-looking statements require us to make estimates and assumptions and express opinions based on current conditions and anticipated developments, as well as other factors that Management may deem appropriate under the circumstances. There is inherent uncertainty and significant risk in these estimates, assumptions, and opinions, particularly of a commercial, economic, and competitive nature, and they are therefore subject to change. AlliancePharma cannot guarantee that these estimates, assumptions, and opinions will prove to be accurate.*



*This press release contains forward-looking statements with regard to the following: the financial, cash flow, and growth prospects of the Corporation following the acquisitions; certain strategic benefits and operational synergies; corporation management following the merger; the anticipated closing date for the planned acquisitions; the anticipated earnings of AlliancePharma and the acquired entities; and the securing of financing from PCP. The pro forma information in this press release must not be construed as necessarily reflecting what the actual financial and other operating results would have been if AlliancePharma and acquisitions had operated together as a single unit during the cited periods.*

*Numerous risks and uncertainties may cause the actual outcomes of the merged Corporation to differ substantially from the estimates, beliefs, and assumptions expressed or implied in the forward-looking statements, specifically with regard to the following: achievement of expected outcomes, including growth in operating revenue as a result of undertakings by the merged Corporation; heightened competition from existing or new market competitors; changes to the economic situation, including inflation or deflation; variations in interest or exchange rates or in the price of derivatives or inputs; inability to achieve desired outcomes in labor negotiations; inability to attract and retain key employees or plan efficiently for succession needs; damage to the reputation of the brands promoted by the merged Corporation; the impact of new or amended legislation; changes in regulatory requirements that affect the merged Corporation, including changes to fiscal laws and regulations or to fee structures; new accounting pronouncements or changes to current accounting practices; the possibility that the merged Corporation may contravene a law or policy or behave in a non-ethical fashion; unfavorable outcomes from lawsuits brought against the merged Corporation; or events or series of events that may interrupt operations.*

*Readers are cautioned that the above list is not exhaustive. Other risks and uncertainties of which AlliancePharma is not currently apprised or that it does not currently deem important could cause actual outcomes or events to differ substantially from those set out in the forward-looking statements.*

*Nothing guarantees that the planned acquisitions and the financing from PCP will come to pass or that the anticipated strategic benefits and operational synergies will materialize. The planned acquisitions and the strategic financing from PCP are subject to various approvals from regulatory authorities, and specifically that of TSXV, as well as fulfillment of and compliance with various conditions, and nothing guarantees that such approvals will be secured and/or such conditions will be fulfilled. The planned merger could be modified, restructured, or cancelled.*

*Readers are cautioned not to accord undue credibility to such forward-looking statements, which are based solely on AlliancePharma's expectations as of the date of this press release. AlliancePharma declines all responsibility to update or revise its forward-looking statements, whether to account for new information or future events or circumstances, unless legally obligated to do so.*

*This press release does not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, or in any jurisdiction in which such offer, solicitation, or sale would be unlawful. The securities described in this press release have not been and will not be registered under the United States Securities Act of 1933, as amended, nor under any State securities law,*



*and may not be offered for sale or sold in the United States, unless registered in compliance with these laws or dispensed from such registration.*

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this News Release.*

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**Information**

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