ADENT CAPITAL CORP.

FILING STATEMENT

in respect of the Qualifying Transaction involving

KHIRON LIFE SCIENCES CORP.

Dated as at May 15, 2018

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this Filing Statement.

All information contained in this Filing Statement with respect to Adent Capital Corp. ("**Adent**") was supplied by Adent for inclusion herein.

All information contained in this Filing Statement with respect to Khiron Life Sciences Corp. ("**Khiron**") was supplied by Khiron for inclusion herein.

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

Page

TABLE OF CONTENTS
(continued)

Page

GLOSSARY

The following is a glossary of certain general terms used in this Filing Statement, including the summary hereof. Terms and abbreviations used in the financial statements included in, or appended to this Filing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**Adent**" means Adent Capital Corp., prior to the completion of the Amalgamation;

"**Adent Consolidation**" means the consolidation of the outstanding common shares of Adent on an 8:1 basis;

"**Adent Financial Statements**" means the financial statements of Adent for the years ended May 31, 2017 and 2016 and the nine-month period ended February 28, 2018 and 2017 which are attached to this Filing Statement as Schedule "A";

"**Adent MD&A**" means the Management's Discussion and Analysis of Adent for the years ended May 31, 2017 and 2016, which are attached to this Filing Statement as Schedule "B";

"**Adent Meeting**" means the special meeting of Adent's shareholders to be held on March 5, 2018 to approve, among the Adent Meeting Matters;

"**Adent Meeting Matters**" means the following matters to be approved by shareholders of Adent at the Adent Meeting: (i) the election of the Khiron Nominees, subject to the completion of the Amalgamation; (ii) the appointment of MNP LLP, Chartered Professional Accountants, as the auditor of Adent, subject to the completion of the Amalgamation; (iii) the adoption of the Resulting Issuer RSU Plan, subject to the completion of the Amalgamation; (iv) Resulting Issuer Option Plan, subject to the completion of the Amalgamation; and (v) such other matters that may be reasonably required in order to give effect to the Amalgamation as are deemed appropriate by the Board and acceptable to Khiron, acting reasonably;

"**Adent Option Plan**" means the stock option plan of Adent;

"**Adent Options**" means the options granted pursuant to the Adent Option Plan, entitling the holders thereof to acquire Adent Shares;

"**Adent Shares**" means common shares in the capital of Adent;

"**Adent SubCo**" means 10546534 Canada Ltd., a wholly-owned subsidiary of Adent incorporated under the CBCA;

"**Agents**" means the Canaccord Genuity Corp. and Eight Capital Corp.;

"**Affiliate**" means a Company that is affiliated with another Company as described below: A Company is an "Affiliate" of another Company if:

(a) one of them is the subsidiary of the other; or

(b) each of them is controlled by the same Person.

A Company is "**controlled**" by a Person if:

(a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person; and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

(a) a Company controlled by that Person; or

(b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person;

"**Amalgamation**" means the amalgamation under the laws of Canada pursuant to the Definitive Agreement, and in accordance with the Amalgamation Agreement, whereby Adent SubCo will amalgamate with Khiron;

"**Amalgamation Agreement**" means the amalgamation agreement to be entered into among Adent, Adent SubCo and Khiron giving effect to the Amalgamation pursuant to the provisions of section 181 of the CBCA;

"**April 2018 Private Placement**" means the private placement of 905,000 units of Khiron at a price of $1.00 per unit for gross proceeds of $905,000, completed April 4, 2018. Each unit consists of one Khiron Share and one Khiron Warrant, with each warrant being exercisable into one Khiron Share at a price of $1.20 for a period of two years following the Completion of the Qualifying Transaction;

"**Associate**" when used to indicate a relationship with a person or Company, means

(a) an issuer of which the person or Company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;

(b) any partner of the person or Company;

(c) any trust or estate in which the person or Company has a substantial beneficial interest or in respect of which a person or Company serves as trustee or in a similar capacity;

(d) in the case of a person, a relative of that person, including

  (i) that person's spouse or child, or

  (ii) any relative of the person or of his spouse who has the same residence as that person; but

(e) where the TSXV determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding Company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D of the Exchange with respect to that Member firm, Member corporation or holding company;

"**August 2017 Private Placement**" means Khiron's private placement of 4,270,283 units at a price of $0.70 per unit for gross proceeds of $ 2,989,198.10 that closed on August 24, 2017. Each unit consists of one Khiron Share and one-half of one Khiron Warrant. Each whole Khiron Warrant is exercisable at a price of $1.05 for a period of two years following the Completion of the

Qualifying Transaction. Subscribers of the August 2017 Private Placement have a right to receive additional Khiron Shares equal to 15% of their initial subscription amount in the event Khiron fails to complete a liquidity event within 7 months of the closing date;

"**Available Funds**" means the estimated working capital (total current assets less total current liabilities) which will be available to the Resulting Issuer (including the working capital of each of Adent and Khiron), as at the most recent month end preceding the date of this Filing Statement, after giving effect to the Amalgamation and the QT Financing;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), including the regulations promulgated thereunder, as amended;

"**Board**" means the board of directors of Adent or the Resulting Issuer, as the context requires;

"**CBCA**" means the *Canada Business Corporations Act*, including the regulations promulgated thereunder, as amended;

"**CBC**" means cannabichromene;

"**CBD**" means cannabidiol;

"**CBG**" means cannabigerol;

"**CBN**" means cannabinol;

"**Closing**" means the completion of the Amalgamation;

"**Company**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

"**Completion of the Qualifying Transaction**" means the date the Final Exchange Bulletin is issued by the TSXV;

"**Control Person**" means, any person or Company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer, except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

"**CPC**" means a corporation:

(a) that has been incorporated or organized in a jurisdiction in Canada;

(b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and

(c) in regard to which the Completion of the Qualifying Transaction has not yet occurred;

"**CPC Escrow Agreement**" means the escrow agreement dated May 22, 2012 between Adent, the Escrow Agent and certain shareholders of Adent;

"**CPC Escrow Shares**" means the securities of Adent held in escrow pursuant to the CPC Escrow Agreement;

"**CPC Policy**" means Policy 2.4 – *Capital Pool Companies* of the TSXV Corporate Finance Manual;

"**Cultivation Facility**" means the facilities to be constructed on the Leased Lands for the purposes of cultivating High THC Medicinal Cannabis and Low THC Medicinal Cannabis;

"**Definitive Agreement**" means the definitive business combination agreement dated December 22, 2017 between Adent and Khiron pursuant to which Adent and Khiron have agreed to complete the Amalgamation on the terms and conditions set forth therein;

"EPS" means Healthcare Entity Provider

"**Escrow Agent**" means TSX Trust Company;

"**Escrow Release Conditions**" means the conditions set out in the Subscription Receipt Agreement;

"**Filing Statement**" means this filing statement, together with all schedules attached hereto and including the summary hereof;

"**Final Exchange Bulletin**" means the TSXV bulletin which is issued following Completion of the Qualifying Transaction pursuant to the Definitive Agreement and the submission of all required documentation and that evidences the final TSXV acceptance of the Qualifying Transaction;

"**FNE**" means the National Narcotics Fund (Fondo Nacional de Estupefacientes), the Colombian narcotics regulatory regime.

"**GEP Standards**" means the Colombian good elaboration practices certified in accordance with the guidelines set out in Decree 2200 of 2005 and INVIMA Resolution 444 of 2008.

"**GMP Standards**" means the Colombian good manufacturing standards for pharmaceutical laboratories in accordance with the guidelines set out in Decree 549 of 2001 and INVIMA Resolution 01087 of 2001.

"**High THC Medicinal Cannabis**" means psychoactive cannabis containing more than 1% THC;

"**High THC Cultivation Licence**" means Resolution No. 0841 dated October 19, 2017, by means the Ministry of Justice and Laws of the Republic of Colombia granted Khiron Colombia, under Law 1787 of 2016; Decree 1427 of 2017; and Decree 613 of 2017, in accordance with the provisions of Resolutions 577, 578 and 579 of 2017, the licence to cultivate psychoactive cannabis plants for a 5 year term in the land identified as "Hacienda El Cardon, Piedras – Tolima" identified with plot certificate No. 351-2361;

"**ICA**" means the Colombian Agricultural Institute;

"**IFRS**" means International Financial Reporting Standards;

"**Insider**" if used in relation to an issuer, means:

(a) a director or senior officer of the company;

(b) a director or senior officer of the company that is an Insider or subsidiary of the company;

(c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the company; or

(d) the company itself if it holds any of its own securities;

"**INVIMA**" means the Colombia National Food and Drug Surveillance Institute (Instituto Nacional de Vigilancia de Medicamentos y Alimentos), the Colombian prescription drug regulatory body.

"**IPO**" means the initial public offering of Adent Shares by Adent completed on October 23, 2012;

"**IPO Agency Agreement**" means the agency agreement dated August 28, 2012 between Adent and the IPO Agent;

"**IPO Agent**" means Jordan Capital Markets Inc.;

"**Khiron**" means Khiron Life Sciences Corp.;

"**Khiron Colombia**" means Khiron Colombia S.A.S., a subsidiary of Khiron;

"**Khiron Financial Statements**" means the audited consolidated financial statements of Khiron for the period from February 17, 2017 (date of incorporation) to December 31, 2017, which are attached to this Filing Statement as Schedule "C";

"**Khiron MD&A**" means the Management's Discussion and Analysis of the Financial Condition and Results of Operations of Khiron for the period from February 17, 2017 (date of incorporation) to December 31, 2017, which is attached to this Filing Statement as Schedule "D";

"**Khiron Nominees**" means, subject to the completion of the Amalgamation, the reconstitution of the board of directors of Adent to consist of five (5) directors, being Sidney Himmel, Alvaro Torres, Mark Monaghan, Alvaro Yañez and Peter Simeon. See "*Part III – Information Concerning the Resulting Issuer – Directors, Officers and Promoters*";

"**Khiron Shares**" means common shares in the capital of Khiron;

"**Khiron Warrants**" means 4,327,448 warrants to purchase common shares of Khiron (including broker warrants issued in connection with previous financings) that are issued and outstanding immediately prior to the completion of the Qualifying Transaction. The Khiron Warrants are exercisable between $1.05 and $1.20 and expire two years following the Completion of the Qualifying Transaction;

"**Khiron Warrant Share**" means a Khiron Share issuable upon exercise of an Underlying QT Khiron Warrant;

"**Landlord**" means Jose Alejandro Gomez Obregón owner of the Leased Lands.

"**Lead Agent**" means Canaccord Genuity Corp.

"**Lease**" means the 10 year lease between Khiron Colombia and the Landlord governing the Leased Land in the Municipality of Piedras, in the Department of Tolima, including all options to expand, purchase and renew, to be used for the cultivation and processing of medicinal cannabis, including all options to expand, purchase and renew;

"**Leased Lands**" means up to 16 hectares of land in the Municipality of Piedras, in the Department of Tolima on which Khiron will cultivate and process medicinal cannabis, identified with plot certificate 351-2361;

"**Low THC Medicinal Cannabis**" means non-psychoactive cannabis containing less than 1% THC;

"**Low THC Cultivation Licence**" means Resolution No. 000069, dated September 22, 2017, by which the Ministry of Justice and Laws of the Republic of Colombia granted to Khiron Colombia, under Law 1787 of 2016; Decree 1427 of 2017; and Decree 613 of 2017, the licence to cultivate non-psychoactive cannabis plants for a 5 year term in the land identified as "Hacienda El Cardon, Piedras – Tolima" identified with plot certificate No. 351-2361;

"**March 2017 Private Placement**" means the private placement of 8,000,000 Khiron Shares at a price of $0.25 per share for gross proceeds of $2,000,000, the final tranche of which closed on April 12, 2017. Subscribers of the March 2017 Private Placement have a right to receive additional Khiron Shares equal to 10% of their initial subscription amount in the event Khiron fails to complete a liquidity event within 12 months of the closing date;

"**medicinal cannabis**" means, with respect to the business of Khiron, the cannabinoids extracted for medicinal purposes to treat certain diseases or minimize specific symptoms and, for clarity, unless otherwise indicated, reference made to medicinal cannabis in this Filing Statement shall not be considered as referring to the business of cannabis for scientific research or medicinal use;

"**Ministry of Agriculture**" means the Colombian Ministry of Agriculture and Rural Development;

"**Ministry of Health**" means the Colombian Ministry of Health and Social Protection;

"**Ministry of Justice**" means the Colombian Ministry of Justice and Law;

"**NEX**" means the NEX board of the TSX Venture Exchange;

"**Non-Arm's Length Qualifying Transaction**" means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction;

"**person**" means a Company or individual;

"**Phase 1 Development**" has the meaning set out "*Narrative Description of the Business – Operations – Facilities*";

"**Phase 2 Development**" has the meaning set out "*Narrative Description of the Business – Operations – Facilities*";

"**Pro Forma Financial Statements**" means the unaudited pro forma statement of financial position for the Resulting Issuer as at February 28, 2018 to give effect to the Amalgamation as if it had taken place as of February 28, 2018, which is attached to this Filing Statement as Schedule "E";

"**Production Licence**" means Resolution No. 03735, dated October 4, 2017, by which the Ministry of Health and Social Protection of the Republic of Colombia granted Khiron Colombia, under Law 1787 of 2016; Article 2.8.11.1.1 of Decree 780 of 2016; and Resolutions 2891 and 2892 of 2017, the licence to manufacture cannabis derivatives for a 5 year term in the land identified as "Hacienda El Cardon, Piedras – Tolima" identified with plot certificate No. 351-2361;

"**QT Agency Agreement**" means the agency agreement dated January 12, 2018 between Adent, Khiron and the Agents;

"**QT Broker Warrants**" means the 786,100 non-transferrable broker warrants issued in connection with the QT Financing;

"**QT Escrow Agreement**" means the Exchange Form 5D Tier 2 Value Security Escrow Agreement to be entered into in connection with the Completion of the Qualifying Transaction between the Resulting Issuer, the Escrow Agent and certain Khiron shareholders, as more particularly described in this Filing Statement;

"**QT Escrow Funds**" means the gross proceeds from the QT Financing less certain expenses of the Agents, 50% of the Agents' commission, 50% of the Agents' corporate finance fee, and certain early release amounts;

"**QT Financing**" means the private placement offering by Khiron of 11,230,000 Subscription Receipts, completed on January 12, 2018 pursuant to the QT Agency Agreement and the Subscription Receipt Agreement;

"**Qualifying Transaction**" means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means, and, specifically in the case of Adent, means the Qualifying Transaction all as more particularly described herein;

"**Resulting Issuer**" means Adent (proposed to be renamed "Khiron Life Sciences Corp.") following completion of the Amalgamation and the issuance of the Final Exchange Bulletin;

"**Resulting Issuer Board**" means the board of directors of the Resulting Issuer;

"**Resulting Issuer Option Plan**" means the stock option plan of the Resulting Issuer approved at the Adent Meeting as and attached hereto as Schedule "F";

"**Resulting Issuer QT Broker Warrants**" means the non-transferable broker warrants of the Resulting Issuer issued at Closing in exchange for the QT Broker Warrants;

"**Resulting Issuer RSU Plan**" means the restrictive share unit incentive plan of the Resulting Issuer approved at the Adent Meeting as and attached hereto as Schedule "G";

"**Resulting Issuer Warrant**" means a warrant exercisable into one Resulting Issuer Share;

"**Resulting Issuer Shares**" means common shares in the capital of the Resulting Issuer;

"**RSU**" means a restricted share unit of the Resulting Issuer issued pursuant to the Resulting Issuer Option Plan;

"**Significant Assets**" means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any concurrent transactions, would result in the CPC meeting the initial listing requirements of the TSXV;

"**Subscription Receipt Agent**" means TSX Trust Company, acting as escrow agent pursuant to the Subscription Receipt Agreement;

"**Subscription Receipt Agreement**" means the subscription receipt indenture dated January 12, 2018 between Khiron, Adent, Canaccord Genuity Corp. and the Subscription Receipt Agent, as amended or supplemented from time to time;

"**Subscription Receipts**" means the subscription receipts of Khiron issued pursuant to the QT Financing at an issue price of $1.00 per Subscription Receipt, each Subscription Receipt being convertible into one (1) Unit;

"**subsidiary**" includes, with respect to any person, company, partnership, limited partnership, trust or other entity, any company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person, company, partnership, limited partnership, trust or other entity;

"**THC**" means tetrahydrocannabinol;

"**TheraCann Services Agreement**" means the services agreement between Khiron and TheraCann International Benchmark Corporation dated September 26, 2017;

"**TSXV**" or "**Exchange**" means the TSX Venture Exchange;

"**Underlying QT Khiron Securities**" means, collectively, the Underlying QT Khiron Shares and the Underlying QT Khiron Warrants;

"**Underlying QT Khiron Share**" means one Khiron Share in the capital of Khiron comprising part of each Unit;

"**Underlying QT Khiron Warrant**" means one Khiron Share purchase warrant comprising part of each Unit, entitling the holder thereof to acquire one Khiron Warrant Share at an exercise price of $1.20 for a period of 24 months following the Completion of the Qualifying Transaction, subject to adjustment and acceleration;

"**Unit**" means one unit of Khiron, consisting of one Underlying QT Khiron Share and one Khiron Share purchase warrant; and

"**Value Escrow Shares**" means Adent Shares to be held in escrow pursuant to Section 4 of Exchange Policy 5.4 - *Escrow, Vendor Consideration and Resale Restrictions*, pursuant to the QT Escrow Agreement as more particularly described in this Filing Statement.

"**Warrant Indenture**" means the warrant indenture to entered at closing of the QT Financing governing the terms of issuance and exercise of the Resulting Issuer Warrants;

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Filing Statement contains forward-looking statements that relate to Adent's and Khiron's current expectations and views of future events. The forward-looking statements are contained principally in the sections titled "*Part II – Information Concerning Khiron*" and "*Part III – Information Concerning the Resulting Issuer*".

In some cases, these forward-looking statements can be identified by words or phrases such as "may", "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues", "plan", "believe", "aim", "seek" or the negative of these terms, or other similar expressions intended to identify forward-looking statements. Adent and Khiron have based these forward-looking statements on their current expectations and projections about future events and financial trends that they believe may affect Adent, Khiron and the Resulting Issuer's financial condition, results of operations, business strategy and financial needs, as the case may be.

Forward-looking statements relating to Khiron and the Resulting Issuer include, among other things, statements relating to:

- expectations regarding its revenue, expenses and operations;
- anticipated cash needs and its needs for additional financing;
- expected political developments in any jurisdiction in which Khiron operates;
- expected operations of Khiron Colombia;
- anticipated timelines for permits and development of Khiron Colombia;
- plans for and timing of the expansion of Khiron Colombia's services;
- future growth plans;
- ability to attract and retain personnel;
- anticipated labour and materials costs;
- competitive position and the expectations regarding competition, including pricing and demand expectations; and
- anticipated trends and challenges in Khiron's business and the markets in which it operates.

Forward-looking statements relating to Adent include, among other things, statements relating to:

- the completion of the Amalgamation;
- the terms on which the Amalgamation is intended to be completed; and
- the ability to complete any Qualifying Transaction.

Forward-looking statements are based on certain assumptions and analysis made by Adent and Khiron in light of their experience and perception of historical trends, current conditions and expected future developments and other factors they believe are appropriate, and are subject to risks and uncertainties. Such assumptions include, among others, those relating to general economic conditions, the legislative and regulatory environment, the impact of increasing competition, the ability to obtain regulatory and shareholder approvals and Adent's ability to obtain

additional financing on satisfactory terms. Although Adent and Khiron believe that the assumptions underlying the forward-looking statements are reasonable, they may prove to be incorrect. Given these risks, uncertainties and assumptions, shareholders should not place undue reliance on these forward-looking statements.

Whether actual results, performance or achievements will conform to Adent or Khiron's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "Risk Factors", which include:

Business risks:

- limited operating history
- managing growth
- retention and acquisition of skilled personnel
- legal proceedings
- regulatory and civil proceedings
- regulatory risks, including changes to national and local legislation or taxation in any jurisdiction in which Khiron operates
- change of cannabis laws, regulations and guidelines
- reliance on one facility
- unexpected disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise
- reliance on licences and authorizations and delays in receiving such licences and authorizations
- demand for cannabis and derivative products
- liability, enforcement, complaints, etc.
- product liability
- insurance coverage
- ability to establish and maintain bank accounts
- product recalls
- risks inherent in an agricultural business
- risks inherent in rural real estate
- energy prices and supply
- supply of cannabis seeds
- changes in corporate structure
- emerging market risks
- global economy
- TSXV Restrictions on Business

Risks related to investment in a company with Colombian operations

- operational risks
- inflation in Colombia
- operations in Spanish

- enforcement of judgments

Financial and accounting risks:

- access to capital
- foreign sales and fluctuation in the exchange rate between the Colombian peso and the Canadian dollar, the Colombian peso and the U.S. dollar and the U.S. dollar and the Canadian dollar
- estimates or judgments relating to critical accounting policies
- tax risks

Risks related to the Resulting Issuer Shares and Completion of the Qualifying Transaction:

- market for the Resulting Issuer shares
- no history of payment of cash dividends
- reporting issuer status
- tax issues
- completion of the Qualifying Transaction is subject to conditions precedent
- termination of the Definitive Agreement
- potential undisclosed liabilities associated with the Amalgamation

The above risks, uncertainties, assumptions and other factors could cause Adent, Khiron and the Resulting Issuer's actual results, performance, achievements and experience to differ materially from Adent and Khiron's expectations, future results, performances or achievements expressed or implied by the forward-looking statements.

The forward-looking statements made in this Filing Statement relate only to events or information as of the date on which the statements are made in this Filing Statement. Except as required by law, Adent, Khiron and the Resulting Issuer undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

An investor should read this Filing Statement with the understanding that Adent, Khiron and the Resulting Issuer's actual future results may be materially different from what is expected.

INFORMATION PERTAINING TO KHIRON

The information contained or referred to in this Filing Statement with respect to Khiron and the industry in which it operates has been provided by the management of Khiron and is the responsibility of Khiron. Management of Adent has relied upon Khiron for the accuracy of the information provided by Khiron without independent verification. References in this Filing Statement to Khiron may include reference to its Colombian operating subsidiary, Khiron Colombia, as the context requires.

NOTICE TO INVESTORS

Currency Presentation

Unless otherwise specified, all dollar amounts referenced in this Filing Statement and in the financial statements of Adent and Khiron are in Canadian dollars and referred to as "$".

Exchange Rates

The following table sets forth the value of one U.S. dollar expressed in Canadian dollars, based on the noon exchange rates quoted by the Bank of Canada for the dates indicated up to February 28, 2018 and the indicative rate of exchange thereafter:

	Nine months ended February 28, 2017	Year ended September 30, 2017	Year ended September 30, 2016	Year ended September 30, 2015
As at end of period	$1.2809	$1.2480	$1.3117	$1.3394
Low for the period	$1.2752	$1.2128	$1.2544	$1.1136
High for the period	$1.2850	$1.3743	$1.4589	$1.3413
Average rate for the period	$1.2804	$1.3140	$1.3252	$1.2292

Financial Statement Information

The Adent Financial Statements contained in this Filing Statement have been prepared in accordance with IFRS and are denominated in Canadian dollars.

The Khiron Financial Statements contained in this Filing Statement have been prepared in accordance with IFRS and are denominated in Canadian dollars.

The unaudited Pro Forma Financial Statements of the Resulting Issuer contained in this Filing Statement have been prepared on the basis of presentation as described in the Pro Forma Financial Statements and are denominated in Canadian dollars.

Non-GAAP Measures

In order to supplement its financial statements, Khiron may use select non-GAAP financial measures. Khiron has included non-GAAP measures in this Filing Statement. Non-GAAP measures are not recognized measures under GAAP and do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to any similar measures presented by other companies.

Market Data

Unless otherwise indicated, information contained in this Filing Statement concerning the industry and markets in which Khiron operates, including its general expectations and market position, market opportunity and market share is based on information from independent industry organizations, and other third-party sources (including industry publications, surveys and forecasts), and management estimates. Unless otherwise indicated, management estimates are derived from publicly available information released by independent industry analysts and third-party sources, as well as data from Khiron's internal research, and are based on assumptions made by Khiron based on such data and its knowledge of such industry and markets, which Khiron believes to be reasonable. Khiron's internal research has not been verified by any independent

source, and it has not independently verified any third-party information. While Khiron believes the market position, market opportunity and market share information included in this Filing Statement is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of Khiron's future performance and the future performance of the industry in which Khiron operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the "Risk Factors".

SUMMARY OF FILING STATEMENT

The following is a summary of information relating to Adent, Khiron and the Resulting Issuer (assuming Completion of the Qualifying Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement.

THE COMPANY

Adent

"Adent Capital Corp." was incorporated pursuant to the provisions of the BCBCA on May 16, 2012. The Adent Shares were listed for trading on the TSXV under the symbol "ANT.P" on October 23, 2012. Effective as of January 22, 2015, the Adent Shares were transferred to the NEX board of the TSXV under the symbol "ANT.H" as a result of Adent's failure to complete a Qualifying Transaction within two years from its IPO. Adent is a CPC pursuant to the CPC Policy, and since its incorporation it has not carried on any business or operations other than identifying and evaluating business opportunities for the purposes of completing a Qualifying Transaction.

Khiron

"Khiron Life Sciences Corp." was incorporated pursuant to the provisions of the CBCA on February 17, 2017. The full corporate name of Khiron is "Khiron Life Sciences Corp.". Khiron's registered and head office is in Toronto, Ontario. Khiron has one operating subsidiary, Khiron Colombia, which operates its medicinal cannabis business. Khiron Colombia was incorporated under the laws of Colombia as "Chiron Inversiones S.A.S." on February 6, 2016, amending minute no. 2 of its book of minutes of the general shareholder's assembly to change its name to "Khiron Colombia S.A.S." on April 26, 2017.

Khiron Colombia has its registered office in Bogota, Colombia.

The Qualifying Transaction

The following section contains a summary of the Definitive Agreement. This summary is qualified in its entirety by the actual terms of the Definitive Agreement which is available on SEDAR at www.sedar.com under Adent's profile.

Adent and Khiron entered into the Definitive Agreement dated as of December 22, 2017 setting out the terms and conditions upon which the parties intend to complete the Qualifying Transaction. The Amalgamation is structured as a three-cornered amalgamation pursuant to the terms of an Amalgamation Agreement and, as a result, Khiron will become a wholly-owned subsidiary of the Resulting Issuer. The proposed name of the Resulting Issuer is "Khiron Life Sciences Corp.", or such other name as may be agreed to by the Board and approved by the TSXV.

As a condition precedent to the completion of the Amalgamation, the Subscription Receipts will be converted into Units immediately prior to the completion of the Amalgamation. As a result of the Amalgamation, the securities of Khiron will become securities of the Resulting Issuer and, in particular, each Underlying QT Khiron Share will be exchanged for 1 Resulting Issuer Share and each 1 Underlying QT Khiron Warrant will be exchanged for 1 Resulting Issuer Warrant. The number and terms of the securities to be issued in connection with the Amalgamation and following the Amalgamation were determined pursuant to arm's length negotiations between the management of each of Adent and Khiron. Pursuant to the Definitive Agreement, Adent will consolidate its issued and outstanding common shares on an 8:1 basis immediately prior to the completion of the Amalgamation and will have 706,250 common shares issued and outstanding post-consolidation.

Completion of the Qualifying Transaction is subject to compliance with the terms and conditions set forth in the Definitive Agreement including, but not limited to:

(a) entering into such other agreements necessary for the Amalgamation;

(b) receipt of all required approvals, including TSXV approval, the approval of the shareholders of Khiron in respect of the Amalgamation and related matters, the approval of the shareholders of Adent of the Adent Meeting Matters, and all necessary consents of other third parties, including any required approvals from the Ministry of Justice and Ministry of Health;

(c) upon completion of the Amalgamation, the Resulting Issuer meeting the applicable minimum listing requirements including, without limitation, the public float requirements of the TSXV; and

(d) certain other customary conditions for a transaction of this nature.

The fair value of the consideration to Adent shareholders is as follows:

Deemed issuance price of common shares issued to former shareholders of Adent	$0.89
Deemed issuance of common shares of former shareholders of Adent	706,250
Fair value of consideration	$628,300

Cash	$134,627
Accounts payable	(62,558)
Listing costs expensed	556,231
Value attributed to Adent shares issued	$628,300

The aggregate consideration payable by Adent to Khiron shareholders is $41,069,782, which represents 46,145,823 Adent Shares issued to Khiron shareholders at a deemed value of $0.89 per Adent Share.

THE RESULTING ISSUER

Upon Completion of the Qualifying Transaction and subject to the approval of the TSXV, it is expected that the Resulting Issuer will be listed on the TSXV as a Tier 2 Issuer (as such term is defined in the Corporate Finance Manual of the TSXV) and the Resulting Issuer Shares will trade under the symbol "KHRN". The Resulting Issuer will change its registered office to 100 King Street West, Suite 1600, Toronto, Ontario, Canada, M5X 1A9. The head office of the Resulting Issuer will be 100 King Street West, Suite 1600, Toronto, Ontario, Canada, M5X 1A9.

Upon Completion of the Qualifying Transaction:

(a) an aggregate of 46,852,073 Resulting Issuer Shares will be issued and outstanding, consisting of:
   (i) 34,915,823 Resulting Issuer Shares issued to existing holders of Khiron;
   (ii) 11,230,000 Resulting Issuer Shares issued to holders of Subscription Receipts; and
   (iii) 706,250 Resulting Issuer Shares currently held by shareholders of Adent;

(b) an aggregate of 20,285,805 options and warrants to purchase Resulting Issuer Shares will be outstanding, consisting of:
   (i) options to purchase 3,012,500 Resulting Issuer Shares to be issued on Closing;
   (ii) warrants to purchase 15,557,448 Resulting Issuer Shares to be issued on Closing; and
   (iii) Resulting Issuer QT Broker Warrants representing the right to acquire up to an aggregate of 786,100 Units comprised of one Resulting Issuer Share and one Resulting Issuer Warrant.

THE QT FINANCING

On January 12, 2018, Khiron completed a brokered private placement offering of an aggregate of 11,230,000 Subscription Receipts at a subscription price of $1.00 per Subscription Receipt for aggregate gross proceeds of $11,230,000. Each Subscription Receipt is convertible into 1 Unit consisting of 1 Underlying QT Khiron Share and 1 Underlying QT Khiron Warrant.

The gross proceeds from the QT Financing less certain 50% of the Agents' commission, 50% of the Agents' corporate finance fees, as well as certain early release amounts and expenses of the Agents (the "**QT Escrow Funds**") have been deposited in escrow with TSX Trust Company (the "**Subscription Receipt Agent**") until the satisfaction of the following conditions (the "**Escrow Release Conditions**"):

(a) the completion, satisfaction or waiver of all conditions precedent to the completion of the Amalgamation pursuant to and in accordance with the Amalgamation Agreement, to the satisfaction of the Lead Agent;

(b) the receipt of all required shareholder and regulatory approvals, including, without limitation, the conditional approval of the TSXV for the listing of the Resulting Issuer Shares and the Amalgamation;

(c) receipt by the Lead Agent of an opinion of counsel of Khiron that upon the issuance of Underlying QT Khiron Securities pursuant to the conversion of the Subscription

Receipts and completion of the Amalgamation, the securities of Adent issued in exchange for or in lieu of the Khiron Shares, Khiron Warrants and Khiron Warrant Shares, will not be subject to any statutory or other hold period in Canada and those issued in exchange for or in lieu of the Underlying Shares and Warrant Shares will be freely tradeable on the TSXV;

(d) the representations and warranties of Khiron contained in the QT Agency Agreement being true and accurate in all material respects, as if made on and as of the date of the escrow release notice; and

(e) Khiron and the Lead Agent having delivered the escrow release notice to the Subscription Receipt Agent.

At the effective time of the completion of the Amalgamation, the Subscription Receipts will be converted to Units and, concurrent with the Amalgamation, exchanged on an equivalent basis into Resulting Issuer Shares and Resulting Issuer Warrants without payment of any additional consideration or any further action on the part of the holder thereof.

In the event that the Escrow Release Conditions have not been satisfied or waived prior to 5:00 p.m. (Toronto time) on May 15, 2018, the QT Escrow Funds shall be returned to the applicable holders of the Subscription Receipts together with any interest earned thereon, and such Subscription Receipts shall be automatically cancelled and be of no further force and effect.

In connection with the QT Financing, the Lead Agent is entitled to receive a cash commission of $669,830 and a corporate finance fee of $116,000, with 50% of such cash commission and corporate finance fee, respectively, paid on closing of the QT Financing and the balance to be paid upon satisfaction of the Escrow Release Conditions. In addition, the Lead Agent is entitled to receive 785,830 QT Broker Warrants each being exercisable for one Unit at a price of $1.00 per Unit for a period of two years from the date of the listing of the Resulting Issuer Shares following the Completion of the Qualifying Transaction. At the effective time of the completion of the Amalgamation, each QT Broker Warrant will be exchanged into one Resulting Issuer Broker Warrant. Each Resulting Issuer Broker Warrant shall entitle the holder thereof to subscribe for 1 Unit at a price equal to $1.00 per Unit for a period of two years from the date of the listing of the Resulting Issuer Shares following the Completion of the Qualifying Transaction.

The Resulting Issuer intends to use the net proceeds from the QT Financing for capital expenditures to build Khiron Colombia's Cultivation Facility, working capital and for general corporate purposes.

INTERESTS OF ANY INSIDER, PROMOTER OR CONTROL PERSON

The following is a summary of the interests of Insiders of Adent, and their respective Associates and Affiliates, before and after giving effect to the Qualifying Transaction.

Insider, Promoter or Control Person (including Associates and Affiliates)	Position	Number and Percentage of Adent Shares or Khiron Shares prior to the Amalgamation	Number and Percentage of Post Consolidation Adent Shares upon Completion of the Amalgamation
Anthony Viele	Director, President and	100,000	12,500

Insider, Promoter or Control Person (including Associates and Affiliates)	Position	Number and Percentage of Adent Shares or Khiron Shares prior to the Amalgamation	Number and Percentage of Post Consolidation Adent Shares upon Completion of the Amalgamation
	Chief Executive Officer	(1.77%)	(0.02%)
Kenneth Tollstam	Director, Secretary and Chief Financial Officer	83,333 (1.47%)	10,416 (0.02%)
Sruli Weinreb	Director	500,000 (8.85%)	62,500 (0.14%)

Arm's Length Transaction

The Amalgamation does not constitute a Non-Arm's Length Qualifying Transaction within the meaning of the CPC Policy.

ESTIMATED AVAILABLE FUNDS AND PRINCIPAL PURPOSES

Estimated Available Funds

Based on information available as at April 30, 2018, upon Completion of the Qualifying Transaction, the Resulting Issuer is expected to have approximately $12,059,270 in Available Funds, which includes the following:

Estimated Funds Available	Amount ($)
Pro forma consolidated working capital(1)	12,059,270
Estimated fees and expenses of the Qualifying Transaction(2)	(1,086,100)
Total Estimated Available Funds	**10,919,190**

Notes:

(1) Consolidated working capital is derived from the Pro Forma Financial Statements attached as Schedule "E". Includes the gross proceeds from the QT Financing of the issuance of 11,230,000 Subscription Receipts in the amount of $1.00.

(2) Estimated fees and expenses of the Qualifying transaction are made up of (i) financing fees in the amount of $786,100 and (ii) estimated transaction costs of $300,000.

Principal Purposes of Funds

Based on information available as at April 30, 2018, the following table sets forth the principal purposes for which the estimated funds available to the Resulting Issuer upon Completion of the Qualifying Transaction and the current estimated amounts to be used for each such principal purpose:

Principal Use of Available Funds	Amount ($)
General and administrative corporate expenses during 12-month period beginning May 1, 2018	4,820,236
Construction of the Cultivation Facility(1)	2,200,000
Clinic and product lab development	1,500,000
Commercial distribution	1,000,000
Security	572,475
Research and development	300,000
Unallocated working capital(2)	580,495
Total Uses	**10,919,190**

Note:

(1) See "*Part II – Information Concerning Khiron – Narrative Description of the Business – Operations – Facilities*".

(2) The unallocated funds do not include expected positive cash inflows from operations.

Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds is necessary in order for the Resulting Issuer to achieve its objectives as set out in this Filing Statement. While the Resulting Issuer's business will be principally conducted in and from Colombia, the Resulting Issuer will maintain the majority of its funds in accounts denominated in Canadian dollars.

SELECTED PRO-FORMA CONSOLIDATED FINANCIAL INFORMATION

The following table sets out certain financial information for Adent and Khiron as at February 28, 2018, as well as unaudited Pro Forma Financial Statements, after giving effect to the Qualifying Transaction and the QT Financing as if such events had occurred on February 28, 2018 for balance sheet purposes. Such information is derived from and should be read in conjunction with the Pro Forma Financial Statements and the notes thereto attached hereto. See Schedule "E".

Pro Forma Balance Sheet	Khiron as at December 31, 2017 $	Adent as at February 28, 2018 $	Pro Forma Adjustments[1] $	Pro Forma Consolidated $
Cash and Cash equivalents	$1,809,645	$134,627	$11,048,900	$12,993,172
Other Current Assets	$845,332	0	0	$845,332
Non-Current Assets	$242,563	0	0	$242,563
Total Assets	**$2,897.540**	**$134,627**	**$11,048,900**	**$14,081,067**
Current Liabilities	$704,263	$62,558	0	$766,821
Non-current Liabilities	0	0	0	0
Total Liabilities	**$704,263**	**$62,558**	**0**	**$766,821**
Shareholder's Equity	**$2,193,277**	**$72,069**	**$11,048,900**	**$13,314,246**

Notes:

(1) Includes the gross proceeds from the private placement of 11,230,000 Subscription Receipts in the amount of $1.00 net of commissions and financing fees in the amount of $786,100 (of which 50% was paid at closing of the QT Financing and 50% will be payable upon satisfaction of the Escrow Release Conditions) and estimated transactions costs of $300,000, resulting in net proceeds of $10,143,900. Includes gross proceeds from the private placement of 905,000 units at $1.00 per unit. No finders' fees or commission were paid in connection with the offering.

MARKET FOR SECURITIES AND MARKET PRICE

The Adent Shares are listed on the NEX under the trading symbol "ANT.H". The closing market price of the Adent Shares on the last day on which there was a trade of Adent Shares prior to the

announcement of the Qualifying Transaction on October 26, 2017 was $0.125. It is anticipated that the Resulting Issuer Shares will resume trading on the TSXV upon completion of the Amalgamation under the symbol “KHRN”.

The Khiron Shares are not listed on any stock exchange and there is currently no public market for Khiron Shares.

CONFLICTS OF INTEREST

Some of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon the completion of the Amalgamation are also directors, officers and/or Promoters of other reporting and non-reporting issuers. To the knowledge of the directors and officers of Adent and Khiron, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment as directors or officers upon completion of the Amalgamation, as of the date of this Filing Statement.

INTERESTS OF EXPERTS

Except as disclosed herein, no person or Company whose profession or business gives authority to a statement made by the person or Company and who is named as having prepared or certified a part of this Filing Statement or prepared or certified a report or valuation described or included in this Filing Statement currently holds, directly or indirectly, more than 1% of the Adent Shares or Khiron Shares, or holds any property of Adent or Khiron or of an Associate or Affiliate of Adent or Khiron and no such person is expected to be elected, appointed or employed as director, senior officer or employee of Adent or Khiron or of an Associate or Affiliate of the Resulting Issuer and no such person is a promoter of Adent or Khiron or an Associate or Affiliate of Adent or Khiron.

As of the date of this filing statement, Crowe MacKay LLP has reported that it is independent in accordance with the code of professional conduct of the Chartered Professional Accountants of British Columbia with respect to Adent and MNP LLP has reported that it is independent with respect to Khiron.

CONDITIONAL LISTING APPROVAL

The TSXV has conditionally approved the Amalgamation as the Qualifying Transaction for Adent subject to Adent fulfilling all the requirements of the TSXV on or before May 15, 2018.

ADENT MEETING

On February 2, 2018, Adent mailed to its shareholders (“**Adent Shareholders**”) a management information circular (the “**Adent Circular**”) in connection with the Adent Meeting held on March 5, 2018. At the Adent Meeting, the Adent Shareholders were asked to approve resolutions in respect of the following matters in connection with, and subject to the completion of, the Amalgamation: (i) the Adent Consolidation; (ii) the election of the Khiron Nominees; (iii) the appointment of MNP LLP, Chartered Professional Accountants, as the auditor of Adent; (iv) the adoption of the Resulting Issuer RSU Plan; (v) the adoption of the Resulting Issuer Option Plan; and (vi) such other matters that may be reasonably required in order to give effect to the Amalgamation as are deemed appropriate by the Board and acceptable to Khiron, acting reasonably. All resolutions were passed by the Adent Shareholders at the Adent Meeting.

The current directors of Adent have no intention of acting upon the authority granted them under the foregoing resolutions if the Amalgamation is not completed.

SUMMARY OF RISK FACTORS

The following is a summary of certain risk factors applicable to Adent, Khiron and the Resulting Issuer. The risks presented in this Filing Statement should not be considered to be exhaustive and may not be all of the risks that the Resulting Issuer and Khiron may face. See "*Part IV – Risk Factors*".

Business risks:

- limited operating history
- managing growth
- retention and acquisition of skilled personnel
- legal proceedings
- regulatory and civil proceedings
- regulatory risks, including changes to national and local legislation or taxation in any jurisdiction in which Khiron operates
- change of cannabis laws, regulations and guidelines
- reliance on one facility
- unexpected disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise
- reliance on licences and authorizations and delays in receiving such licences and authorizations
- demand for cannabis and derivative products
- liability, enforcement, complaints, etc.
- product liability
- insurance coverage
- ability to establish and maintain bank accounts
- product recalls
- risks inherent in an agricultural business
- risks inherent in rural real estate
- energy prices and supply
- supply of cannabis seeds
- changes in corporate structure
- emerging market risks
- global economy
- TSXV Restrictions on Business

Risks related to investment in a company with Colombian operations

- operational risks
- inflation in Colombia

- operations in Spanish
- enforcement of judgments

Financial and accounting risks:

- access to capital
- foreign sales and fluctuation in the exchange rate between the Colombian peso and the Canadian dollar, the Colombian peso and the U.S. dollar and the U.S. dollar and the Canadian dollar
- estimates or judgments relating to critical accounting policies
- tax risks

Risks related to the Adent Shares and Completion of the Qualifying Transaction:

- market for the Resulting Issuer shares
- no history of payment of cash dividends
- reporting issuer status
- tax issues
- completion of the Qualifying Transaction is subject to conditions precedent
- termination of the Definitive Agreement
- potential undisclosed liabilities associated with the Amalgamation

PART I – INFORMATION CONCERNING ADENT

CORPORATE STRUCTURE

Adent Capital Corp.

Adent was incorporated on May 16, 2012 pursuant to the filing of articles of incorporation under the BCBCA. The head office of Adent is located at MEZ-8 Wellington St E, Toronto, ON M5E 1C5 and the registered and records office of Adent is located at 1055 West Georgia Street, Suite 1500, Vancouver, BC V6E 4N7.

Adent SubCo

Adent has one wholly-owned subsidiary “10546534 Canada Inc.”, which was incorporated on December 19, 2017 under the CBCA for the purposes of effecting the Amalgamation. The head office of Adent Subco is located at MEZ-8 Wellington St E, Toronto, ON M5E 1C5 and the registered and records office of Adent Subco is located at 1055 West Georgia Street, Suite 1500, Vancouver, BC V6E 4N7.

Adent SubCo is authorized to issue an unlimited number of common shares, of which one common share is issued and outstanding as of the date hereof.

GENERAL DEVELOPMENT OF THE BUSINESS

History

Adent is a CPC created pursuant to the policies of the Exchange. Adent does not own any assets, other than cash or cash equivalents and its rights under the Definitive Agreement. The principal business of Adent is to identify and evaluate opportunities for the acquisition of an interest in

assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation subject to acceptance by the Exchange so as to complete a Qualifying Transaction in accordance with the policies of the Exchange.

Adent completed its initial public offering on October 23, 2012 and the Adent Shares were listed on the TSXV and began trading on October 25, 2012. On January 22, 2015, the Adent Shares were transferred to the NEX under the symbol "ANT.H". On October 24, 2017, trading in the Adent Shares was halted in connection with the Qualifying Transaction. Trading remains halted as of the date of this Filing Statement.

Selected Financial Information

Since incorporation, Adent has incurred the following costs in carrying out the IPO, in seeking, evaluating and negotiating potential Qualifying Transactions, and in meeting the disclosure obligations imposed upon it as a reporting issuer listed for trading on the TSXV and NEX.

The following tables set forth selected historical financial information for Adent for the years ended May 31, 2017 and 2016 and the nine-month period ended February 28, 2018, and selected balance sheet data for such years and period. The financial statements of Adent have been prepared in accordance with IFRS and are denominated in Canadian dollars. Such information is derived from Adent's financial statements and should be read in conjunction with such financial statements included elsewhere in this Filing Statement including those financial statements attached hereto as Schedule "A".

Balance Sheet Data	**As at February 28, 2018** **$**	**As at May 31, 2017** **$**	**As at May 31, 2016** **$**
Cash and cash equivalents	134,627	4,960	21,265
Total assets	134,627	9,460	23,515
Total liabilities	62,558	117,373	91,745
Shareholder's Equity (deficiency)	72,069	(107,913)	(68,230)

Income Statement Data	**9 month period ended February 28, 2018** **$**	**12 month period ended May 31, 2017** **$**	**12 month period ended May 31, 2016** **$**
Total income	0	0	0
Total expenses	124,702	44,683	59,558
Net income (loss)	(60,618)	(44,683)	(59,558)

Management's Discussion and Analysis

The Adent MD&A for the years ended May 31, 2017 and 2016 are attached hereto as Schedule "B". The Adent MD&A should be read in conjunction with the Adent's audited financial statements for the years ended May 31, 2017, and 2016 where necessary.

DESCRIPTION OF THE SECURITIES

Adent is authorized to issue an unlimited number of Adent Shares, of which 5,649,999 Adent Shares are issued and outstanding as of the date hereof. No Adent Shares are reserved for issuance under any stock options.

The holders of Adent Shares are entitled to dividends if, as and when declared by the Board of directors of Adent, to receive notice of and one vote per Adent Share at meetings of the shareholders of Adent and, upon liquidation, dissolution or winding up of Adent, to share rateably in such assets of Adent as are distributable to the holders of Adent Shares. All Adent Shares which are to be outstanding after Completion of the Qualifying Transaction will be fully paid and non-assessable.

This summary does not purport to be complete and reference is made to the Adent's notice of articles and articles for a complete description of these securities and the full text of their provisions.

STOCK OPTION PLAN

Summary of the Adent Option Plan

The principal purposes of the Adent Option Plan are to provide Adent with the advantages of the incentive inherent in share ownership on the part of directors, employees and consultants of Adent responsible for the continued success of Adent; to create in them a proprietary interest in, and a greater concern for, the welfare and success of Adent; to encourage them to remain with Adent; and to attract new directors, employees and consultants to Adent.

As permitted by the policies of the TSXV, the Adent Option Plan provides for a floating maximum limit of 10% of the outstanding Adent Shares. Capitalized terms not otherwise defined have the meanings assigned to them in the TSXV Corporate Finance Manual.

The Adent Option Plan provides that the Board may from time to time, in its discretion and in accordance with the requirements of the TSXV, grant to directors, officers, employees and consultants of Adent and its affiliates, non-transferable options to purchase Adent Shares, provided that the number of Adent Shares reserved for issuance will not exceed 10% of the issued and outstanding Adent Shares. Such options are exercisable for a period of up to ten years from the date of grant.

The maximum number of Adent Shares reserved for issue to any one person under the Adent Option Plan cannot exceed 5% of the issued and outstanding number of Adent Shares in any one 12-month period without disinterested shareholder approval. Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued and outstanding number of Adent Shares in any one 12-month period to any consultant or employee conducting investor relations activities.

Prior to the Completion of a Qualifying Transaction, the Board may grant options only to directors, officers, employees and consultants. In the absence of the approval of disinterested shareholders, options in respect of not more than 10% of the issued and outstanding Adent Shares will be granted in any 12-month period. Options are non-assignable and non-transferable. For the purposes of the shareholder approvals required under the Adent Option Plan, "disinterested shareholder approval" means approval by a majority of votes cast by all shareholders at a meeting, excluding votes attached to Adent Shares beneficially owned by Insiders of Adent to whom stock options may be granted pursuant to the Adent Option Plan and their associates in accordance with the policies of the TSXV.

If an optionee ceases to be employed by Adent or ceases to act as a director or officer of Adent, any option held by such optionee will expire no later than the 90th day following the date that the optionee ceases to be a director or officer and no later than the 30th day following the date that the optionee cease to be an employee or consultant of Adent by way of termination of employment or technical consulting arrangement and, in the case of death, expire within one year thereafter subject to the expiry date of the option. Upon death, the options may be exercised by legal representatives or designated beneficiaries of the holder of the option.

While Adent is a CPC, options may be exercisable the greater of 12 months after the Completion of the Qualifying Transaction and up to 90 days following cessation of the optionee's position with Adent in the event the optionee ceases to be a director, officer, and 30 days in the event the optionee ceases to be an employee or consultant of Adent after the Completion of the Qualifying Transaction. Any Adent Shares acquired pursuant to the exercise of options prior to the Completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow restrictions until the TSXV issues a bulletin evidencing the final acceptance of the Qualifying Transaction. The Board may determine the exercise prices for the stock options granted according to its own discretion subject to the policies of the Exchange.

The vesting schedule for stock options granted, if any, shall be determined by the Board according to its own discretion subject to the policies of the Exchange and shall be set out in the option certificate issued in respect of the stock option. The board may elect, at any time, to accelerate the vesting schedule for one or more stock options.

At the Adent Meeting, the shareholders of Adent approved the Resulting Issuer Option Plan, which will continue as the stock option plan for the Resulting Issuer following the Completion of the Qualifying Transaction. See "*Part III – Information Concerning the Resulting Issuer – Options and Restricted Share Units – Summary of the Resulting Issuer Option Plan*"

Stock Options Granted

As of the date of this Filing Statement, there are no outstanding Adent Options.

PRIOR SALES

Since the date of incorporation of Adent, the following Adent Shares have been issued, of which 5,649,999 Adent Shares are issued and outstanding as of the date of this Filing Statement:

Date Issued	Number of Shares[3]	Issue Price per Share	Aggregate Issue Price	Nature of Consideration
May 18, 2012	3,100,000[1]	$0.05	$155,000	Cash
October 23, 2012	3,000,000	$0.10	$300,000	Cash
June 16, 2017	4,133,331[2]	$0.06	$248,000	Cash

Notes:

(1) In connection with Adent's transfer to NEX on January 22, 2015, an aggregate of 1,550,000 of these Adent Shares that had been issued to founders were cancelled. All of these Adent Shares are subject to escrow restrictions in accordance with the CPC Policy.

(2) 683,333 of these Adent Shares are subject to escrow restrictions in accordance with the CPC Policy.

(3) Effective June 16, 2017, Adent completed a share consolidation whereby the issued and outstanding Adent Shares were consolidated on the basis of 1 post-consolidation Adent Share for each 3 pre-consolidation Adent Shares. The Adent Shares issued on June 16, 2017 were issued on a post-consolidation basis, and all other figures in the above table are presented on a pre-consolidation basis.

STOCK EXCHANGE PRICE

On October 23, 2012, the Adent Shares were listed on the TSXV under the symbol "ANT.P". On January 22, 2015, the Adent Shares were listed on the NEX under the symbol "ANT.H". On October 24, 2017, trading in the Adent Shares was halted in connection with the announcement of the Qualifying Transaction. Trading remains halted as of the date of this Filing Statement. Upon completion of the Amalgamation, it is anticipated that the Adent Shares will be listed on the TSXV under the symbol "KHRN".

The Adent Shares were listed and posted for trading on the TSXV from October 23, 2012 and January 21, 2015 and have been listed and posted for trading on the NEX since January 22, 2015. The following table sets out trading information for the Adent Shares on the TSXV and NEX for the periods indicated:

Period	High ($)	Low ($)	Volume
April 2018	N/A	N/A	0
March 2018	N/A	N/A	0
February 2018	N/A	N/A	0
January 2018	N/A	N/A	0
December 2017	N/A	N/A	0
November 2017	N/A	N/A	0
October 2017[1]	$0.125	$0.10	30,997
September 2017	$0.125	$0.10	45,496
June 1 to August 31, 2017[2]	$0.13	$0.09	63,682
March 1 to May 31, 2017	N/A	N/A	0
December 1, 2016 to February 28, 2017	N/A	N/A	0
September 1 to November 30, 2016	N/A	N/A	0
June 1 to August 31, 2016	N/A	N/A	0
March 1 to May 31, 2016	N/A	N/A	0
December 1, 2015 to February 28, 2016	N/A	N/A	0
September 1 to November 30, 2015	N/A	N/A	0

Notes:

(1) Trading in the Adent Shares was halted on October 24, 2017 in connection with the Qualifying Transaction. Trading remains halted as of the date of this Filing Statement.

(2) Trading in the Adent shares was halted in connection with a proposed qualifying transaction with Chiltern Cold Storage Group announced on November 14, 2013 and was then suspended on November 5, 2014 as a result of Adent not completing a Qualifying Transaction within 24 months of listing. Trading was reinstated on June 20, 2017.

ARM'S LENGTH PARTY TRANSACTION

The Qualifying Transaction does not constitute a Non-Arm's Length Qualifying Transaction within the meaning of the CPC Policy.

LEGAL PROCEEDINGS

There are no legal proceedings material to Adent to which Adent is a party to or of which any of its property is the subject matter, and there are no such proceedings known to Adent to be contemplated.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditors of Adent are Crowe MacKay LLP located at 1100 – 1177 West Hastings Street, Vancouver, BC, V6E 4T5. The transfer agent and registrar for the Adent Shares is TSX Trust Company at its principal office at 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1.

MATERIAL CONTRACTS

Adent has not entered into any material contracts and will not enter into any material contracts prior to the Completion of the Qualifying Transaction, other than:

2. the Subscription Receipt Agreement;
3. the QT Agency Agreement;
4. the Warrant Indenture;
5. the CPC Escrow Agreement;
6. the Definitive Agreement; and
7. the Amalgamation Agreement.

Copies of these agreements are available for inspection at the head office of Adent, at 903-67 Yonge Street, Toronto, Ontario, M5E 1J8, during ordinary business hours until the Completion of the Qualifying Transaction and for a period of 30 days thereafter.

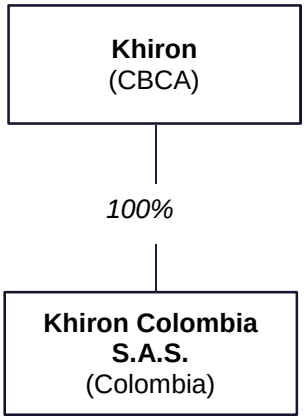
PART II – INFORMATION CONCERNING KHIRON

CORPORATE STRUCTURE

Khiron

Khiron Life Sciences Corp. was incorporated pursuant to the provisions of the CBCA on February 17, 2017. Khiron is not a "reporting issuer" under applicable securities legislation and its securities are not listed for trading on any stock exchange. The principal and registered head office of Khiron is located at 100 King Street West, Suite 1600, Toronto, Ontario, Canada M5X 1G5.

INTERCORPORATE RELATIONSHIPS



Khiron has one wholly-owned subsidiary, Khiron Colombia S.A.S., which was incorporated on February 6, 2016 under the laws of Colombia as "Chiron Inversiones S.A.S.". On April 26, 2017, it amended minute no. 2 of its book of minutes of the general shareholder's assembly to change its name to "Khiron Colombia S.A.S.". Khiron Colombia has its registered office address at Bogota, Colombia. Khiron Colombia is the operating entity holding all licences, including the Licences, and assets in Colombia.

Pursuant to a share purchase agreement dated February 17th, 2017 between Khiron and Cannainversiones S.A.S (the "**Khiron Colombia SPA**"), Khiron acquired all the issued and outstanding share capital of Khiron Colombia from Cannainversiones S.A.S., previously the sole shareholder of Khiron Colombia. Pursuant to the terms of the Khiron Colombia SPA, Khiron acquired all of the outstanding common shares of Khiron Colombia S.A.S. by issuing a total of 14,300,000 Khiron Shares.

As of the date of the Filing Statement, information related to Khiron and Khiron Colombia's issued capital is as follows. See "*Part II – Information Concerning Khiron – Capitalization of Khiron*" below for further details.

Entities	Outstanding Number of Shares
Khiron	34,915,823 Khiron Shares
Khiron Colombia	3,237,998 common shares

DEVELOPMENT AND DESCRIPTION OF THE BUSINESS

History

Khiron is a Canadian integrated medicinal cannabis company founded in February 2017 with its core operations in the Municipality of Piedras, in the Department of Tolima, Colombia.

On September 22, 2017, the Ministry of Justice granted the Low THC Cultivation Licence allowing Khiron to cultivate in the following modalities: production of grain and seeds for planting, for by-products production, and for industrial and scientific purposes.

On October 4, 2017, the Ministry of Health granted the Production Licence authorizing the domestic and international distribution of High and Low THC Medicinal Cannabis extracts, and allowing Khiron to produce cannabis for domestic use, scientific investigation and for international export. Pursuant to the Production Licence, the Colombian government approved 4 hectares of land on which Khiron Colombia is permitted to commence cultivation and production of medicinal cannabis at its Cultivation Facility.

On October 19, 2017, the Ministry of Justice granted the High THC Cultivation Licence allowing Khiron to cultivate in the following modalities: production of grain and seeds for planting, for by-products production and for scientific purposes.

With the foregoing Licences and authorizations, Khiron Colombia has all requisite approvals to cultivate, produce, distribute domestically and export internationally both THC and CBD medicinal cannabis.

On October 25, 2017, Khiron entered into a letter of intent with Adent pursuant to which the parties agreed to complete the proposed Qualifying Transaction.

On December 22, 2017, Khiron entered into the Definitive Agreement with Adent, pursuant to which the parties intend to complete the Qualifying Transaction.

On January 12, 2018, in connection with the proposed Qualifying Transaction, Khiron completed the QT Financing and issued 11,230,000 Subscription Receipts at a price of $1.00 per Subscription Receipt for aggregate gross proceeds of $11,230,000. The gross proceeds, less 50% of the Agents' fees, commissions and expenses incurred in connection with the QT Financing, are currently held in escrow pending satisfaction of the Escrow Release Conditions.

Current Operations

Khiron is currently in the process of growing a variety of cannabis strains for specific patient ailments. Khiron has developed initial processing procedures for mature plants with the objective of distributing products through a variety of market channels in Colombia. Khiron will utilize stringent quality assurance and quality control measures in its Cultivation Facility to ensure that its products are consistent with medicinal cannabis industry standards. Khiron's product lines will include a variety of THC and CBD offerings that are currently being developed.

Development Stage

- Magistral preparations: Khiron is developing specific formulations of THC and CBD compounds for patients, available by prescription only. Khiron is permitted to sell these products to patients under its Licences.
- Export: Khiron is authorized to export THC and CBD compounds to international markets under its current licences, provided that (i) cannabis is legal in the destination jurisdiction; (ii) Khiron has a licensed counterparty to receive the product; and (iii) it obtains the export permit in accordance with Article 2.8.11.4.3 of Decree 780 of 2016 and Resolution 1487 of 2006 of the Ministry of Health. Khiron will be exploring the prospect of exporting compounds and cannabis products to legal markets in the coming months.

Khiron is currently developing over-the-counter and prescription products. Prior to the pre-commercial products becoming available for public sale, Khiron will be required to obtain the approval of INVIMA. The review process includes the testing of extracts, production of extracts using standardized cultivation and production methods; and final review by INVIMA of the efficacy of the product. It is anticipated that INVIMA approval for magistral preparations will be obtained by the fourth quarter of 2018, and expect to complete the INVIMA approval process for branded mass market products within 24 months.

NARRATIVE DESCRIPTION OF THE BUSINESS

General

Khiron is a Canadian integrated medicinal cannabis company with its core operations in the Municipality of Piedras, Colombia. Khiron combines leading international scientific expertise, agricultural advantages, and branded product market entrance experience to address medical needs of the Colombian marketplace.

Khiron operates through its subsidiary, Khiron Colombia. In September and October 2017, Khiron Colombia received all necessary approvals from applicable Colombian government regulatory bodies for the cultivation, production, domestic distribution, and international export of both THC and CBD medicinal cannabis extracts. See "*Part II – Information Concerning Khiron – Development and Description of the Business – History*" and "*Part II – Information Concerning Khiron – Narrative Description of the Business – Licences and Authorizations"*.

Industry Information

Medicinal cannabis applies the use of cannabis and its constituent cannabinoids to treat certain diseases or relieve chronic symptoms such as pain, muscle spasticity and nausea. Cannabinoid is a blanket term covering a family of complex chemicals, both natural and man-made, that bind with receptors (protein molecules on the surface of cells) to elicit a wide number of responses. Cannabinoid receptors in the human body are part of a system called the endocannabinoid system, a system that produces endocannabinoids that bind with cannabinoid receptors. Cannabinoid receptors are found in the brain and throughout the body. Scientists have found that cannabinoid receptors in the endocannabinoid system are involved in a vast array of functions in our bodies, including helping to modulate brain and nerve activity (including memory and pain), energy, metabolism, heart function, the immune system and reproduction.

While there are a large number of active cannabinoids found in cannabis, the two most commonly used for medical purposes are THC and CBD. Scientific studies have identified that THC and CBD, alone and/or in combination, have potential to provide treatment benefits for a large number of medical conditions. For example, THC, a psychotropic cannabinoid, has been shown to activate the endocannabinoid system in the central nervous system. This blocks neuronal signals and has shown the potential to treat patients with post-traumatic stress disorder (PTSD), as well as reduce nausea and vomiting, and improve the appetite of patients being treated with chemotherapy. In addition to the potential benefits of treatment with THC, CBD, a non-psychotropic cannabinoid, has been demonstrated to potentially reduce the frequency and severity of epileptic seizures[1].

Market and Trends

Khiron's primary focus is to sell medicinal cannabis products in the form of extracts to the domestic market in Colombia. This includes the major city centres of Bogota (8.0 million population), Medellin (2.5 million population), Cali (2.4 million population), and Barranquilla (1.2 million population). Colombia is a country with a population of 48.6 million people and in 2016 recorded a Gross Domestic Product ("**GDP**") of US$282.5 billion and a GDP per capita of US$5,800[2]. The country has an average life expectancy of 74.1 years and has seen a dramatic reduction in poverty in recent years[3]. Despite the overall improvement in economic and social indicators in Colombia, the country still has challenges in maintaining and improving the quality of its health system. The objective of Khiron is to ensure accessibility, quality, efficiency and sustainability within the health system, by providing affordable medicinal cannabis based products to patients.

Colombia is a recently legalized market for the commercial production and distribution of medicinal cannabis products. Khiron is an early entrant and an emerging leader in developing the domestic market for its products. Khiron is focused on addressing the unmet medicinal cannabis needs of prospective Colombian patients with conditions including: (i) epilepsy; (ii) chronic pain; (iii) chemotherapy-related nausea; (iv) post-traumatic stress disorder (PTSD); (v) anxiety; (vi) insomnia; (vii) multiple sclerosis; (viii) Parkinson's disease; (ix) depression; (x) Tourette syndrome; and (xi) anorexia.

For market qualification and quantification, Khiron engaged QuantilesIMS, one of the world's leading pharmaceutical statistics companies. QuantilesIMS used several sources such as epidemiologic quantification (adult population, prevalence information from secondary sources, and diagnosed and treated patient information estimates), pharmacological sizing (pharma sales extrapolation), and secondary public information, based on the qualifying conditions where medicinal cannabis can be an alternative treatment.

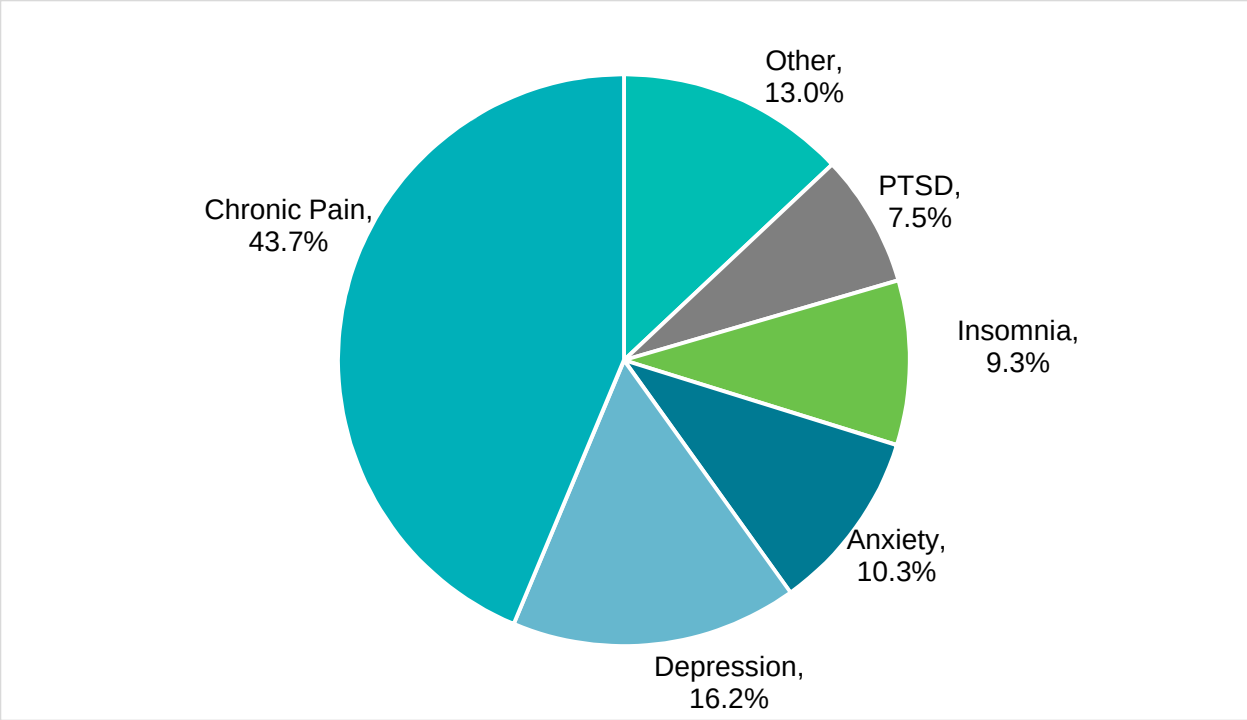
Based on the attractiveness assessment and epidemiological quantification, QuantilesIMS estimates the total potential market for patients with qualifying conditions in Colombia to be 5.6 million people. The following table highlights the composition of the market by medical condition:

---

[1] McCormick et al, 2017. "*The Health Effects of Cannabis and Cannabinoids*". Available in the National Academies Press website: www.nap.edu

[2] World Bank, 2016

[3] Ibid



Currently, of the chronic pain population of 2.2 million people, QuantilesIMS estimates approximately 500,000 patients use opioid-based medication for treatment. These medications are often expensive and can lead to adverse health effects. Khiron aims to displace this portion of the market, which aligns with the overall trend in Colombia to utilize medicinal cannabis as a potential solution to meet the unmet medical needs of the population.

QuantilesIMS surveyed 90 physicians across Colombia from various disciplines (rheumatology, physiatry, pain-specialized physicians, internal medicine, neurology and pediatric neurology, oncology, general practitioners, and orthopedics) for qualitative data on physician exposure to and perception of medicinal cannabis.

Of the 90 physicians surveyed, on average 140 of their patients per month visit them for issues relating to chronic pain. Of these physicians, approximately 11% have previous experience prescribing cannabis to patients on a compassionate basis. On a scale of 1 (very negative) to 5 (very positive) relating to the perception of medicinal cannabis as a treatment for chronic pain, the survey produced an average score of 3.5. The physicians that had reservations about prescribing medicinal cannabis stated lack of information on available medications and evidence supporting the suitability of the medication for various conditions, as the main issues needing to be further addressed to increase the overall positive perception of medicinal cannabis in Colombia. Khiron is actively engaging with the medical community to provide information on cannabis for various conditions and develop products that are validated and follow pharmaceutical standards to ensure quality and consistency of product. Khiron is sharing information with the medical community through continuing education courses, medical conferences, social medial, web portals, informational training packages, and seminars.

Marketing Plans and Strategies

Khiron seeks to position itself as the leading, most knowledgeable and trustworthy medicinal cannabis provider in Colombia. Key to the achievement of this objective is Khiron's robust

marketing plan focusing on being a patient-oriented company with strong brand loyalty and patient preference. Khiron has defined essential competitive advantages across the value chain from plant to patient. These include:

- **Strain Selection:** Obtaining medically-validated strains for the optimization of efficient production of cannabinoids and other phytochemicals;
- **Cultivation:** Developing standard operating procedures to increase yields and consistency, while implementing sustainable cultivation standards and leading international site security standards;
- **Product:** Developing medically endorsed products based on scientific research, and manufacturing these products in accordance with GMP Standards to ensure quality and consistency;
- **Doctor Engagement:** Engaging with the medical community to develop medications for specific indications. Continuously working with healthcare professionals to provide the latest training and information on medicinal cannabis;
- **Medical and Scientific Research and Development:** Launching Colombian medical research studies with leading health organizations to understand and validate the benefits of medicinal cannabis within the market;
- **Patient-Oriented:** Working with healthcare professionals to offer patients an alternative to existing medications. Developing meaningful relationships with patients by offering them information, support, and learning resources through outreach channels.

Khiron intends to develop a series of medicinal cannabis clinics across Colombia to attract and retain physicians and patients. These clinics will serve as sales points for the products and education centres for patients. Khiron plans to begin clinic operations in late 2018. Khiron will market the clinics through various conferences and marketing channels. Khiron's clinics will allow for personalized treatment and direct engagement with patients, thus creating brand loyalty and preference. As set forth in the regulations for medicinal cannabis, Khiron has the authority to treat patients through external physicians or a physician employed by Khiron.

Colombian Regulatory Framework

Highlights of Cannabis Legalization in Colombia

- Law 1787 of 2016 enacted by Colombian Congress, Decree 613 of 2017 and regulatory resolutions (577, 578 and 579 of August 8th of 2017 enacted by the Ministry of Justice and resolutions 2891 and 2892 of 2017 enacted by the Ministry of Health) formed a legal framework that regulates the actions of any company in Colombia working with cannabis for medical and scientific purposes, including the cultivation, production, and domestic and international distribution of cannabis, cannabis seeds, High THC Medicinal Cannabis, and Low THC Medicinal Cannabis extracts.
- Colombia's regulatory framework focuses on extracts to generate a purely medical product market and provides for product quality and consistency through INVIMA.
- The aim of the Colombian regulatory framework is to enable access for patients to medications made in Colombia that are safe, are of high-quality and accessible, while concurrently promoting scientific research in the country.

Background – Drug Policies in Colombia prior to Cannabis Legalization

Prior to the legalization of medicinal cannabis in Colombia, drug policies were punitive in nature and heavily influenced by other international jurisdictions. While Colombia initially took a liberal approach to cannabis use in the early 20th century, its stance on prevention and prosecution became increasingly influenced by the stringent policies of the United States and the broader global community. During the second half of the 20th century, Colombia implemented policies with severe sanctions targeting all aspects and actions relating to the production and distribution of narcotics.

Year and legal framework		Colombian Approach to Drug Enforcement
1920	Law 11	Trafficking or consumption subject only to monetary penalties.
1928	Law 128	Established punitive sanctions and made it possible to seize controlled substances.
1936	Criminal Code	Criminalized the preparation, distribution, sale, or supply of narcotic substances. Penalties included minor sentences carried out in low-level security prisons.
1946	Law 45	Increased the penalties for breach of then-existing laws regulating activities related to narcotics with longer sentences and periods of solitary confinement carried out in medium-level security prisons.
1964	Decree 1669	Decree 1669 of 1964 criminalized the consumption of any narcotic substance.
1971	Decree 522	Punished the trafficking and cultivation of narcotics. The decree decriminalized their possession and use in private spaces but imposed a penalty of imprisonment of one to three months for public use.
1974	Decree 1188	Considered the first National Narcotics Statute, the Decree increased penalties for drug trafficking and criminalized consumption. From 1974 to 1980, Colombia ratified international agreements on drugs (Single Convention on Narcotic Drugs of 1961 and The Convention on Psychotropic Substances of 1971).
1986	Law 30	The National Narcotics Statute (ENE, or Estatuto Nacional de Estupefacientes), regulated by Decree 3788 of 1986, was one of several laws implemented between 1980 and 1993 that targeted trafficking and related activities as opposed to preventive and rehabilitative measures contained in preceding legislation.
1994	Judgment C-221	The Constitutional Court found those articles of Law 30 of 1986 that punish possession and consumption of a personal amount of up to 20 grams to be unconstitutional.
2009	Legislative act 02	A 2009 constitutional amendment prohibited possession and consumption of narcotic or psychotropic substances, unless medical prescription is provided.

2011	Law 1453	The Citizen Security Law that reformed the Criminal Code and eliminated the previous exemption from prosecution for narcotics possession if the quantity was equivalent to the legal personal dose.
2012	Judgment C-491	Possession of the legal personal dose remains decriminalized and drug use continued to be interpreted as an activity protected by the right to the free development of personality.

In the 1970s, a more hardline approach to narcotics was reinforced in response to the growing influence of international treaties and the efforts of governments to coordinate their drug policies. The 1980s saw an emphasis on comprehensive regulation, leading to the adoption of Law 30 (the ENE) in 1986, focused on the control and enforcement of criminal drug consumption and trafficking. Following the introduction of Law 30, Colombia signed the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances on December 20, 1988 and later ratified it on June 10, 1994.

In 1994, the decriminalization of personal possession and consumption was mandated by Judgment C-221 of 1994 of the Constitutional Court. While this represented a shift in approach by Colombian lawmakers, a constitutional amendment in 2009 reversed the effects of Judgment C-221 of 1994 and reinstated the prohibition on personal possession and consumption of narcotic or psychotropic substances, even on a personal dose basis, unless supported by a medical prescription.

Despite the constitutional amendment in 2009, in recent years Colombian legislation with respect to cannabis has trended towards a preventative and rehabilitative approach. The Citizen Security Law, enacted in 2011, reformed the Criminal Code and softened some of the punitive provisions relating to possession of personal amounts of narcotics. In ruling C-491 by the Constitutional Court in 2012, the right to legally possess a personal amount of narcotics was upheld and the Court noted that drug use should continue to be understood as an activity protected by the right to the free development of personality. The Constitutional Court, through rulings SU-642 of 1998 and C-336 of 2008, among others, has established that the right to the free development of personality, also known as the right to autonomy and personal identity, grants individuals the right to self-determination, that is the freedom and independence to govern his/her own existence and determine a lifestyle according to his/her own interests; provided, that the rights of others and the constitutional order are respected.

In January 2013, the Advisory Commission on Drug Policy (the "**Drug Policy Commission**") was established to provide recommendations on how legislation should treat criminal networks and citizen drug users, as well as the appropriate quantities to be considered as suitable personal amounts. In July 2014, the Drug Policy Commission issued an initial report submitted to the Ministry of Justice analyzing the conditions of drug use in Colombia and proposing guidelines to update the policy.

In May 2015, the Drug Policy Commission published its final report, which proposed a review of the drug policy in the country and made important recommendations, such as: (i) the creation of an agency for drug policy; (ii) measures to help reduce the risk to consumers; (iii) to rethink the fumigation involved with cultivation; (iv) regulation of medicinal cannabis; (v) alternative means to measure the success of policies against drugs; (vi) modernize the National Statute on Drugs and Psychoactive Substances; and (vii) to lead the global drug policy debate.

As a result of the Drug Policy Commission and the final report, the Colombian President approved and sanctioned Law 1787 of 2016 which was intended to regulate the use of cannabis for therapeutic purposes. The law, initially presented by Senator Juan Manuel Galan in an effort to legalize cannabis for medical and scientific purposes marked a new direction in the legislative approach to drugs. Law 1787 amended articles 375, 376 and 377 of the Colombian Criminal Code (the "**Criminal Code**") to remove sanctions against the medical and scientific use of cannabis used under a license duly granted by the relevant authorities according to Colombian laws. This amendment was required given that the Criminal Code expressly provided a general prohibition to the cultivation, conservation or financing of marijuana plantations among other related activities.

In order to regulate the activities that had become legal by way of Law 1787, the Ministry of Health, Ministry of Justice, and Ministry of Agriculture issued Decree 613 of 2017 whereby they defined the different types of licenses that may be granted in respect of permissible activities related to medicinal cannabis including: (i) production of cannabis derivatives; (ii) use of seeds for planting; (iii) planting of psychoactive cannabis plants; and (iv) planting of non-psychoactive cannabis plants. The Decree also sets out the requirements and criteria for the assignment of quotas for psychoactive cannabis plant cultivation, cannabis by-product production and other related activities.

Cannabis Legalization Framework and Oversight of the Colombian Cannabis Industry

The Colombian government's increasingly pragmatic and liberal approach to cannabis culminated in the adoption of Law 1787. Throughout the 20th century, Colombia's lawmakers followed a global agenda that imposed strict prohibitions and harsh sanctions on drug use and trafficking. While certain domestic social conditions hindered the prospect of permitting a specifically medicinal use of an illicit drug, Colombia has changed course and constructed an effective legal framework with appropriate mechanisms to introduce and regulate the use of cannabis for medicinal purposes. The following table sets out the current legal landscape relating to cannabis in Colombia and discusses the legislative developments that have shaped the current progressive outlook.

General Legal Framework	
Colombia's Political Constitution	Article 49 of the Political Constitution of Colombia regulates the use and consumption of cannabis, stating that "everyone is guaranteed access to services of promotion, protection and recovery of health". Subsequently, through Legislative Act 02 of 2009, Article 49 was modified, adding the proviso that cannabis use is only legal with a medical prescription.
Colombian Criminal Code	Chapter II of Law 599 of 2000 of the Colombian Criminal Code ("Trafficking in Narcotic Drugs and the Infractions") outlines penalties and sanctions related to narcotics trafficking and associated activities, such as the conservation or financing of marijuana plantations or any other plant from which cocaine, morphine and heroin can be produced without the permission of the competent authority, and the manufacture of narcotic drugs that exceeds the dose for personal use permitted in Colombia.
Laws, Legislative Acts, and Decrees	
Law 30 of 1986	This law established the National Narcotics Statute of Colombia, defining terms such as drug, narcotic, medication and psychotropic and setting the legal personal amount for consumption of cannabis at 20 grams.
Decree 677 of 1995	*The* Synthetic Drugs Regulation and Good Production Practices *regulation establishes* the Regime of Registers and Licenses, the Quality Control, as well as the Sanitary Surveillance Regimen (including the definition of Good Production Practices), for cosmetic medicines, pharmaceutical preparations based on natural resources and others.

Decree 2200 of 2005	The Magisterial Preparation and Production Conditions regulation defines standards pharmaceutical services, including GEP Standards for magistral preparations and conditions for production and storage.
Legislative Act 02 of 2009	This constitutional amendment prohibits the possession and consumption of narcotic or psychotropic substances, unless supported by a medical prescription. This amendment is intended to have a rehabilitative purpose to prevent addiction, with additional measures and treatments of a pedagogical, prophylactic or therapeutic nature to be implemented as support mechanisms for people over-consuming such substances.
Decree 2467 of 2015	Decree 2467 of 2015 regulates the medical and scientific uses of cannabis by setting standards for the production, manufacturing, import/export, distribution, trade, use and possession of narcotics, as well as the cultivation of plants from which these are produced.
Law 1787 of 2016	Approved on July 6, 2016, Law 1787 creates a regulatory framework that allows for the safe and informed use of cannabis and its derivatives for medical and scientific purposes. It includes provisions outlining the regulation of production, manufacturing, acquisition, import/export, storage, transportation, marketing, distribution, use and possession of the seeds of the cannabis plant, its derivatives and related products for medicinal and scientific purposes.
Decree 613 of 2017	Decree 613 of 2017 supports Law 1787 of 2016 by elaborating on the concepts of informed access and safe production of cannabis for medical and scientific use and establishes a licensing regime to conduct related activities.

With Law 1787 of 2016 and Decree 613 of 2017, Colombia's regulatory framework has developed five legal and administrative orders that control the operation of the cannabis sector:

(1) Resolutions 577, 578 and 579 of August 8, 2017, enacted by the Ministry of Justice, regulate the cultivation of non-psychoactive and psychoactive cannabis.

(2) Resolutions 2891 and 2892 of 2017, enacted by the Ministry of Health, regulate the production and/or manufacturing of cannabis derivatives (extracts). The Resolutions define whether the derivatives are to be used in the national market as raw material for final medical products or if they are to be exported to international markets.

(3) If the derivative is going to be used in the national market, it can be used as a synthetic or prescription drug, or a final product regulated by Decree 677 of 1995, developed in Resolutions 3183 of 1995, 1087 of 2001, and 1124, 1160 of 2016.

(4) The final product sold to the public may be an herbal or branded mass market phytotherapeutic product, a category regulated by Decree 2266 of 2004. Per Decree 613, derivatives extracted from cannabis cannot be commercialized as final products without sanitary approval from INVIMA. A sanitary permit is required to commercialize derivatives as herbal or synthetic products. INVIMA is the regulatory body responsible for defining the final products that have access to the market. The regulatory framework (Decree 613 of 2017 and Decree 2200 of 2005) allows the introduction of magistral preparations with cannabis. Magistral preparations are customized prescription products that do not require a sanitary permit, as they are not mass market phytotherapeutic products with standardized characteristics but must be prepared by a licence holder in a laboratory that meets GEP Standards.

(5) If a product or extract will be exported, the licence holder must obtain a permit from the FNE allowing for the delivery of cannabis. The permit process is regulated in

Resolution 1478 of 2006, an administrative order that also regulates the quotas that State requests from the International Narcotic Control Board.

Licences and Authorizations

Decree 613 of 2017 is the most significant aspect of the cannabis regulatory framework concerning medical and scientific uses of cannabis, as it establishes a licensing regime for the evaluation, monitoring and control of import, export, cultivation, production, manufacturing, acquisition, storage, transport, marketing, distribution, the use of seeds for planting cannabis, cannabis plants and their derivatives, as well as products containing it.

Decree 613 granted oversight for the licensing program for the production of cannabis derivatives to the Ministry of Health, through the Division of Medications and Health Technologies. The Ministry of Justice, through the Division of Control and Supervision of Chemical and Narcotic Drugs, has jurisdiction over licences for the use of seeds for planting and cultivating cannabis plants, as well as administrative and operational control of activities related to the management of seeds for planting, cannabis cultivation and cannabis. The FNE was tasked with administrative and operational control of activities related to the management of cannabis and its derivatives. Once a licence is issued, INVIMA and the ICA are responsible for the control of finished products of psychoactive cannabis.

Decree 613 authorizes the granting of 4 types of licenses permitting the following activities:

- Production of derivatives from cannabis: This licence authorizes activities related to the transformation of the psychoactive constituent elements of cannabis in oils, resins, and other forms for medical and scientific purposes. The licence may include an authorization by the Ministry of Health to carry out any of the following activities: manufacture, acquisition, import, export, storage, transport, trade, and distribution of psychoactive or non-psychoactive cannabis by-products.
- Use of seeds for sowing: This licence authorizes the management of seeds for planting which comprises their acquisition, import, storage, trade, distribution, possession, and final disposal, as well as their export and use for medical and scientific purposes.
- Cultivation of psychoactive cannabis plants: This licence authorizes the cultivation of High THC Medicinal Cannabis plants, which comprises planting, acquisition, and production of seeds, storage, trade, distribution, and final disposal, as well as export and use for medical and scientific purposes.
- Cultivation of non-psychoactive cannabis plants: This license authorizes the cultivation of Low THC Medicinal Cannabis plants, and comprises the planting, acquisition, and production of seeds, storage, trade, distribution, and final disposal of plants, as well as export and use for medical and scientific purposes.

Self-cultivation activities, which refer to non-commercial cultivation of up to 20 cannabis plants for personal consumption, do not require a plant cultivation license, nor will be subject to the licensing and quota system referred to in the Decree 613.

Licences are not transferable, exchangeable or assignable and are valid for 5 years and may be renewed for an equal period as many times as requested by the licensee. Licences may not be granted to individuals or legal persons who intend to carry on licensed activities on lands that are in national parks or in protected areas established by the National System of Protected Areas.

Licence holders of manufacturing cannabis derivatives must, at minimum, determine, by means of validated analytical methodologies, the content of THC, CBD and CBN in any cannabis crop they receive and in each lot of derivative that is produced.

Licensees are responsible for the electronic registration of basic information and movements of seeds for planting, plants, derivatives and cannabis products and must comply with established safety protocols.

Obligations and Restrictions Imposed on Licence Holders

Licensees are required to meet a number of conditions in the course of carrying on business, including:

- Compliance with the conditions established in the law, the decree, and the technical regulations issued by governmental authorities.
- Present the licence to third parties with whom it is intending to carry out transactions involving seeds for sowing, cannabis plants and cannabis, or their registration with the FNE in the case of transactions with cannabis derivatives.
- Inform governmental authorities of unusual or suspicious operations that licensees become aware of during the performance of activities authorized by the corresponding licence.
- Attend inspections carried out in the exercise of administrative and operational control.
- Maintain up to date records as required by the decree and its technical regulations including the monitoring and follow-up of the activities developed by the licence holders.
- Provide all information and documentation requested by governmental authorities within any prescribed time period.
- Rectify any administrative or operational failures identified by governmental authorities during the inspections, within the deadlines established in the communications issued.
- Begin the process of modification of the licence upon the occurrence of fundamental changes to the licensee.
- Authorized importers and exporters must submit to the Ministry of Justice and to the FNE, as applicable, within 8 days of the completion of the customs clearance process, import and export declarations that indicate the dates and quantities of entry or exit from Colombia of seeds for planting, cannabis plants, cannabis, cannabis derivatives, and products containing them.
- Comply with the administrative requirements and requirements derived from on-site citations issued by the authorities.

The Ministry of Justice, the Ministry of Health and the Ministry of Agriculture issued Resolution 579 of 2017, stating that small and medium licensed growers are those who grow or cultivate cannabis in an area of 0.5 hectares or less. In an effort to ensure the sustainability of small-scale growers, holders of cannabis derivative production licences, except in the research modality, are required to, within 5 years following the commencement of their operations, process at least 10%

of their assigned annual cannabis quota from a small or medium licensed grower. If market conditions prevent the satisfaction of this requirement, licensees must file a declaration supporting their inability to source cannabis from small or medium growers.

As part of Khiron's broader sustainability program, a cultivation area where small local farmers can grow under Khiron's technical guidelines and the product will be purchased, generating income for farmers and social support in the area.

In the course of carrying on business, licensees are restricted from engaging in a number of activities, including:

- Promotion or publicity, through the media or social networks, or by means of flyers or by any other means, of seeds for planting, cannabis plants, cannabis, cannabis derivatives and products containing it. Medicines may only be advertised or promoted in scientific or technical publications, addressed to the medical and/or veterinary community. Specify in the information or propaganda addressed to the medical and/or veterinary community, the actions, indications, therapeutic uses, contraindications, side effects, risks of administration, risks of drug addiction and other precautions and warnings, without omitting any found in scientific literature or known by the manufacturers.
- Marketing or transformation for sale, distributing, reception or delivery to third parties, under any title, the cannabis plants from self-cultivation, as well as the derivatives and seeds for sowing obtained from them, except as momentarily provided as seed source.
- Allowing individuals under 18 years of age to access seeds for planting, cannabis plants, cannabis, cannabis derivatives and products containing them. Minors may access products containing cannabis if there is a medical prescription and the informed consent of the parents or guardians.
- Exporting cannabis plants, dried cannabis flower or unprocessed cannabis, except with authorization for scientific purposes.

Termination of Licences

Decree 613 of 2017 provides that the Ministry of Health or the Ministry of Justice, as applicable, may terminate a license upon occurrence of any of the following resolutory conditions:

- Failure to correct the administrative and operational failures identified by the control authorities, within the deadlines provided;
- Failure to comply with the security protocol. The security protocols are explained in the following section of this document;
- Exceeding the maximum authorized quota for each term;
- Advertising seeds for sowing, cannabis plants, cannabis, cannabis derivatives or any product containing cannabis through media, social networks, flyers or any means, if such advertisements do not relate to academic or scientific purposes. Any advertisement must be addressed to medical and/or veterinary groups and must include the actions, indications, therapeutic uses, contraindications, collateral

effects, risks of administration, the risks of drug dependence and any other precautions and warnings;

- Failure to initiate the activities authorized in the licence after a 6 month period, starting from the date the corresponding quotas are granted; or as of the granting of the licenses for sowing seeds and cultivation of non-psychoactive cannabis plants;
- Failure to request the amendment of the licence within 30 calendar days following any changes in (i) in legal representation; (ii) regarding the ownership or possession of the real estate properties in which the licensed activities are authorized to take place; and (iii) in the contractor(s) that provide services to the licensee related to activities authorized in the licence;
- Prevent the access of control authorities to conduct administrative and operational control;
- Perform transactions involving seeds for sowing, cannabis plants, cannabis or cannabis derivatives with unlicensed third parties or parties not registered in the FNE when the transaction relates to cannabis derivatives;
- Use seeds for sowing, cannabis plants, cannabis, or cannabis derivatives for non-scientific or medical purposes or beyond the scope authorized by the corresponding licence;
- The licensee is convicted, or its legal representative in case of a Company, for crime related to drug trafficking and related crimes, after the licence was issued;
- Any indication of or actual forgery or fraudulent alteration of the documents supporting the licence application; and
- Failure to pay the monitoring fees to the applicable government entity.

Also, in accordance with Colombian regulations, license holders must refrain from, among other things: (i) allowing individuals under 18 years of age to access seeds, plants and/or products containing cannabis; (ii) exporting the plants, dry cannabis flowers or non-transformed cannabis, except as authorized for scientific purposes; and (iii) commercialize or transform for sale, distribute, receive or deliver to third parties, cannabis plants, derivatives and seed for sowing resulting from self-cultivation, except as provided temporarily for seed sources.

Required Security Measures for Cannabis Activities under Colombia Law

The Ministry of Justice and the Ministry of Health regulate the security protocol requirements established in licences for sowing seeds, the cultivation of psychoactive cannabis plants, and the manufacturing of cannabis derivatives in Resolutions 577 and 2892 of 2017, respectively.

According to Resolution 577 of 2017, licence holders must prepare a security protocol and submit same to the Ministry of Justice and should include measures to ensure that areas and properties in which sowing seeds, psychoactive cannabis plants and psychoactive cannabis are handled have the appropriate levels of protection, according to the particular environment and scale of the operation. The license holders must comply with the following minimum specifications related to the Security Protocols:

- Submit a comprehensive security plan and risk analysis that addresses physical security and operations, and security measures during transportation, which includes the following phases:
  - o Diagnosis: including the vulnerability and probability variables of an event and all its consequences;
  - o Design: including the risk control mechanisms, as well as the protection management system indicators that demonstrate the effectiveness and efficiency of the risk control mechanisms; and
  - o Monitoring or evaluation: including a protection (internal and external) audit program and safety inspections of the risk control mechanisms;
- Have a protection system with risk control mechanisms for physical and operational safety that includes physical barriers and conduct control procedures to prevent access to unauthorized persons;
- Physical barriers must be built with materials that guarantee the integrity of the installations;
- Establish a single entrance and exit point, where employees, visitors and vehicles access the area, which must have access control for the entry and exit of vehicles, individuals, operational assets and raw materials, seeds for sowing, psychoactive cannabis plants and psychoactive cannabis, and in general all kinds of goods. This exit must by established without compromising the emergency exits and other industrial safety measures that the licensee must ensure in the facilities. Areas where activities related to the management of sowing seeds, psychoactive cannabis plants and psychoactive cannabis take place, must be of restricted access and manual or systematized entry and exit control records are required;
- Establish a monitoring and surveillance service that generates evidence and traceability;
- Establish internal and external signaling indicating that unauthorized access is prohibited;
- Provide and ensure that the plant personnel and visitors carry visible identification at all times. Employees engaged in activities related to the management of sowing seeds, plants for psychoactive cannabis and non-psychoactive cannabis must be fully identified and carry the respective employee identification;
- Ensure that it has the capacity to hold communications internally and with external agents in order to notify or report security incidents and request, in a timely manner, the intervention and support of the state’s security forces, if it were necessary;
- Establish risk control mechanisms to deter and control risk situations in the facilities’ perimeter, including protective perimeter lighting; and
- For transportation purposes, the license holder must establish control mechanisms that allow it to prove compliance with the protection of areas and facilities, using closed-type vehicles with elements that allow for seal verification control of the transported derivatives at all times.

In addition, the Ministry of Justice shall conduct a control visit during the assessment of the license application for the cultivation of psychoactive and non-psychoactive cannabis plants in the premises of the land where the cultivation activities shall take place. The Ministry of Justice will verify the following minimum standards:

- The location of the property and verification of the facilities where the activities will take place, compared with the documentation and photographic record attached to the license application;
- Verification of the internal procedures for the implementation of the security protocol;
- Certify that the cultivation area is free of pre-existing cannabis crops; and
- That the storage areas, if applicable, are free of cannabis crops.

Failure to attend the control visit will lead to the rejection of the corresponding licence application.

In addition to the security protocol guidelines set out by the Ministry of Justice, the Ministry of Health issued Schedule 1 to Resolution 2892 of 2017 which contains guidelines for the elaboration and implementation of the security protocol related specifically to the manufacturing of cannabis derivatives. The guidelines established by the Ministry of Health set out specific additional measures that are required in the following categories:

- Safety:
  - Guarantee the integrity of the facilities and establish a physical barrier to prevent access of unauthorized individuals;
  - All doors and windows must be in adequate condition so as to allow for full closure of the areas and prevent access to unauthorized individuals;
  - All openings, ducts and mechanical/electrical passageways must be protected with safety material;
  - External and internal signals/signage indicating that unauthorized access is prohibited;
  - Establish personal profiles and responsibilities of company employees and third party contractors that provide security services in the facilities and monitor the fulfilment of the security protocol;
  - Establish a single entrance and exit point, where employees and visitors access the area, notwithstanding provisions in terms of industrial safety (including emergency exits); and
  - The structures of buildings must be constructed using resistant materials to prevent forced entry and secured with locking devices. The storage areas of the harvests for production, as well as the manufactured derivatives shall be of exclusive access with control and registration.
- Monitoring and detection

  The licensee must guarantee that licensed area complies with the following monitoring and detection parameters:

  - Installation of closed-circuit cameras that operate 24 hours per day and 7 days per week around the perimeter of the facilities. The video camera recordings must be saved for a minimum 30 calendar day period;
  - All managers, employees, contractors and visitors must be identified at all times. An employee inside the Cultivation Facility must accompany visitors at all times; and
  - Qualified security surveillance personnel that is prepared to react effectively to any detection of unauthorized access or security incidents. The security personnel must record each event, indicating the place, time, date, personnel present in the facilities, facts and measures adopted. The records of unusual events must be saved for a minimum 5 year period.
- Access control
  - Installation of appropriate access control technology and appropriate measures to restrict access and properly identify any individual entering or leaving the perimeter of manufacturing facilities are required;
  - Pre-established and appropriate controls for the issuance of locks, keys and access codes; and
  - Access to storage and production areas should be restricted to only those individuals requiring access.
- Electricity supply
  - Facilities for the manufacturing of cannabis derivatives require constant lighting;
  - The power system must have auxiliary sources to ensure it can be fully operational under any circumstance; and
  - A response plan in case of interruption of the electric power.
- Cooperation with authorities
  - Cooperate with public authorities in order to prevent the diversion or misuse of derivatives or products that contain it; and
  - Licensees shall immediately inform applicable authorities of suspicious or unusual activities. In case of unjustified loss or theft of psychoactive cannabis or its derivatives during the manufacturing process, the licensee must inform the applicable authorities and the Ministry of Health within 48 hours after the event took place. The notice sent by the licensee must include a complaint form, records describing the event, personnel involved, date and time, location, product type and amount lost. Records of theft or loss products and the subsequent investigation reports must be saved for a minimum 5 year period.

In addition to the foregoing, the FNE will conduct audit visits during the license term to verify compliance with the operations plan, security protocol and other obligations the licensee must meet.

The implementation of security measures demands that license holders work closely with local security forces aimed to ensure the fulfilment of security protocols, as seen in other key industries in Colombia. For example, oil and gas, and mining contract holders in Colombia usually share

and coordinate their safety and private security measures with police and military forces. While security protocols in the medical and scientific cannabis industries are mandatory, those security measures may be considered as common good practices in other industries. For example, security measures in other industries aim to ensure that access to unauthorized personnel is limited and operations are conducted by qualified personnel; strict monitoring over operations and related activities take place and are properly recorded; periodic information is provided and audit controls must be attended at all times, among others. In addition, connected services are subject to controls and contractors, in most cases, must be licensed or certified by different authorities with good practice standards.

Licences and Authorizations

Khiron's Licenses

Khiron Colombia applied for the Low THC Cultivation Licence, the High THC Cultivation Licence and the Production Licence on August 10, 2017 and received approval for the Licences in September and October 2017.

The High THC Cultivation Licence and Low THC Cultivation Licence allow Khiron Colombia to grow psychoactive and non-psychoactive medicinal cannabis for domestic consumption, production of seeds for cultivation, grain production, scientific research, storage and disposal.

With the Production Licence, Khiron Colombia is authorized to produce High and Low THC Medicinal Cannabis extracts, conduct scientific research, and fabricate extracts for export.

Product Information and Distribution

Khiron is currently in the process of cultivating 12 strains of medicinal cannabis on the Leased Land for a variety of medical conditions. The development of the strains has enabled Khiron to select mother plants and identify the concentrations of cannabinoids required for the formulations, in which Khiron intends to produce and distribute. The products will be elaborated utilizing stringent quality assurance and quality control measures as required by GMP Standards. Khiron is committed to the development of final products that are consistent with medicinal cannabis industry standards and pharmaceutical procedures. The products will include a variety of THC and CBD compositions that will be designed to respond to specific medical conditions. The composition of strains will include a wide range of THC and CBD ratios. At this stage, the products have been formulated and the strains selected in order to achieve the technical requirements needed to fabricate the products. Khiron is also currently evaluating various delivery methods. The research and development of these products is expected to cost approximately $300,000. Khiron intends to develop its products utilizing the specific expertise of various team members and consultants including Israel Medical Cannabis ("**IMC**") and TheraCann International Benchmark Corporation ("**TheraCann**").

Khiron is licensed to fabricate High and Low THC Medicinal Cannabis extracts and to sell those formulations as magistral preparations. However, Colombian regulations do not allow for the direct commercialization of extracts as final branded products for mass market distribution, which requires separate approval of INVIMA. Therefore, Khiron's management team has initiated the process of pharmacological evaluation with INVIMA to obtain the final sanitary permit for its branded mass market phytotherapeutic products. Based on input from experienced drug regulatory professionals operating in Colombia, and input from INVIMA, Khiron has devised the following plan to obtain INVIMA approval for its branded mass market products over the next 24 months:

1. Approval of Khiron's petition to include cannabis in the national list of herbal plants with medicinal applications. The petition was submitted to INVIMA in the fall of 2017 and it is anticipated that Khiron will receive approval in the first half of 2018;

2. Khiron will submit a product dossier to INVIMA presenting technical and legal product information. This information includes, but is not necessarily limited to, identification of lab and related protocols/procedures, the active ingredients within the products and their medical application, the composition of the product, the rationale for product dosages, the target market for the product by medical condition, and the potential benefits and side effects of the product;

3. A technical group at INVIMA will evaluate the formulations and concentrations submitted in Khiron's product dossier using criteria that includes safety, effectiveness and stability for the medical condition, and based on:

    a. a presentation by Khiron of scientific evidence demonstrating the effectiveness of its formulations;

    b. a presentation by Khiron of the legal and technical aspects of the packaging to ensure the disclosure of product contents, container concealment, and appropriate warnings; and

    c. the performance by Khiron of a stability analysis to ensure the product maintains its characteristics under normal environmental conditions;

4. Enactment by INVIMA of a public resolution granting a permit authorizing the laboratory and distribution conditions for the approved products.

The total estimated cost for the submission fees and research documents is expected to be less than $50,000.

Distribution Methods & Principal Markets

Khiron intends to develop products primarily in two forms:

- Magistral preparations: Direct-to-patient formulations prescribed by physicians to patients and developed by a certified pharmaceutical establishment using cannabis derivatives according to the needs and symptoms of patients requiring cannabis products. Magistral preparations must be prepared according to an individual patient's medical prescription. Cannabis byproducts required as raw material for magistral preparations may only be provided by licensed manufacturers and must have been manufactured within the assigned quotas for High THC Medicinal Cannabis.
- Branded mass market phytotherapeutic products: A mass marketed product available through pharmacies to patients on a prescription basis (for High THC Medicinal Cannabis) or over-the-counter (for Low THC Medicinal Cannabis). These products have active ingredients derived from natural extracts and the related medical properties generally accepted for traditional use.

Magistral Preparations

Magistral preparations are doctor-prescribed customized products based on a patient's specific needs and symptoms. All magistral preparations must be individually prescribed to ensure proper dosage, quantity, and pharmaceutical form.

Magistral preparations are subject to the following pharmaceutical rules:

- The magistral preparations can only be prepared by pharmacists and pharmaceutical services of health service institutions in accordance with Decree 2200 of 2005. Pharmaceutical establishments and services that carry out the elaboration of the magistral preparations, must obtain the applicable certification from INVIMA.
- Preparation and distribution of cannabis magistral preparations requires prior registration with the FNE, in accordance with the requirements established in the technical regulations. Cannabis derivatives that are required as raw material for this type of preparations can only be provided by individuals or legal entities with a licence to produce cannabis derivatives and that have been manufactured within the framework of the quotas granted.
- A finished product is the magistral preparation obtained from a cannabis derivative, which is to be marketed or distributed as a product for human or veterinary consumption. Finished products with psychoactive cannabis can only be used for medical purposes, while non-psychoactive products do not carry any restrictions on use. Finished products must have received the appropriate approval from INVIMA or the ICA to guarantee quality, safety and efficacy.
- To market a finished product with psychoactive cannabis, the licensee must be enrolled in the FNE and permitted to produce and sell finished products at the national level. When the derivative is delivered to a third party at any national level, it must be registered with the FNE. Likewise, the finished product must have the requisite INVIMA or ICA authorization.
- Finished products made from psychoactive cannabis must be sold as a medical formula. The Ministry of Health will publish a list of finished products to be classified as special control substances, as well as guidelines and protocols to care for patients who need products containing cannabis. If INVIMA, according to the product category, determines that a product contains narcotic drugs, these must also be sold under the condition of a medical formula, including homeopathic drugs. Depending on the pharmaceutical method, level of THC, as well as the risk of abuse, INVIMA may recommend the declassification of certain products as narcotic drugs and enable their free sale.
- Different conditions of purchase and sale will be established for psychoactive and non-psychoactive finished cannabis products, following the instructions provided by the Ministry of Health.
- Finished products derived from non-psychoactive derivatives of cannabis, provided they contain a THC concentration within the legal limit, shall originate from a non-psychoactive production licensee or non-psychoactive cultivation licensee. The manufacture and sale of these derivatives must comply with applicable regulations but are not required to register with the FNE.

Distribution

Magistral preparations can be delivered to patients through pharmacies registered with INVIMA. Suppliers of magistral preparations must meet GEP Standards for pharmaceutical laboratories.

GEP Standards for the preparation of magistral preparations by INVIMA include requirements relating to the elaboration, transformation, preparation, mixing, adaptation and adjustment of dosages, as well as the re-packaging, distribution and storage of preparations.

Khiron's manufacturing process follows GMP Standards that regulate principles and practices of hygiene in the handling, preparation, processing, packaging, storage, transportation, and distribution of food and medicines for human consumption.

In accordance with these requirements, Khiron intends to distribute its magistral preparation products in two ways:

- By INVIMA-authorized health product retailers that will ensure Khiron products are prescribed by a registered physician under a prescription specific to each patient. Khiron is in the process of negotiating with Colombian retailers to incorporate Khiron´s magistral preparations in their product offerings.
- Khiron will develop its own health service centres or clinics where patients can access holistic treatment alternatives. As at the date of this Filing Statement, Khiron is in the process of designing and developing its health service centres.

Upon completion of development and construction, Khiron's accredited laboratory will be responsible for obtaining and preparing each patient's prescription. Magistral preparations will then be shipped to the patient or to the authorized seller.

Currently, there are over 500 entities registered to sell non-cannabis magistral preparations in Colombia**.**[4] Despite the growth in usage of magistral preparations in Colombia, reliable financial information regarding pharmacies that manufacture and distribute these products is unavailable. However, Khiron has identified a number of pharmacies that account for significant industry sales through market research.

Branded Mass Market Phytotherapeutic Products

Under the Colombian regulatory regime, cannabis based products may be sold through traditional distribution channels once permits have been obtained from INVIMA. Branded products can be sold to patients with a prescription (for High THC Medicinal Cannabis) or over-the-counter through INVIMA-authorized sellers (for Low THC Medicinal Cannabis).

Khiron will focus its distribution strategy on selling products through major authorized retailers, as well as developing its own health service centres. Khiron is also evaluating whether home delivery of its products is compatible with the controlled substance regulatory framework.

Pharmacies and drugstores are anticipated distribution channels for Khiron's products. These channels are well-established methods for the distribution of health products given their widespread presence throughout Colombia. These outlets offer prescription and over-the-counter

[4] https://www.invima.gov.co/images/pdf/informate/BoletnOpininJurdicaNo35Noviembre.pdf

products, and increasingly emphasize the sale of herbal and traditional medicinal products. There is rising demand in Colombia for vitamins and dietary supplements, as well as herbal and traditional medicinal products. This demand has benefited outlets like natural food stores and modern retailers like supermarkets and hypermarkets, which have been increasing their stock of such products.

Branded mass products will be delivered with information, including batch-to-batch identification and product identification labels in the primary and secondary packaging materials. These labeling practices enable Khiron to trace a product from the patient to the manufacturing process and to the components used to prepare the product. All labels will be easily readable and will be made of weather-resistant and tamper-resistant materials, and will be conspicuously placed on the package.

Access to Medicinal Cannabis in Colombia

In Colombia, patients will be able to access medicinal cannabis with a prescription after a medical evaluation. For magistral preparations, the prescription must identify the THC and CBD dosages required based on the patient's physical condition.

Product Development and Commercial Production Stage

The following product development and commercialization information applies to both phytotherapeutic and magistral preparations.

Theracann International has been engaged to supply Enterprise Resource Planning ("**ERP**") systems, allowing Khiron to monitor and ensure product quality. The ERP will track each product throughout the product lifecycle, allowing Khiron to identify inconsistencies in product quality and issues in production processes. The ERP will assist in meeting GEP Standards in the development of products at Khiron's laboratories.

Khiron intends to adopt the quality testing standards specifically outlined in the American Herbal Pharmacopoeia and the protocols for sampling and analysis of medical marijuana products provided by the Commonwealth of Massachusetts, leading American medicinal cannabis regulatory frameworks. This consistency will offer assurance that Khiron's cannabis products will meet quality standards for pharmaceutical products, including being free from foreign material, molds, bacteria with a high likelihood of pathogenicity (for example, Aspergillus and E. coli), heavy metals to the degree allowed by naturally occurring growing substrate, or pesticides and fungicides. The limits applicable to cannabis include those that are generally applied to herbal materials, such as tolerance levels of microbial and fungal contamination, content of certain metals, as well as limits of solvent and pesticide residues. Tests will be performed following the standard pharmacopoeia including parameters such as foreign organic material, total ash, acid insoluble ash, loss on drying, and moisture content of dry material.

Subject to Colombian regulations and Khiron's internal timeline, it is anticipated that the development of magistral preparations will commence as soon as practicable following closing of the Qualifying Transaction.

Timing and Stage of Research & Development Programs

Khiron's research and development programs are in their initial stages. Khiron has hired an experienced team in the cannabis industry to develop the cultivation process, extraction methods, purification systems, and laboratory for analysis.

Specific research and development objectives will be identified by Khiron's management team, in conjunction with national and international research centres and universities with expertise in cultivation, pharmacology, and the extraction of natural compounds from plants with pharmaceutical properties.

Additional Steps Required to Reach Commercial Production

Key milestones to reach commercial production are as follows:

1. **Development of upstream facilities, including greenhouse set up and cultivation for initial hectare**
    a. Targeted completion date: Second quarter, 2018
    b. Estimated Cost: $2.2 million
    c. Status:
        i. Suitability of site confirmed through soil and water testing, as well as analysis of regional climate and local regulations.
        ii. Facilities currently under construction based on detailed site development and security plan.
        iii. Fencing, greenhouses, irrigation systems, water and power sources, and initial security measures are in place.
    d. Additional Requirements: Completion of site construction plan, including additional irrigation systems, ventilation system, water treatment plant and installation of plant beds and lighting systems.
2. **Development of downstream facilities, including post-harvest, extraction and analysis labs**
    a. Targeted completion date: Third quarter, 2018
    b. Estimated Cost: $1.5 million
    c. Status:
        i. Detailed operational plan for extraction, formulation, testing and filling processes in accordance with GEP Standards.
        ii. Downstream activities implemented in development plan for the site, in proximity to the cultivation function.
    d. Additional Requirements:
        i. Complete construction of onsite drying, extraction, formulation and testing facilities.
3. **Commercial distribution**
    a. Targeted completion date**:** Fourth quarter, 2018
    b. Estimated Cost: $1.0 million
    c. Status:

i. Licences fully secured to implement initial distribution strategy (magisterial preparations).

ii. Addressable market and distribution strategy defined, including product positioning, branding, packaging and labelling, logistical channels and security controls.

iii. Development of patient outreach strategy defined including the development plans for the Khiron wellness centres.

d. Additional Requirements:

i. Complete development and construction of wellness centres and lab for initial product sales.

ii. Complete first commercial cultivation and extraction cycle.

Khiron has created a detailed staffing plan to meet the human resource needs to achieve the above milestones. Khiron has hired a human resource professional to manage all recruitment, development, and retention of the required skillsets.

Future Research and Development

The following disclosure contains forward-looking information.

For discussion of Khiron's current research and development initiatives, see "*Part II – Information Concerning Khiron – Narrative Description of the Business – Distribution Methods & Principal Markets – Timing and Stage of Research & Development Programs"*

Khiron's research goals will focus on entry points in the Colombian market. Khiron's existing licences enable it to implement research and development strategies through a research plan that is directed towards achieving the following objectives:

- Psychoactive and Non-Psychoactive Cannabis Research Objectives:
  - General objective: Standardize processes for obtaining seeds, cultivation, harvesting, post-harvesting, and extraction of cannabinoid and non-cannabinoid derivatives of cannabis plants in order to establish cultivation protocols providing a high degree of assurance relating to the quality, safety and reproducibility of resins and natural compounds for medical applications.
  - Specific objectives:
    1. Identify the type and concentration of cannabinoid and non-cannabinoid compounds of cannabis plants, cultivated in Colombia.
    2. Evaluate the effect of nutrient solutions of fertigation and type of substrates on the quality and quantity of cannabinoid and non-cannabinoid compounds produced by cannabis strains sown in Colombia.
    3. Determine the optimum stage and the methods for determining the harvest point of the plant in which the presence of cannabis derivatives with therapeutic application is maximized.

4. Evaluate different drying methods and their effect on the quality of cannabinoid and non-cannabinoid compounds obtained from different varieties of cannabis.
5. Identify and quantify cannabinoids and non-cannabinoids obtained in extracts made from fresh plant material.

- Manufacturing Research Objectives
  - General objective: Research will focus on identifying derived compounds (cannabinoids, non-cannabinoids, and others such as terpenes and flavonoids) of cannabis strains with medicinal applications, sown in Colombia, in order to establish the biochemical profile of existing derivatives. Once identified, specific studies will be carried out to determine possible applications of the identified derivatives.
  - Specific objectives:
    1. Study the antimicrobial effect of biochemical derivatives obtained from cannabis plants planted in Colombia.
    2. Determine the cosmetic potential of derivatives obtained from cannabis plants planted in Colombia.

Operations

Khiron's proposed production method consists of cultivating High and Low THC Medicinal Cannabis varieties on the Leased Lands in the Municipality of Piedras (approximately 200 kilometres from Bogotá). By harvesting three times per year, Khiron intends to obtain fresh flower for curing, followed by extraction utilizing supercritical fluid extraction with CO_2. The raw material obtained will be whole-plant extracts with THC and/or CBD content, which will enable the creation of different formulations to address specific medical needs. Raw material will be mixed as the active pharmaceutical ingredient with excipients and carrier agent to ensure proper release into the body. Khiron intends to initially deliver extracts in the form of oral drops.

For magistral preparations, Khiron intends to provide delivery services through pharmacies and their wellness centres. Khiron expects to have a delivery time target of 48 hours after the receipt of the prescribed formulation. Khiron will mix its extracts with internally-produced raw materials consisting of whole plant extract plus excipients and flavouring. Khiron anticipates the availability of raw materials from cultivation in August 2018.

Land Development

The cultivation and production of extractions will take place on Leased Lands. On July 5th, 2017, Khiron Colombia entered into a 10 year lease for an area comprising 4 hectares in the Municipality of Piedras, in the Department of Tolima with monthly rent of $3,360 per month. The Lease contains options to purchase the Leased Land and any expansions thereof up to a total of 16 hectares at fair market value.

Khiron's Cultivation Facility will be developed on the Leased Lands, which will be surrounded by physical and natural barriers for security and control purposes.

Khiron has enlisted a team to set up an optimal work flow processes for cultivation and post-harvest processing comprised of a senior master grower and a field director with experience in

hydroponics under local conditions. The cultivation site will be operated by Khiron, with input from Theracann International, a renowned cannabis consulting firm with extensive experience in medicinal marijuana production projects.

Based on local conditions, Khiron estimates that it can harvest three crops per year, growing approximately 26,000 plants per year with an estimated yield of 250 grams of dry flower per plant for a total of 6.5 tons of dry flower per year. This production would be generated from an initial greenhouse cultivation area of 7,480 m^2.

The cultivation technology Khiron intends to implement will allow for replication of the areas and the systems of production to reach its goals in cost effective manner. As such, Khiron's technology will also allow for economic scalability as additional lands are developed. At full operating capacity, the post-harvest area of the cultivation site will be capable of managing all the dry flower production from the total potential cultivation of 20 hectares.

The cultivation site will be designed with separate areas for psychoactive and non-psychoactive cannabis production. However, production procedures and processes for magistral preparations and phytotherapeutic products are the same.

With respect to uncertainties in the 12 months following the date of this Filing Statement, the following are potential issues Khiron identifies for land development:

- Purchase of vegetative material from local growers as per licence requirements and ensuring the consistency and quality of this product.
- Implementation of a corporate social responsibility plan in the region. Khiron is currently developing a detailed plan for community engagement.

For more information on the construction and development of Khiron's cultivation site, see "*Part II – Information Concerning Khiron – Narrative Description of the Business – Operations – Facilities – Cultivation Facility Construction*".

Facilities

Khiron Colombia has commenced construction of the Cultivation Facilities on the Leased Lands. Medicinal cannabis will initially be grown in semi-enclosed greenhouses and through a hydroponic system. The greenhouses will be climate controlled, thereby isolating the plants from the changing conditions of the environment. The greenhouses provide stable microclimate and growing conditions. The construction and development plans for Khiron's greenhouse facility is divided in three phases. In the already-completed Phase 1, Khiron designed and implemented the main operational requirements for cultivation on the Leased Land; in Phase 2 Khiron will commence construction of the Cultivation Facility and its first productive area consisting of an initial hectare; and following the Phase 1 and Phase 2, Khiron will evaluate opportunities for future expansion in Phase 3.

Regarding rural real estate land authorizations in respect of the grow location in the Municipality of Piedras, Colombia, see "*Part IV – Risk factors – Risk Inherent in Rural Real Estate*" below.

During Phase 1, Khiron developed and constructed the elements of the production system and greenhouse (water, soil, energy, security, administrative and operational facilities (i.e. post-harvest, drying rooms and extraction)). As production will occur through the use of a hydroponic system, supply of nutrients is controlled and safe. Khiron constructed a deep water well and a reservoir to gather and store water. A drip fertigation system has been designed and implemented

to distribute nutrients through water to the greenhouses. Khiron will conduct regular water quality analysis (testing for heavy metals, microorganism, and LRMs of the main water source). Khiron will negotiate the total energy required for production with a local service-provider. The primary administrative and operational facilities were also designed during this phase.

During Phase 2, expected to last approximately 4 months, Khiron intends to construct greenhouses on one hectare of the Leased Land. The greenhouse design and structure has been implemented based on the climate characteristics of the Municipality of Piedras. The structure of the greenhouse allows for ventilation, humidity and temperature control, as well as the protection of the plants from wind and rain. The greenhouse will include three main areas: seedling and cuttings, mother plants and production. During this phase, the main administrative and operational facilities will also be constructed. Construction is expected to be completed in the first quarter of 2018.

During the Phase 3 Development, Khiron will explore the potential of expanding its cultivation site based on the market needs.

Raw Materials

Khiron's raw materials include water, soil, fertilizers, and fuel. Utilization and sources of these raw materials include:

- Seeds: Khiron has entered into supply agreements with local providers in accordance with Colombian regulations for all seeds necessary to execute the cultivation process.

- Water: Khiron has drilled a well into an underground water reservoir that produces the inputs necessary to hydrate the pants. This water is treated and tested to ensure acceptable quality. Khiron does not anticipate any issue in continuing to secure water for its operations.

- Soil: Khiron secures soil for its cultivation from local providers. Colombia has an abundance of suitable soil due to its history of cultivating cut flowers. Khiron does not anticipate any issue in continuing to secure cultivation soil for its operations.

- Fertilizers: Khiron secures fertilizers from local providers. This includes NPK formulations needed by cannabis plants. Colombia has an abundance of fertilizers for cultivation due to its history of cultivating cut flowers. Khiron does not anticipate any issue in continuing to secure fertilizers for its operations.

- Fuel: Khiron utilizes diesel fuel to augment natural sunlight in the cultivation of cannabis plants. Although Colombia typically averages approximately 12 hours of sunlight per day, the vegetative stage of cultivation requires several hours of supplemental lighting to prevent the plants from flowering prematurely. Khiron secures diesel fuel from local providers and does not anticipate any issue in continuing to secure diesel fuel for its operations.

<u>Quality Assurance and Control Measures</u>

Khiron has signed an agreement to use IMC's Standard Operating Procedures.

IMC is an Israeli medicinal cannabis company licensed by the Ministry of Health in Israel to produce and supply medicinal cannabis to patients. IMC produces high quality strains with International quality standards. Khiron currently has a non-binding letter of intent.

Khiron's quality control measures will be implemented throughout all aspects of cultivation, extraction, and production processes. At the cultivation stage, Khiron will use vegetative material that is free from pathogens and chemical residues which would be confirmed by internal testing and third-party testing. Agricultural best practices will be implemented on site. Vegetative material and water will be tested for any pesticide residues, heavy metals, plant growth regulators and pathogenic microorganisms following the limit requirements published for medicinal cannabis by the commonwealth of Massachusetts. Further, a water treatment plant will be built at the cultivation site in order to provide clean potable water to the site.

Khiron will implement a pest management program in order to control possible pests and diseases during the cultivation process. A nutrient monitoring regime will also be implemented at cultivation to detect any deficiency symptoms and pathogen incidences. The cultivation manager will provide weekly reports on the quality of the plants during cultivation. Following harvest, Khiron will implement microbiological and chemical tests from random batches. Any product that does not meet quality standards will be rejected. Only approved material will be processed for extraction.

Cultivation will be performed under strict sanitary guidelines. Only authorized personnel will enter designated areas. The post-harvest and drying facilities, as well as all the equipment and material that will be in contact with the plant product will be continuously treated with biocidal agents to maintain sanitary standards. The field director will ensure that production guidelines are followed according to agricultural best practices. The senior master grower will oversee processing of raw materials into dry flowers.

Security Protocol

Khiron has a scalable and comprehensive security plan that identifies and mitigates risks relating to Khiron's assets and covering the production, distribution, logistics and operations chain. Khiron's security protocol features range from electronic controlled access to ultra-high definition video surveillance and intrusion detection devices, among others.

Cultivation Area

Khiron's cultivation area will be protected by an electric fence with a controlled access door and electronic security system. A closed-circuit surveillance system will monitor the premises 24 hours per day, 7 days per week, storing recorded images for month-long periods. A third-party security company will be contracted to monitor the cultivation area, control access and verify personnel on site.

Cultivation Facility

Khiron's security system will utilize commercial security panels and sensors to protect against unauthorized entry to its Cultivation Facility and internal operating areas. Independent, primary and secondary security panels will be installed that will be geographically and functionally separate. The security panels will be used as an initial primary communication device in the event of unauthorized access to the Cultivation Facility. The primary security panel will consist of glass-break sensors for perimeter glass, door/window contacts for all perimeter door/window access (including garage doors and employee gates), and a siren/strobe as an audible/visual alarm. The

secondary security panel will be identical to the primary security panel but will be isolated as a failsafe solution. The primary and secondary security panels will be installed by separate security providers for redundancy and parity.

Door and window contacts will be connected to the primary security panel on all perimeter doors and windows of the Cultivation Facility, which will identify Khiron of unauthorized entries. The siren/strobe will provide an audible alert, as well as a visual alert for the hearing impaired, if the primary security panel is compromised. Motion sensors will notify the primary security panel of movement around the perimeter of the Cultivation Facility during restricted hours.

The following security measures will be enacted to control access to the Cultivation Facility:

- Currently, 2 permanent security guards patrol the Cultivation Facility with radio and other communication equipment. An off-site service supervisor is available to provide additional support according to protocol and in case of emergency.

- At the local and regional level, the police and the military are aware of the project and ready to respond in the event of an emergency situation.

- Khiron completes background investigations of all personnel.

- Khiron will have a product storage vault. A vault has been designed with access controls that are intended for storage of dried flower, extracts and seeds.

Controlled Access

Khiron will install network access control at every entry point. Each entry point to the Cultivation Facility will be equipped with an encrypted reader to grant or deny access to a given entrance or exit. Each employee and authorized occupant of the Cultivation Facility will be given a fob or clamshell access card, granting him or her individualized access privileges within the Cultivation Facility. Each employee or authorized occupant will only have access to zones pertaining to his or her responsibilities.

Every entrance and exit will have a contact device connected to the ethernet network controller, reporting each time a door is opened and monitoring the status of each door in the Cultivation Facility. The network access control will log every authenticated user, as well as unauthorized entrance and exit attempts. The ethernet network controller will also be notified if a door is forced or left open by sounding an internal buzzer. Open-door notifications will be sent from the network controller to the server, key personnel, and the primary security provider.

Transport Security

Transportation services will be provided in accordance with Khiron's security protocols and local legislation. Khiron will hire a security company to oversee the transport of any seed, plant, or processed product to and from all facilities that Khiron runs, owns, or operates. The selected company will provide point-to-point transportation capability with armed security personnel. Khiron's vehicles will be tracked and monitored with video and GPS technology by security personnel. Khiron will employ alternating route schedules and utilize roadside cameras to monitor potential transportation issues.

Seasonality

Khiron's cultivation site is located in a warm, dry, tropical region with a fairly consistent average daily temperature of 30ºC, average annual precipitation of 160 millimetres with bimodal rain regime with a dry season from December to March and in July and August, and a rainy seasons from April to June and August to November. The relative humidity varies based on the season, with a minimum of 64% in August and maximum of 80 % in May and November.

Office Locations

Khiron currently has one head office in Toronto, Canada and one office in Bogota, Colombia. The Colombian head office is currently leased on a monthly basis. Khiron intends to secure new office location upon completion of the Qualifying Transaction. Upon development of Khiron's site, Khiron Colombia will also have administrative offices at its Cultivation Facility.

Special Skills and Knowledge

Khiron's management and advisory team has experience working in the Colombian Ministry of Health, the Colombian pharmaceutical industry, the Colombian agriculture industry, Canadian capital and financial markets, and the U.S. Drug Enforcement Administration.

The loss of any member of Khiron's management team, could have a negative impact on its business and results of operations. In addition, an inability to hire, or the increased costs of new personnel, including members of executive management, could have a material adverse effect on the Khiron's business and operating results. At present and for the near future, Khiron will depend upon certain employees to develop, market, sell, grow and support its products. The expansion, marketing and sales of its products will require Khiron to find, hire and retain additional capable employees who can understand, explain, market and sell its products. For non-management staff at Khiron's operating companies, specialized knowledge is generally not required, other than customary training staff.

Employees

As at the date of this Filing Statement, Khiron had 27 full-time employees. Khiron is in material compliance with all applicable labour laws.

Upon completion of the built out of the Cultivation Facility, it is anticipated that eighteen employees will work in the administrative offices, as well as the senior master grower, field director and all operational employees elsewhere in the Cultivation Facility.

Competitive Conditions

The market for medicinal cannabis in Colombia is characterized by a structural shortage of supply, with few authorized producers. Although competition in the market is growing, management believes that Khiron is competitively positioned to capitalize on its first mover status and satisfy a significant portion of the market's demand for medicinal cannabis.

Khiron will initially serve the Colombian cannabis market by selling magistral preparations. In doing so, Khiron will aim to develop brand recognition and establish its customer base. Management expects that its deep understanding of, and experience in, Colombia's regulatory framework, the agricultural and scientific processes necessary to develop high quality and

consistent medicinal cannabis products, will allow Khiron to lead the Colombian medicinal cannabis marketplace..

Khiron's Principal Competitors

As at February 12, 2018, 59 cannabis licences have been issued to 36 different companies in Colombia with cannabis licences: 17 companies have licences to cultivate non-psychoactive cannabis, 17 companies have licences to cultivate psychoactive cannabis and 25 companies have licences to manufacture cannabis derivatives (the "**Competitor Companies**").

Of the Competitor Companies, 8 companies only hold licences to cultivate non-psychoactive cannabis, 2 companies only hold licences to cultivate psychoactive cannabis, 12 companies only hold licences to manufacture cannabis derivatives, 1 company holds licences to cultivate both psychoactive cannabis and non-psychoactive cannabis, 5 companies hold licences to cultivate psychoactive cannabis and manufacture derivatives, and 8 companies hold all three licences.

Potential Sources of Significant New Competition.

The global cannabis industry is experiencing significant change as governments embrace regulatory reform, liberalizing the production and consumption of cannabis. It is possible that foreign corporations may enter the Colombian market as a result of Colombia's regulatory regime, creating the prospect of Colombia becoming a hub for future industry development.

Khiron may face new competition for its magistral preparations from local laboratories with experience developing magistral preparations that partner with a licensed cannabis provider to offer similar products to Khiron's anticipated product line. In addition, current or new licensees unable to market or export extracts internationally may compete domestically with Khiron.

Similarly, new competition for branded mass market phytotherapeutic products may arise from local laboratories that have previously developed natural phytotherapeutic products with natural ingredients. Alternatively, foreign corporations may choose to undertake the Colombian licensing process in order to register products and develop further opportunities in other Latin American jurisdictions.

Intellectual Property

Khiron has recognized the importance of the intangible assets of the company such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks. With this aim Khiron has created an IP team which will coordinate the filing, prosecution and protection of intellectual property rights ("**IPRs**") in Colombia.

The most common IPRs are patents, trademarks and copyrights, which provide regulatory protection for inventions, brand names, software, databases, licences. The duration of the IPR protections in Colombia, are in line with the international conventions, granting a 20 year protection for patents; 10 year protection for utility models (soft patents); 10 year protection for trademarks (with optional renewal); and 80 year protection for copyrights.

In this respect, Khiron filed a trademark application on April 28, 2017 for "KHIRON LIFE SCIENCES CORP." which was approved by the Colombian Patent and Trademarks Office on October 30, 2017 by certificate 577310 of 2017 on Nice Class 5 (Pharmaceutical products) in Colombia. Khiron's trademark registration remains valid until October 30, 2027, with an option to renew for an additional 10 year period. A second trademark application was filed on September 5, 2017 for KHIRON LIFE SCIENCES CORP in Nice Class 44 (medical Services) which currently is under substantive examination of the Colombian Patent and Trademarks Office. In addition, Khiron's IP team, scientific board and research centre have made progress in identifying intellectual property rights to be protected in the future.

Khiron plans in the near future to register a series of trademarks to protect the IPRs in their business lines including wellness, phototherapeutics, magistral preparations (extract-based products) and dietary supplements.

Khiron's policy is to require all employees and third-party contractors to sign non-disclosure agreements and intellectual property assignments to protect sensitive information regarding Khiron's core business products and services.

Insurance

Khiron has received confirmation from Barclays International that they will provide insurance coverage over Khiron's production and facilities. Khiron is insured against a variety of risks, including losses and damages relating to its plants, equipment and buildings. Khiron believes its level of insurance coverage is customary and appropriate for a company of its size and with respect of its activities. Khiron's insurance currently covers only part of the losses it may incur and does not cover losses on crops due to drought or floods.

Legal and Administrative Proceedings

In the ordinary course of business, Khiron may be subject to certain contingent liabilities with respect to existing or potential claims, lawsuits and other proceedings, including those involving tax, social security, labour lawsuits and other matters. Khiron will accrue liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated. There are no material proceedings currently pending against Khiron.

Environmental and Social Programs

Environmental protection requirements in Colombia are governed mainly by legislation and regulations for environmental components (soil, water, air and biodiversity) that will be impacted in positive or negative contexts. The relevant environmental laws are summarized below.

After a detailed consultation, Khiron concluded that the Cultivation Facility has not previously been used for any intensive agricultural projects. The local environmental authority has not published any restriction for agricultural use of the site. Moreover, the land surrounding the cultivation site has been used to cultivate rice and therefore the area is cleared for agricultural production according with its use-of-soil registry.

Khiron is in the process of developing its health and safety programs on two fronts. First, the health, safety, environment, and quality ("**HSEQ**") team is working on the identification, definition and measures for occupational health and safety. Khiron will have a HSEQ management manual that includes all potential situations and measures. The second branch of Khiron's programs is

the pharmacovigilance and control program to guarantee the safety and stability of all products. Both programs follow, and are in compliance with, Colombian labour laws, regulations and health and safety codes.

As part of its environmental, social and sustainability strategy, Khiron has initiated the implementation of a strict environmental and social management system, which allows Khiron to systematically manage its environmental, social, health and safety matters. This integrated management system addresses:

- The identification and assessment of environmental, social and labour risks and impacts through specific methodology which allows prioritize significative impacts and risk.
- Identification and assessment of applicable environmental, social and labour law requirements.
- Improving the management of agrochemicals, chemical products and fuels through programs which allows keep track the improvement.
- Monitoring water and soil quality in accordance with internal procedures and legal requirements.
- Monitoring of water, fuels and electricity consumption.
- Waste management according to sole Decree 1076 of 2015.
- The control of safety & health of workers and the community.
- The management and control of contractors HSEQ practices.
- The establishment of performance indicators for monitoring HSEQ processes.
- The preparation and response to possible emergencies and contingencies.
- Communication with all stakeholders.
- Management of complaints, non-conformities, actions and evaluating their effectiveness.

Khiron has highly skilled HSEQ professionals. Moreover, Khiron has a training program for workers in the HSEQ field and training in first aid and fire response for all workers. The Health, Safety and Environmental team performs internal audits and identifies areas where improvement is needed.

Relevant Colombian Environmental Laws

LAW/DECREE	BRIEF DESCRIPTION
Decree 2811 of 1974	The National Code for Renewable Natural Resources and Environmental Protection focuses on water and biological resources and only set some preliminary aspects around the issue of air pollution.
Law 09 of 1979	The Sanitary Code describes the health regulations and policies regarding environmental conservation.
Law 99 of 1993	The Ministry of Labour created the National Environmental System, the agency in charge of the management and conservation of the environment and renewable natural resources.
Law 388 of 1997 and Law 1454 of 2011	Both laws provides guidelines on the regulatory scope of the territorial planning code to determine territorial strategies on the use, occupation, management, and development of the territories, according to the environmental, urban development, social, and economic objectives of the corresponding municipalities and districts.
Law 1333 of 2009	According to Law 1333 of 2009, environmental authorities are empowered to initiate investigations and administrative processes and within, issue decisions such as preventive measures and sanctions which are determined by the authority according to the significance of the offense. The general criteria for the imposition of monetary penalties are defined in the law. The formula to determine the amount of the fines under the law is based on the following factors, among others: illicit profit obtained by the infringer, its economic capacity, and the significance of the damage to the environment.
Legal Act 778 of 2012	Procedures for requesting VAT exemptions from the competent environmental authorities applicable to national or imported equipment and elements that are intended for the construction, installation, assembly and operation of control and monitoring systems necessary for compliance with regulations and environmental standards.
Legal Act 0779 of 2012	Procedures for requesting accreditation or certification of environmental control from the competent environmental authorities and approval for improvement investments eligible for tax incentives.
Decree 1076 of 2015	The Sole Decree on Environmental and Sustainable Development, which compiles the regulatory standards that govern the environment sector.

Carrying on Business in Colombia

Introduction and Overview

Below is a summary of certain geographic, political and economic considerations relevant to carrying on business in Colombia. It does not purport to be a comprehensive statement of such considerations. It is included for the purposes of background information only and should not be relied on or used for any other purpose.

Colombia is a representative democracy with a central government and separation of powers. The country has three branches of government: executive, legislative and judicial. In the executive branch, the President and Vice-President are elected to renewable four-year terms. The President

acts as both the head of state and head of government the legislative branch is a bicameral legislature consisting of a 102-member Senate and a 165-member House of Representatives. Both chambers are directly elected to four-year terms. Finally, Colombia's judicial system is composed of the following institutions: Supreme Court, Prosecutor General Office, Superior Council of the Judiciary, Constitutional Court and Council for Administrative Law Jurisdiction. The Supreme Court is the highest court of criminal law, and judges are appointed by the Supreme Court from a shortlist submitted by the Superior Judicature Counsel. Supreme Court judges are appointed for eight-year terms.

Colombia's is the third-largest country in Latin America after Mexico and Brazil, with an estimated population of 49.46 million. Despite being one of the 30 largest countries in the world, Colombia's population density is sparse, with just 41 people per square kilometer (106/square mile), which ranks 173rd in the world. Colombia also has the third-largest Spanish-speaking population in the world after Mexico and the United States.

In recent years, Colombia has undergone a remarkable transformation making great strides in restoring security and stability, and advancing policies that have led to significant social progress and economic growth. The nation is now firmly on the path to peace and prosperity. Colombia is Latin America's oldest and most stable democracy. For more than a century, the country has experienced peaceful changes of government every 4 years as citizens have elected government representatives in free and fair elections in a political environment that proudly supports full freedom of the press.

Corruption Perceptions Index

Khiron's primary operations are located in Colombia, a country which is perceived as having fairly high levels of corruption. Colombia ranked 90th out of 176 countries surveyed in the 2016 Corruption Perceptions Index published by Transparency International. Khiron cannot predict the nature, scope or effect of future anti-corruption regulatory requirements to which Khiron's operations might be subject, or the manner in which existing laws might be administered or interpreted.

The Worldwide Governance Indicators are a measure of business stability in a given country. Control of corruption is one component leading to a country's overall score. The indicator ranges from 0 (lowest control of corruption) to 100 (highest control of corruption), and assessed Colombia at a value of 44 in 2016.

Defense of Competition and Antitrust Regulation

Colombia's competition laws are contained in Law 155 of 1959, Decree 3307 of 1963, Decree 1302 of 1964, Decree 2153 of 1992, Law 256 of 1996 and Law 1340 of 2009.

<u>Key prohibitions</u>

Colombia's competition laws prohibit, among other activities:

- Anti-competitive horizontal arrangements: Any contract, covenant, meeting of the minds, agreed, or consciously parallel practice between two or more competitors, which has the purpose or likely effect of lessening free competition in Colombia. This may include price fixing, bid rigging, geographic sharing of markets and certain non-compete clauses.

- Anti-competitive vertical arrangements: Any contract, covenant, meeting of the minds, agreed, or consciously parallel practice between two or more businesses, which has the purpose or likely effect of lessening free competition in Colombia. This primarily concerns resale price maintenance, vertical allocation of customers or territories, and exclusive-dealing arrangements.
- Abuse of dominance: Unilateral conduct by which a firm that possesses a dominant position in the market abuses such position. Prohibited conduct may include: tying and bundling, predatory pricing, price discrimination, obstructing or impeding third parties' access to markets or marketing channels, refusals to deal, denying access to essential facilities and certain exclusive dealing arrangements.
- Any other unilateral acts, without regard to whether a firm holds a dominant position, as well as any other conduct tending to limit free competition and to maintain or establish unfair prices.

Fines

The Superintendent of Industry and Commerce (the "**SIC**") may impose, for each violation and to each legal entity that commits any anticompetitive practice, fines of up to 100,000 minimum legal monthly wages[5] (approximately US$26,865,268[6]), or up to 150% of the profits derived from the restrictive conduct. SIC may also order corporations to cease engaging in the prohibited conduct.[7]

Additionally, the SIC may impose fines up to 2,000 minimum legal monthly wages (approximately US$537,305[8]) on individuals who collaborate, facilitate, authorize or condone the commission of the above-noted anti-competitive conduct.

For more information on the legal framework for cannabis in Colombia, see "*Part II – Information Concerning Khiron – Narrative Description of the Business – Colombian Regulatory Framework*".

Sale and Ownership of Real Estate

Private ownership is protected by the Colombian Constitution protects private ownership of property by Colombian nationals and foreigners[9].

Ownership of real estate is evidenced by a public deed granted before a notary public and the registry of such deed before the Office of Public Registry.

While private parties (including individuals and legal entities) may hold ownership interests in Colombian real property, the Colombian Constitution requires that the state own the subsoil, as well as natural and non-renewable resources.

---

[5] The minimum legal monthly wage for the year 2018 amounts to COP 781,242 (approximately US$267)

[6] Exchange rate equivalent to USD 1 = COP 2,908 as of February 12, 2018

[7] Articles 25 and 26 of Law 1340 of 2009

[8] Exchange rate equivalent to USD 1 = COP 2,908 as of February 12, 2018

[9] Colombian Constitution. Articles 58 and 100.

Non-native Colombian citizens and foreign legal entities are entitled to purchase any real property in Colombia other than: (i) vacant and uncultivated lands located on Colombian shores or border regions; or (ii) real estate located on the island of San Andrés and Providence.

Expropriation is usually conducted by a judicial process and in certain exceptional circumstances, by an administrative process. There are specific expropriation regimes for certain sectors, such as but not limited to, mining, oil & gas, and infrastructure sector.

There is currently no specific expropriation regime for cannabis-related activities, however the National Institute for Rural Development (Incoder) is entitled to expropriate rural land in the following events: (i) in favor of indigenous, afro-Colombian people and other ethnical people provided the land where they inhabit is insufficient; (ii) in favor of farmers of regions affected by public catastrophes; and (iii) in favor of farmers or other people beneficiaries of special governmental programs for provision of land or areas over which there is ecological interest of the national government. Every act or transaction affecting rights associated with real property must be registered with the Office of Public Registry. The property's ownership history and any encumbrances or liens will be recorded on a certificate maintained by the Office of Public Registry.

Soil Usage

In Colombia, municipal and district authorities can regulate the use of soil in their territory through the following instruments: (i) Land Management Schemes (for territorial entities with a population of less than 30,000 inhabitants); (ii) Basic Plans of Territorial Organization (for territorial entities with a population between 30,000 and 100,000 inhabitants); and (iii) Land Management Plans (for territorial entities with a population greater than 100,000 inhabitants).

Through the previously mentioned instruments, the municipal or district authority classifies the soil to establish its uses and the restrictions or prohibitions in the development of particular activities in the territory. The soil can be classified as urban land, urban expansion land, rural soil, sub-urban soil and protection soil. The owner of a project or work must confirm that the activity is in accordance with the corresponding ordering instrument (POT, PBOT or EOT). The foregoing without prejudice to the obligation of individuals to get urban permits for the construction of buildings.

Environmental Regulations

Authorities

The Ministry of the Environment and Sustainable Development is the authority for environmental management, planning, regulation, and policy-making. In addition, the National Agency of Environmental Licences (the "**NAEL**"), regional autonomous corporations ("**RACs**") and urban environmental authorities are responsible for granting licences and permits within their jurisdictions (collectively, the "**Environmental Authorities**").

Environmental licences, permits and fees

a. Environmental licences

The environmental licence is the authorization granted by the Environmental Authorities for any given project, work or activity that may cause damage to renewable natural resources or the environment, or have a significant impact on the landscape. An environmental licence must be

obtained prior to initiating any project, work or activity. The licence must include all permits, authorizations and/or concessions for the use of any renewable natural resources required for the project. Whenever an environmental licence is required, the specific permits must be requested within the same licence application.

b. Environmental permits

Project involving the use of the following natural resources require a specific permit: forest use, dumping of sewage, hazardous waste management, water concession (surface water and underground water use), and atmospheric emissions.

Environmental Responsibility

Under Colombian law, liability for environmental damage following land ownership creates a presumption of liability in case of (i) breach of environmental laws; (ii) environmental damage; and (iii) breach of environmental licence or any other administrative act from the environmental authorities. The Environmental Authorities may investigate potential claims, authorize preventative measures, or impose sanctions on parties breaching environmental law.

General principles of environmental law are set out in Law 99 of 1993. Article 9 of the National Code of Natural Resources and Protection of the Environment establishes principles governing the use of natural resources, including that use must occur without causing harm to the interests of the community or of third parties.

Parties that cause environmental damage while acting under the authority of a permit are responsible for incurring the costs to rectify the damage. The imposition of environmental sanctions is in addition to civil and criminal penalties that may be imposed. Environmental damage caused while a party is acting without a licence constitutes a breach of Law 99 of 1993 and may lead to the imposition of sanctions, in addition to civil or criminal proceedings that may result. Parties that cause environmental damage, in addition to sanctions or penalties that apply, will also be required to carry out studies to assess the characteristics of the damage.

Genetically Modified Organisms

Genetic material of living organisms found in the Colombian territory are the property of the Colombian State. They are inalienable, imprescriptible and not subject to seizure or similar measures. Andean Decision 391 of 1996, signed by the member countries of the Andean Community, regulates access to genetic resources in the form of genes and/or derived products and established that parties require authorization to obtain access.

Under Decree Law 3570 of 2011, the Ministry of the Environment and Sustainable Development is responsible for processing requests for access to genetic resources and signing corresponding access contracts, in accordance with the procedure provided for in Resolution 620 of 1997.

According to Resolution 1352 of 2017, applications for a patent for products or procedures obtained or developed from genetic resources or their derived products, must include a copy of the contract of access to genetic resources.

The use and transboundary transport of Modified Live Organisms ("OVM") is regulated by the Convention on Biological Diversity, Law 165 of 1994, the Cartagena Protocol on Biosafety, and Decree 1071 of 2015.

The use and transboundary movement of OVMs require prior authorization from the authority in the relevant jurisdiction: a) Ministry of Agriculture and Rural Development, through the ICA, for OVMs for agricultural, livestock, fishing, commercial and agro-industrial forest plantations; b) Ministry of the Environment and Sustainable Development when dealing with OVMs for environmental use; and c) Ministry of Health, through INVIMA, for OVMs for human consumption.

Although Khiron is not currently working with genetic material originated in Colombia, there is the potential this could become the case in the future. In that eventuality, Khiron will need to apply for the previous mentioned permits.

Foreign Direct Investment

According to data published by the Colombian Central Bank ("**BR**"), foreign direct investment ("**FDI**") inflow reached US$7,494 million in 2017, an increase of US$816.8M over the previous year (US$6,677 million). The majority (55.3%) of Colombian FDI is invested in the oil & gas and mining industries. According to The World Bank Doing Business Index, Colombia is ranked 59th globally and 3rd in Latin America. Colombia has a strong position in various categories of the index, including Getting Credits (2nd place), Protecting Minority Investors (16th place), Resolving Insolvency (33rd place), and Registering Property (60th place).

Foreign investment in Colombia is regulated by Law 9 of 1991, Decree 1068 of 2015 (second Book, Part 17, Titles 1 and 2) modified by Decree 119 dated January 26, 2017, External Resolution 8 of 2000, and Regulatory External Circular DCIN-83 (Ch. 7) from the Central Bank.

Colombia's legislative framework provides for equal treatment of foreign and domestic investments. Any investment of capital from abroad, whether direct or in a portfolio, that is made in Colombian territory, including Colombian free trade areas, by non-Colombian residents, is considered a foreign investment. Any investment made by a person who does not qualify as a resident of Colombia for foreign exchange purposes, will qualify as foreign investment. Foreign

investment is permitted in all sectors, except in activities related to defense, national security, and toxic waste handling and disposal.

If foreign investments are lawfully registered investments in Colombia, foreign investors are able to remit abroad the profits resulting from the activities to which from the investment was directed as well as the principal and any capital gains.

Exchange Regulation

Law 9 of 1991 outlines the general framework for the current foreign exchange regime in Colombia, which provides that the Colombian Government is in charge of regulating foreign investment operations in Colombia through the Superintendence of Finance and the BR regulates the monetary policy and the exchange market.

Colombian exchange regulation provides some restrictions and obligations that should be complied by residents and non-residents.

The performance of transactions in foreign currencies in Colombia or between individuals or corporations resident in Colombia are generally not allowed, with some particular exceptions (among the more relevant are the transactions between companies dedicated to the exploration and production of oil and gas, payments between residents through foreign accounts registered before the BR and the payment international transport freights).

The following activities are subject to exchange market requirements: the import and export of goods, foreign indebtedness, foreign investment made in cash and guarantees issued in foreign currency or in transactions between residents and non-residents. These activities must be channeled through exchange market intermediaries like local banks or through foreign accounts registered before the BR, and are subject to certain BR registration requirements

Accounts receivable resulting from the aforementioned activities must be repaid through in cash and cannot be offset against any credit or inventory arrangements.

<u>Sanctions</u>

All foreign investors must register investments or risk incurring sanctions. Not registering the foreign investment timely and in the appropriate manner constitutes an exchange offense punishable by a fine of up to 200% of the amount of the non-registered investment. The amount is reduced to 70% if the offender admits its liability. Other penalties are imposed if foreign exchange regulations are not followed.

Anti-Money Laundering

Colombia has implemented regulations for the control, mitigation, and prevention of money laundering from terrorist activities, based on the recommendations made by the Financial Action Task Force and the Basel Committee on Banking Supervision. Colombian Law 526 of 1999 created the Special Administrative Unit for Financial Information and Analysis ("**UIAF**") which is responsible for detecting money laundering operations and centralizing and analyzing data related to money laundering operations.

Institutions regulated by Superintendence of Finance (the "**CSF**") are required to implement an anti-money laundering and counter-terrorism financing risk management system. CSF-regulated

corporations are also required to establish self-regulatory systems to manage money laundering and terrorism financing risk.

Taxes

Tax regulation is complex and subject to frequent amendments. Recent amendments have implemented base erosion and profit sharing measures as well as emphasized the enforcement of the value-added tax ("**VAT**"). Colombia has signed several international treaties following the OECD model to reduce the potential for double taxation. The Colombian tax system is comprised of national, departmental and municipal taxes.

The following is a summary of material Colombian tax regulations impacting Khiron and are current as at the date of this Filing Statement. The below is subject to legislative, judicial or administrative change or interpretation, and any such change or interpretation could result in tax consequences, potentially on a retroactive basis, material to Khiron's financial position.

Income Tax on Economic Activities

Colombian companies, and individuals deemed residents for taxation purposes, are taxed on their worldwide income. Non-resident corporations and individuals are taxed on their Colombian source income. Entities engaged in business cooperation agreements, including joint ventures, are taxed as separate taxpayers.

Companies are subject to income tax at a rate of 34% in 2017 and 33% in 2018. Companies with a tax base of COP$800,000,000 (approximately US$266,000) or greater are subject to an additional tax surcharge of 6% in 2017 and 4% in 2018. In addition to the above tax rate, a 1.104% municipal tax rate is payable on Khiron Colombia's net revenue.

Colombia's income tax regime presumes that a corporation's net income for tax purposes will, at a minimum, equal 3.5% of the corporation's net equity as calculated at December 31 of the prior year. The corporate tax rate is applied to the presumptive income. Corporations will be subject to the presumptive income whenever the net income of the current taxable year is lower than the presumptive income.

Capital gains are those profits arising from the disposition of assets which have been part of the fixed assets of the taxpayer for a period of at least two calendar years and are taxed at a rate of 10%. Capital losses may only be offset with capital gains over the following 12 taxation years.

Non-Resident Income Tax

For 2018, non-resident corporations will be taxed on their Colombian source income at a rate of 33%.

Payments to non-residents are generally subject to withholding tax at a rate of 15%, with several exceptions including payments by way of dividends. The withholding tax rate may be reduced if Colombia is a signatory to a tax treaty with the non-resident's home jurisdiction. Canada and Colombia have entered into a convention for the avoidance of double taxation. Accordingly, Khiron may receive tax rate reductions depending on the scope of the payments that take place between Khiron and Khiron Colombia.

Under Colombian regulation, foreign companies such as Khiron are subject to local tax obligations which in most cases is a withholding income tax. However, when withholding tax does not apply or when the withholding tax applicable is different to the ones established in articles 407, 408, 409, 410 and 411 of the Colombian tax code (these articles include, but are not limited to, the payments of interests, dividends and royalties), Khiron will have to file the tax return and pay any amount of tax that exceeds the withholding tax rate applied by the payer.

In addition to withholding tax, in some circumstances non-residents will be required to file and pay corporate taxes applicable to Colombian resident corporations, at the rates outlined in "*Carrying on Business in Colombia – Taxes – Income Tax on Economic Activities*".

Value-Added Tax

The VAT is a 19% indirect national tax applied on: (i) services rendered in Colombia for any individual or corporation, regardless its place of incorporation or tax residency; (ii) services rendered from abroad which are intended to benefit Colombian individuals or companies; (iii) the sale or import of goods; (iv) the first sale of residential units with a price exceeding approximately US$285,000; and (v) the sale or transfer of intangible assets related to industrial property.

In most cases, VAT does not apply to the sale of fixed assets or export of goods and services. VAT does not apply to expressly excluded goods or services, including: most groceries, energy, pharmaceuticals, medical services, certain transportation services, residential tenancies, education services, tickets (i.e. cultural events, sporting events, movies), and certain services related to agricultural activities. Various other products and services are exempt from the application of VAT, including the export of services (provided that certain conditions are complied with) and tourism services.

Generally, VAT paid by a corporation may be treated as an input tax credit if the good or service acquired is related to a VAT-taxable activity and can be characterized as an expense for tax purposes. Accordingly, the VAT payments that are generated by Khiron Colombia are creditable against any VAT paid by Khiron Colombia to third parties. Exporters and producers of exempt goods and services are refunded surplus input VAT.

Tax on Dividends

The tax treatment of dividends distributed to Colombian resident individuals differs depending on whether tax on the dividends was first paid by the corporation. If the dividends were taxed at the corporate level they are subject to a progressive tax rate ranging from 0% to 10%. If the dividends were not taxed at the corporate level, they are subject to a 35% tax rate. In the last case, the 0-10% dividends tax rate will be applied once the 35% rate has been deducted.

The tax treatment of dividends distributed to Colombian resident corporations similarly varies based on whether tax was first paid by the corporation distributing the dividend. If tax was paid on the dividends by the corporation distributing the dividends, the dividends do not constitute taxable income in the hands of the recipient corporation. If tax was not paid by the distributing corporation, dividends are subject to tax at a rate of 34% (2017) and 33% (2018). Dividends will be subject to a withholding tax at a rate of 20% that is creditable for income tax purposes.

Dividends distributed to non-residents are taxed at a rate of 5% if tax was first paid on the dividends by the distributing corporation. If the dividends were not taxed at the corporate level,

they are subject to a tax rate of 35%. In the last case, the 5% dividends tax rate will be applied once the 35% rate has been subtracted.

Medicinal Cannabis Consumption Tax

Law 1819 of 2016 created a Medicinal Cannabis Consumption Tax ("**MCCT**") levied on the sale of any manufactured products that contains psychoactive or non-psychoactive cannabis. The MCCT is assessed at a rate of 16%.

MCCT cannot be used as input tax credits for VAT purposes**.** In other words, the MCCT cannot be creditable for VAT purposes but can be treated as a deductible expense for income tax purposes. However, they may be treated as deductible expenses. The taxpayer is the buyer or producer of cannabis that submits cannabis to a transformation process. According to Colombian tax law, transformation is understood as (i) any process that implies changing the form of cannabis; (ii) any transmutation of flowering tops or with fruit, in any other product; or (iii) obtaining a derivative through any mechanical, physical, chemical or biological process from psychoactive or non-psychoactive cannabis. These derivatives include, among others, oils, resins, tinctures, extracts, or plant materials from cannabis plants.

Labour Matters

Khiron has a human resources manager who reviews and recommends the compensation of employees based on skills, experience, performance, and comparable compensation for similar positions. The human resources manager is well versed in the following labour and employment concepts and legal guidelines.

Employment Contracts

Colombian law permits parties to enter into employment relationships for the duration of a specific project, for a fixed period, or indefinitely. Fixed term employment must be in evidenced by a written employment agreement and the initial term may not exceed three years. Employment contracts may be renewed by the parties. Fixed term contracts are automatically renewed for an additional term in the event the relationship extends 30 days beyond the initial term and no party notifies the other of its intention not to extend the agreement. Unless expressly agreed otherwise, employment agreements are presumed to be indefinite in nature.

An employment agreement may be terminated unilaterally, with or without cause, or by mutual consent. In case of unilateral termination by the employer without cause, the employee is entitled to damages payable by the employer. Damages vary depending on the salary level of the employee and the duration of the employment agreement.

Prior authorization from the Ministry of Labour is required for unilateral terminations involving defined classes of protected employees (i.e. those on maternity or sick leave, disabled employees, etc.).The authorization to unilaterally terminate an employment contract for a protected or unionized employee must be granted by the courts.

Termination of Employment Agreements

In Colombia, an employment agreement may be terminated unilaterally with or without cause or by mutual consent.

The amount of the compensation required upon termination varies based on the salary level of the employee and the duration of the employment agreement:

For agreements entered into for an indefinite term, severance rules apply as follows:

- For employees with a salary equivalent to less than 10 minimum monthly legal wages: 30 days' salary for the first year of services plus 20 additional days' salary for each subsequent year of service on a pro rata basis.

- For employees with a salary equivalent to 10 minimum monthly legal wages or more: 20 days' salary for the first year of services plus 15 additional days' salary for each subsequent year of service on a pro rata basis.

For fixed term agreements or agreements in which the term is subject to the performance of a specific job, upon termination the employer must pay the employee the greater of the compensation for the remaining term of the contract or 15 days' salary.

Salaries

Under Colombian law, salary includes ordinary remuneration, fixed or variable, as well as any other amount that the employee receives, in money or in kind, as direct compensation for services performed, regardless of the form or name given to it. By way of example, the following concepts, in principle (subject to the exclusions mentioned below), constitute salary: premiums, contractual bonuses, overtime pay for work on compulsory rest days, sales commissions, meals, housing or clothing benefits, and permanent travel expenses for dining and lodging.

The following amounts are excluded from the definition of salary:

- Amounts granted to the employee occasionally as discretionary premiums, bonuses and gratuities;

- Amounts granted (in money or in kind) to properly perform an employee's functions, such as relocation and transportation allowances, and stipends for work tools;

- Business development expenses incurred in the course of representing an employer at industry or entertainment-related events;

- Payments in respect of mandatory social benefits programs.

- Any customary or occasional extralegal benefit paid in money or in kind, when the parties have expressly agreed in writing that these are not part of the salary and which by nature do not compensate the work.

Legal Guidelines for Establishing Salary Level

There is no legal provision establishing special salary levels, except for the minimum monthly legal wage. The minimum monthly legal wage in Colombia for 2018 is COP$781,242

(approximately US$281.75[10]) per month. Employees earning less than twice the minimum wage also receive a transportation allowance of COP$88,211 (approximately US$31.76[11]) per month and are entitled to receive uniforms from their employer.

In practice, and subject to the minimum monthly legal wage, salary levels depend on the criterion of the employer, the qualifications of the employee and, in general terms, on the specific characteristics of the activity performed (i.e. average salary levels applicable in the region for similar services).

Article 132 of the Labour Code considers a special figure called “integral salary”, which refers to a salary that compensates the ordinary services rendered by an employee and incorporates all social benefits (including semester bonuses, severance pay and interest on severance pay), allowances, work on Sundays and holidays, and, in general, any other payment or benefit expressly identified in the agreement as part of the salary. Vacation time is the only benefit that is provided by an employer in addition to the lump sum integral salary.

Integral salary is applicable only if agreed in writing, with employees who have a monthly salary greater than 13 times minimum legal wages. For 2018, the minimum monthly integral salary is of COP 10,150,000 (approximately US$3,654), which is adjusted annually based on increases to the minimum legal wage.[12]

Social Benefits

Colombian labour law requires the employer to pay the employee certain mandatory social benefits. Social benefits are the minimum benefits payable to employees and are included in the monthly salary for those employees who have agreed to receive an integral salary. The following social benefits are established under Colombian law:

a. Severance Pay and Interest on Severance Pay

As of December 31 of each year, employers must calculate the severance pay accrued for each employee during the corresponding calendar year, based on 1 months’ salary if the employee worked a full calendar year or on a pro rata basis if less than 1 year.

Employers must deposit the accrued severance pay, by no later than February 15 of the following year, into an account designated by each employee and held by a financial institution authorized by the government to receive and administer said funds.

Employees also receive direct interest payments equal to 12% interest per annum calculated on the accrued severance pay existing as of December 31 of each year, or on the date of termination of the employment, before January 30 of the following year.

b. Semester Bonus

[10] Exchange rate equivalent to USD 1 = COP 2,778 as of April 4, 2018

[11] Exchange rate equivalent to USD 1 = COP 2,778 as of April 4, 2018

[12] Exchange rate equivalent to USD 1 = COP 2,778 as of April 4, 2018

This benefit is equivalent to 30 days of salary payable to employees in two tranches: 50% on the last business day of June and 50% on within the first 20 business days of December. Both payments are made based on the time worked during the corresponding six-month period.

c. Dress and shoes for labour

Employees having a monthly salary not exceeding an amount equal to twice the minimum monthly legal wage are entitled to from receive uniforms and shoes appropriate for work from the employer every four months.

Working Hours and Overtime

On average, employees work 8 hours per day and a maximum of 48 hours per week. Regulations governing hours of work and overtime pay do not apply to employees that perform managerial functions or handle funds or property. However, these employees are entitled to receive overtime surcharges for work completed on Sundays or holidays, unless provided for in an integral salary.

In exceptional circumstances, Colombian law permits overtime work up to 2 hours per day and 12 hours per week. The employer must apply to the Ministry of Labour and receive approval for a segment of non-managerial employees to accrue overtime hours.

If authorized, employees are entitled to the payment of a premium hourly wage equal to 125% of the employee's hourly wage for day shifts and 135% for night shifts. The Ministry of Labour can impose discretionary penalties for the non-compliance with overtime obligations in the form of fines of up to 5,000 minimum legal monthly wages.

From a legal point of view, employers must have the authorization of the Ministry to work overtime in advance, regardless if the overtime work is required urgently or not.

Colombian law does not establish categories of employees eligible for overtime work. To request overtime authorization, an employer must file an application before the Ministry of Labour that includes: the position and services provided by the required employees, the needs and activities of the company, and any other information which support the overtime work.

Employees who perform supervisory functions, hold positions of trust or handle funds or property are considered exempt employees and are excluded from the legal maximum workday provisions requiring overtime pay. Exempt employees are only entitled to overtime for overnight shifts, Sundays and holidays. Exempt employees earning integral salary do not receive any additional payment.

Vacation

Pursuant to Colombian Decree-Law 2663 of 1970 and its modification to Law 50 of 1990, all employees are entitled to 15 paid vacation days per year. Upon termination, employees are entitled to receive compensation for the accrued vacation days not used during the course of the employment.

Employees must use at least six vacation days per year. Subject to exceptions, unused vacation days may be carried over to subsequent years. Pursuant to a request from an employee,

employers and employees may agree in writing to pay employees for up to 50% of accrued vacation days.

Annual Bonus

Employees and employers can agree on non-salaried benefits or payments that do not directly remunerate the employee's services. These benefits are not included for the purposes of calculating social benefits, vacation, contributions to the social security system and payroll taxes.

Social Security Contributions

Law 100 of 1993 requires all employees in Colombia to participate in the integral social security system, which includes mandatory health, worker compensation, and pension programs.

Two mandatory pension programs exist: (i) a fixed contribution scheme administered by Colpensiones, a public entity; and (ii) individual savings scheme by private pension funds regulated by the Government.

Both pension schemes cover retirement, disability and death risks. The pension schemes are differentiated by the requirements for each program.

In the fixed contribution scheme, an individual has the right to receive a retirement pension upon reaching the legal retirement age (57 years of age for women and 62 years of age for men) and having contributed to the pension plan for a minimum of 1,300 weeks. In the private scheme, an individual may receive the retirement pension whenever the capital accrued in the individual account via contributions is enough to finance the pension.

In addition to the mandatory pension programs, employees may voluntarily contribute to private pension funds.

All employees must be affiliated with an EPS, which provides coverage and reimbursement to individuals and their families for health services and medical coverage authorized by the Health Superintendence. An EPS does not provide health services directly and can be either private or government owned.

Employers are required to affiliate their employees with a workplace accident insurance provider duly authorized to provide for general medical care in the event accident or illness occurs in the course of employment.

Employee Contributions

16% of an employee's salary is contributed to pension programs on a monthly basis, with employers responsible for contributing 12% and employees 4%. Employees earning over 400% of the minimum wage are required to contribute an up to an additional 2% towards their pension plan.

Contributions of 12.5% of employees' salaries are made to the EPS, with employers responsible for contributing 8.5% and employees 4%. Employers are responsible for making contributions on behalf of employees earning less than ten times the minimum wage.

The quantum of contributions to labour risk entities is dependent on the corporation's unique risk factors. Contributions range from 0.348% to 8.7% of an employee's salary.

Employers are required to contribute 9% of their total payroll costs to family subsidy institutions as follows:

- 2% is allocated to the National Learning Service, a Colombian public institution focused in the provision of technical and higher education services;
- 3% is allocated to the Colombia Institute of Family Welfare, a Colombian public institution focused in early childhood care and protection services; and
- 4% is allocated to Family Welfare Funds, private entities focused on the improvement of the quality of life of the employees.

Employees earning less than 10 minimum legal wages are exempt from the National Learning Service and Colombia Institute of Family Welfare contributions. In lieu of the above, employers contribute a total of 4% of payroll costs for employees earning less than 10 minimum legal wages.

If an employer pays integral salaries, the above-noted percentages will be applied to 70% of the employee's integral salary.

Accidental and Health Insurance

There is no legal provision requiring employers to provide employees with occupational accident and health insurance. Insurance coverage is provided by social security entities. Extended coverage for accidents occurring during work activities is included in the integral social security system.

Time Limits for Claims

Labour law claims are subject to a 3 year statute of limitation commencing on the date of its enforceability. Such term can be interrupted once with a complaint of the petitioner. However, the right to bring claims related to pension rights have no statute of limitation in accordance with the Colombian Constitution.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth selected historical financial information for Khiron for the period from February 17, 2017 (date of incorporation) to December 31, 2017. The financial statements of Khiron have been prepared in accordance with IFRS and are denominated in Canadian dollars. Such information is derived from Khiron's financial statements and should be read in conjunction with such financial statements included elsewhere in this Filing Statement including those financial statements attached hereto as Schedule "C".

Balance Sheet Data	As at December 31, 2017 $
Cash and cash equivalents	$1,809,645
Total assets	$2,897,540

Balance Sheet Data	As at December 31, 2017 $
Total liabilities	$704,263
Shareholder's equity	$2,193,277

Income Statement Data	From February 17, 2017 to December 31, 2017 $
Total income	0
Total expenses	(3,779,412)
Net loss	(3,779,412)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Khiron MD&A for the period from February 17, 2017 (date of incorporation) to December 31, 2017 is attached as Schedule "D".

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

In accordance with National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, Khiron has established disclosure controls and procedures ("**DC&P**") and internal controls over financial reporting ("**ICFR**"), which were designed based on the Committee of Sponsoring Organizations of the Treadway Commission's 2013 integrated framework ("**COSO**") and will continue to be maintained in respect of the Resulting Issuer following Completion of the Qualifying Transaction.

Khiron's Chief Executive Officer and Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, the effectiveness of Khiron's DC&P and ICFR for the for the period from February 17, 2017 (date of incorporation) to December 31, 2017. In conducting the evaluation, the Chief Executive Officer and Chief Financial Officer considered any changes to Khiron's ICFR that have been made subsequent to the date of the audited financial statements for the for the period from February 17, 2017 (date of incorporation) to December 31, 2017, and have concluded there have been no material changes to DC&P and ICFR that would impact the disclosure in this Filing Statement. Furthermore, as part of its evaluation, Khiron engaged MNP LLP to provide observations and recommendations on the documented design effectiveness of the ICFR against COSO; the results of which have been presented to the Chief Executive Officer and Chief Financial Officer.

Based on the evaluation above, the Chief Executive Officer and Chief Financial Officer confirm that Khiron's ICFR provides reasonable assurance regarding the reliability of the financial reporting and preparation of financial statements for external purposes in accordance with IFRS. Furthermore, the Chief Executive Officer and Chief Financial Officer confirm as a result of the evaluation, no material weaknesses have been noted in the design or operating effectiveness of Khiron's ICFR.

TRENDS

Khiron believes that many trends in the cannabis industry create a favourable environment. Khiron also believes that additional scientific and medical research will expand the medical application of cannabis. Beyond Colombia, global trends demonstrate an increasingly positive perception of cannabis, exemplified by an increasing number of jurisdictions legalizing or discussing regulatory changes regarding cannabis. Some examples include the Philippines, Mexico and Portugal. Khiron believes that as a producer in a country with relatively low costs, Khiron is positioned to have an advantage as new markets open for the exportation of cannabis products.

DESCRIPTION OF THE SECURITIES

Khiron Shares

Khiron is authorized to issue an unlimited number of common shares, of which 34,915,823 are issued and outstanding as at the date hereof. Each common share is entitled to one vote per share, to receive an equal share of any dividends and distributions (whether payable in cash or otherwise) as may be declared from time to time, and, in the event of any liquidation, dissolution or winding-up of Khiron (whether voluntary or involuntary), to receive in equal amounts per share the assets of Khiron.

Khiron Warrants

Khiron is authorized to issue Khiron Warrants in connection with issuances of Khiron Shares. Whole Khiron Warrants are exercisable for Khiron Shares at an exercise price set out in the terms of each respective issuance Khiron Warrants. A total of 4,327,448 Khiron Warrants with exercise prices between $1.05 and $1.20 are outstanding as at the date hereof.

Khiron Options

Khiron adopted a stock option plan that authorizes Khiron to grant officers, directors, employees and consultants options exercisable for Khiron Shares representing a maximum of 10% of the issued and outstanding Khiron Shares. A total of 3,012,500 Khiron Options are outstanding as at the date hereof.

Khiron Subscription Receipts

Khiron completed the QT Financing by issuing Subscription Receipts exchangeable for Underlying QT Khiron Securities. A total of 11,230,000 Subscription Receipts are outstanding as at the date hereof

CAPITALIZATION OF KHIRON

The share capital and outstanding debt of Khiron for the period from February 17, 2017 (date of incorporation) to December 31, 2017 is as follows:

Designation of Security	Amount Authorized	Amount Outstanding as at December 31, 2017	Amount Outstanding as at May 15, 2018 (prior to giving effect to the Qualifying Transaction)
Khiron Shares	Unlimited	32,570,281	34,915,823
Khiron Warrants	N/A	3,422,448	4,327,448
Khiron Options	10% of the issued and outstanding common shares	3,012,500	3,012,500
Rights[(1)]	N/A	1,440,542	0
Subscription Receipts	11,230,000	11,230,000	11,230,000
QT Broker Warrants	N/A	Nil	786,100

Notes:

(1) Rights associated with the March 2017 Private Placement and the August 2017 Private Placement.

PRIOR SALES OF SECURITIES OF KHIRON

The following table sets forth the number and price at which securities of Khiron have been sold within the 12 months period prior to the date of this Filing Statement.

Date	Number of Khiron Securities	Type	Issue Price Per Share	Aggregate Issue Price	Nature of Consideration Received
February 17, 2017	18,000,000[(1)]	Common Shares	$0.0050	$90,000	Cash
March 3, 2017	2,300,000[(2)]	Common Shares	$0.0010	$2,300	Cash
March 9, 2017	5,700,000	Common Shares	$0.25	$1,425,000	Cash
March 15, 2017	1,100,000[(3)]	Common Shares	$0.25	$275,000	Cash
March 28, 2017	50,000	Common Shares	$0.25	$12,500	Cash
April 4, 2017	600,000	Common Shares	$0.25	$150,000	Cash
April 6, 2017	100,000	Common Shares	$0.25	$25,000	Cash
April 12, 2017	450,000[(4)]	Common Shares	$0.25	$112,500	Cash
August 24, 2017	4,270,282[(5)]	Units[(6)]	$0.70	$2,989,197.40	Cash

October 12, 2017	1,000,000	Units[7]	$0.70	$700,000	Services Received
January 12, 2018	11,230,000	Khiron Subscription Receipts	$1.00	$11,230,000	Cash
March 9, 2018	570,000	Rights			Penalty shares issued to March 2017 Private Placement subscribers
March 15, 2018	110,000[8]	Rights			Penalty shares issued to March 2017 Private Placement subscribers
March 24, 2018	640,542[9]	Rights			Penalty shares issued to August 2017 Private Placement subscribers
March 26, 2018	422,500	Units[10]	$1.00	$905,000	Cash
March 28, 2018	5,000	Rights			Penalty shares issued to March 2017 Private Placement subscribers
April 3, 2018	482,500	Units[10]	$1.00	$905,000	Cash
April 4, 2018	60,000	Rights			Penalty shares issued to March 2017 Private Placement subscribers
April 6, 2018	10,000	Rights			Penalty shares issued to March 2017 Private Placement subscribers
April 12, 2018	45,000[11]	Rights			Penalty shares issued to

					March 2017 Private Placement subscribers

Notes:

(1) A total of 18,000,000 Khiron Shares were issued to non-arm's length parties.

(2) A total of 600,000 Khiron Shares were issued to non-arm's length parties.

(3) A total of 100,000 Khiron Shares were issued to non-arm's length parties.

(4) A total of 350,000 Khiron Shares were issued to non-arm's length parties.

(5) A total of 610,499 Khiron Shares were issued to non-arm's length parties.

(6) Units issued pursuant to the August 2017 Private Placement were comprised of one Khiron and one-half of one Khiron Warrant exercisable at $1.05 for a period of two years following the closing date.

(7) Units granted to TheraCann in respect of the TheraCann Services Agreement comprised of one Khiron Share and one Khiron Warrant.

(8) A total of 10,000 Khiron Shares were issued to non-arm's length parties.

(9) A total of 91,575 Khiron Shares were issued to non-arm's length parties.

(10) Units issued pursuant to the April 2018 Private Placement were comprised of one Khiron and one Khiron Warrant exercisable at $1.20 for a period of two years following the closing date.

(11) A total of 35,000 Khiron Shares were issued to non-arm's length parties.

EXECUTIVE COMPENSATION

Compensation Philosophy and Objectives

The objectives of Khiron's executive compensation policy are: (i) to attract and retain individuals of high caliber to serve as officers of Khiron; (ii) to motivate performance in order to achieve Khiron's strategic objectives; and (iii) to align the interests of executive officers with the long-term interests of Khiron shareholders.

Overview

The board of directors, on the recommendation of management, of Khiron is responsible for setting the overall compensation strategy of Khiron and evaluating and making determinations for the compensation of its directors and executive officers. The board of directors, on the recommendation of management, annually reviews and determines base salary.

Each executive officer receives a base salary. The salary of the executive officers of Khiron is believed to be similar to salaries provided in comparable companies. No personal benefits are granted to the executive officers of Khiron.

Khiron does not offer any group benefit plans, including medical, dental, life, accidental death and dismemberment and long term disability coverage.

While Khiron reimburses its executive officers for expenses incurred in the course of performing their duties as executive officers of Khiron, Khiron has not provided any compensation that would be considered a perquisite or personal benefit to its executive officers.

Khiron has a stock option plan, but has not granted any incentive stock options since incorporation.

Summary Compensation Table

The following table sets out information concerning the compensation since incorporation by Khiron's Chief Executive Officer ("**CEO**"), Chief Financial Officer ("**CFO**") along with the compensation of the directors of the board and senior management personnel.

Name and Principal Position	Year	Salary $	Share-Based Awards	Options-Based Awards	Non-equity incentive plan compensation		All other Compensation	Total compensation
					Annual incentive plans	Long-term incentive plans		
Alvaro Torres, Chief Executive Officer, Director	2017	$85,025	$40,500	200,000(1)	-	-	-	$125,525
Darren Collins, Chief Financial Officer	2017	$85,025	$40,500	200,000(1)	-	-	-	$125,525
Sidney Himmel, Director	2017	-	$40,500	200,000(1)	-	-	$60,000	$100,500
Mark Monaghan, Director	2017	-	$40,500	200,000(1)	-	-	$60,000	$100,500
Peter Simeon, Director	2017	-	$40,500	200,000(1)	-	-	-	$40,500
Alvaro Yañez, Director	2017	-	$40,500	200,000(1)	-	-	-	$40,500
Andres Galofre, Vice President, Commercial	2017	$85,025	$40,500	-	-	-	-	$125,525
Juan Diego Alvarez, Vice President, Regulations	2017	$54,254	$40,500	-	-	-	$70,000	$164,754
Paulo Vega, Vice President, Medical	2017	$109,500	$40,500	-	-	-	-	$150,000

Note:

(1) Stock options were granted on April 19, 2017 with an exercise price of $1.00 and expiring on April 19, 2022

Incentive Plan Awards – Named Executive Officers

Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

As of December 31, 2017, 1,200,000 incentive awards were outstanding for the Named Executive Officers as set forth in the *Summary Compensation Table* above.

Incentive Plan Awards – Value Vested or Earned During the Year

As of September 30, 2017, 1,200,000 incentive plan awards vested or were earned by the Named Executive Officers.

Management Contracts

All Khiron management functions are performed by directors and senior officers.

Directors' Compensation

Director Compensation Table

From February 17, 2017 (date of incorporation) to December 31, 2017, $305,025 of cash compensation has been paid to the directors of Khiron.

Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

As of December 31, 2017, 1,000,000 stock options were outstanding for the directors of Khiron.

Incentive Plan Awards – Value Vested or Earned During the Year

As of December 31, 2017, 1,000,000 incentive plan awards vested or were earned by directors of Khiron.

NON-ARM'S LENGTH TRANSACTIONS

Except as disclosed below, there has been no acquisition of assets or services or provision of assets or service in any transaction from the date of incorporation up to the date of this Filing Statement, or in any proposed transaction, where Khiron or any subsidiary of Khiron has obtained such assets or services from:

(a) any director, officer or promoter of Khiron;

(b) a securityholder disclosed in this Filing Statement as a principal securityholder, either before or after giving effect to the Qualifying Transaction; or

(c) an Associate or Affiliate of any of the persons or companies referred to in paragraphs (a) or (b) above**.**

Amounts totaling $538,829 were paid to certain directors and officers of Khiron as consideration for consulting services provided from the date of incorporation to December 31, 2017. These amounts are more fully described in the Khiron MD&A attached to this Filing Statement as Schedule "D".

LEGAL PROCEEDINGS

There are no legal proceedings material to Khiron to which Khiron is a party to or of which any of its property is the subject matter, and there are no such proceedings known to Khiron to be contemplated.

MATERIAL CONTRACTS

The following contracts are, or will be, material contracts to Khiron prior to the Completion of the Qualifying Transaction:

1. the Ministry of Justice Licences;

2. the Ministry of Health Licence;

3. the TheraCann Services Agreement;

4. the Subscription Receipt Agreement;

5. the QT Agency Agreement;

6. the Warrant Indenture;

7. the Definitive Agreement; and

8. the Amalgamation Agreement.

Copies of these agreements may be inspected during regular business hours at the office of Khiron's Canadian legal counsel, Gowling WLG (Canada) LLP, 100 King Street West, Suite 1600, Toronto, Ontario M5X 1G5 until the Completion of the Qualifying Transaction and for a period of 30 days thereafter.

PART III – INFORMATION CONCERNING THE RESULTING ISSUER

Information contained in this Part III assumes completion of the Amalgamation and approval by the Exchange.

CORPORATE STRUCTURE

Name and Incorporation

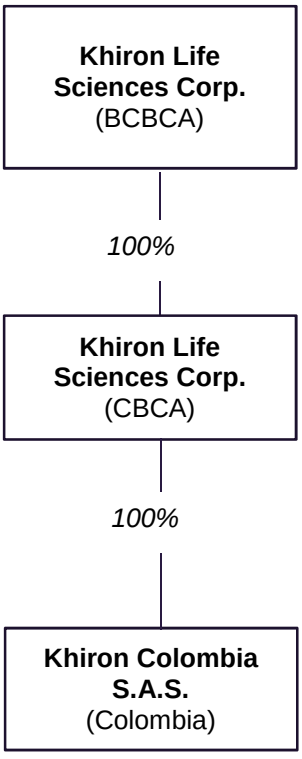
Following the Completion of the Qualifying Transaction, it is anticipated that the Resulting Issuer will file articles of amendment to change its name to “Khiron Life Sciences Corp.”, or such other name as may be determined in the sole discretion of the Board.

The Resulting Issuer’s head and registered office will be located at 100 King Street West, Suite 1600, Toronto, Ontario, M5X 1A9.

Adent, Adent SubCo and Khiron entered into the Definitive Agreement on December 22, 2017 pursuant to which Khiron agreed to amalgamate with Adent SubCo and Adent agreed to acquire all of the issued and outstanding Khiron Shares. The Amalgamation is structured as a three-cornered amalgamation pursuant to the Amalgamation Agreement and, as a result, Adent will become a wholly-owned subsidiary of the Resulting Issuer. In connection with the Amalgamation, Khiron will change its name to “Khiron Life Sciences Corp”, or such other name as may be agreed to by the Board and approved by the TSXV.

Intercorporate Relationships

The following organizational chart reflects the proposed structure of the Resulting Issuer after Completion of the Qualifying Transaction:



DESCRIPTION OF THE BUSINESS

Following the Closing, the Resulting Issuer will continue to carry on the business of Khiron. See "*Part II – Information Concerning Khiron – Development and Description of the Business*".

Stated Business Objectives

In addition to having the same stated business objectives as Khiron, the Resulting Issuer intends to utilize the funds over the next 12 months after Completion of the Qualifying Transaction as described in the Available Funds and Principal Uses section above.

Milestones

Within 12 months following the Completion of the Qualifying Transaction, the Resulting Issuer anticipates working towards several milestones, including:

Milestone	Target Date
1. Development of upstream facilities, including greenhouse set up and cultivation for initial hectare	Second quarter, 2018
2. Development of downstream facilities, including post-harvest, extraction and analysis lab.	Third quarter, 2018
3. Completion of the magistral manufacturing lab.	Third quarter, 2018
4. Commercial distribution.	Fourth quarter, 2018

DESCRIPTION OF THE SECURITIES

The share structure and the rights associated with the Adent Shares will remain the same after the Qualifying Transaction. See "*Part I - Information Concerning Adent - Description of the Securities*."

PRO-FORMA CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of the Resulting Issuer after giving effect to the transactions described in the unaudited Pro Forma Consolidated Financial Statements attached hereto as Schedule "E".

Designation of Security	Amount Authorized	Amount Outstanding After Giving Effect to the Qualifying Transaction
Resulting Issuer Shares[(1)]	Unlimited	46,852,073
Options to be issued under the Resulting Issuer Option Plan[(2)]	20% of the issued and outstanding common shares at the Completion of the Qualifying Transaction, being	3,012,500

	9,370,415 Resulting Issuer Shares	
Resulting Issuer Warrants[3]	NA	15,557,448
Resulting Issuer QT Broker Warrants	NA	786,100

Notes:

(1) Including (1) 1,440,542 Khiron Shares issued pursuant to the rights provisions of the March 2017 Private Placement and the August 2017 Private Placement; and (2) 905,000 Khiron Shares issued pursuant to the April 2018 Private Placement.

(2) Upon Completion of the Qualifying Transaction, the Resulting Issuer Option Plan will replace the Khiron Option Plan and Khiron Options will be exchanged for Resulting Issuer Options. The aggregate number of Resulting Issuer Options issuable under the Resulting Issuer Option Plan is 20% of the issued and outstanding Resulting Issuer Shares at the Completion of the Qualifying Transaction.

(3) As of the date of this Filing Statement, a total of 3,422,448 Khiron Warrants are outstanding and exercisable at a price of $1.05 per Khiron Share. Subscribers of the QT Financing and April 2018 Private Placement received a total of 12,135,000 Resulting Issuer Warrants exercisable at $1.20 per Resulting Issuer Share.

PRO-FORMA FULLY DILUTED SHARE CAPITAL

In addition to the information set out in the capitalization table above, the following table sets out the diluted share capital of the Resulting Issuer after giving effect to the Qualifying Transaction.

	Number of Securities	**Percentage of Total After Giving Effect to the Proposed Qualifying Transaction**
Resulting Issuer Shares issued to former holders of Adent Shares	706,250	1.5%
Resulting Issuer Shares issued to former holders of Khiron Shares[1]	34,915,823	74.5%
Resulting Issuer Shares issued to subscribers under the QT Financing	11,230,000	24.0%
TOTAL	**46,852,073**	**100%**
Securities Reserved for Future Issue:		
Resulting Issuer Shares reserved for issuance pursuant to options granted to directors, officers, employees and consultants of Adent	Nil	Nil
Resulting Issuer Shares reserved for issuance pursuant to options granted to directors, officers, employees and consultants of Khiron on Closing pursuant to the Resulting Issuer Option Plan[2]	3,012,500	14.85%
Resulting Issuer Shares reserved for issuance pursuant to restricted share units granted under the Resulting Issuer Option Plan	Nil	Nil
Resulting Issuer Shares reserved for issuance pursuant to Khiron Warrants	4,471,105	22.04%
Resulting Issuer Shares reserved for issuance pursuant to the Underlying QT Khiron Warrants	11,230,000	55.36%

	Number of Securities	Percentage of Total After Giving Effect to the Proposed Qualifying Transaction
Resulting Issuer Shares reserved for issuance upon exercise of Resulting Issuer QT Broker Warrants(3)	1,572,200	7.75%
TOTAL DILUTED	**20,285,805**	**100%**

Notes:

(1) Including (1) 1,440,542 Khiron Shares issued pursuant to the rights provisions of the March 2017 Private Placement and the August 2017 Private Placement; and (2) 905,000 Khiron Shares issued pursuant to the April 2018 Private Placement.

(2) See "*Options*" below for a summary of the terms of the options.

(3) Upon Completion of the Qualifying Transaction, each whole Resulting Issuer Broker Warrant will be exercisable into one Adent Share at an exercise price of $1.00 for a period of two years following the listing of the Adent Shares.

ESTIMATED AVAILABLE FUNDS AND PRINCIPAL PURPOSES

Estimated Available Funds

Based on information available as at April 30, 2018, upon Completion of the Qualifying Transaction, the Resulting Issuer is expected to have approximately $12,097,770 in Available Funds, which includes the following:

Estimated Funds Available	Amount ($)
Pro forma consolidated working capital(1)	12,059,270
Estimated fees and expenses of the Qualifying Transaction(2)	(1,086,100)
Total Estimated Available Funds	**10,919,190**

Notes:

(1) Consolidated working capital is derived from the Pro Forma Financial Statements attached as Schedule "E". Includes the gross proceeds from the QT Financing of the issuance of 11,230,000 Subscription Receipts at $1.00 per Subscription Receipt.

(2) Estimated fees and expenses of the Qualifying transaction are made up of (i) financing fees in the amount of $786,100 and (ii) estimated transactions costs of $300,000.

Principal Purposes of Funds

Based on information available as at April 30, 2018, the following table sets forth the principal purposes for which the estimated funds available to the Resulting Issuer upon Completion of the Qualifying Transaction and the current estimated amounts to be used for each such principal purpose:

Principal Use of Available Funds	Amount ($)
General and administrative corporate expenses during 12-month period beginning May 1, 2018	4,820,236
Construction of the Cultivation Facility(1)	2,200,000
Clinic and product lab development	1,500,000
Commercial distribution	1,000,000
Security	572,475

Research and development	300,000
Unallocated working capital[(2)]	580,495
Total Uses	**10,919,190**

Note:

(1) See "*Part II – Information Concerning Khiron – Narrative Description of the Business – Operations – Facilities*".

(2) The unallocated funds do not include expected positive cash inflows from operations.

Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds is necessary in order for the Resulting Issuer to achieve its objectives as set out in this Filing Statement. As the Resulting Issuer's business will be principally conducted in and from Colombia, the Resulting Issuer will maintain the majority of its funds in U.S. dollars.

DIVIDEND POLICY

It is not contemplated that any dividends will be paid in the immediate or foreseeable future following Completion of the Qualifying Transaction.

PRINCIPAL SECURITYHOLDERS

To the knowledge of management of Adent and Khiron, no person or company is anticipated to own of record of beneficially, directly or indirectly, or exercise control or direction over more than 10% of any class of voting securities of the Resulting Issuer upon completion of the Amalgamation, other than Cannainversiones S.A.S. and Andres Eduardo Torres. On Completion of the Qualifying Transaction, it is anticipated that Cannainversiones S.A.S. will own approximately 12,046,429 Adent Shares, representing 25.71% of the outstanding Adent Shares and Mr. Andres Eduardo Torres will own, either individually or through Cannainversiones, a total of .

Name and Municipality of Residence	Number and Percentage of Securities Owned of Each Class After the Qualifying Transaction	Owner of Record, Beneficially, or Both
Cannainversiones S.A.S. *Colombia*	12,046,429 common shares (25.71%) 107,143 warrants (<1%%)	Alvaro Torres (33.33%) Andres Galofre[(1)] (33.33%) Andres Torres (33.33%)
Andres Eduardo Torres *Bogota, Colombia*	119,045 common shares held personally 4,015,476 common shares held via Cannainversiones S.A.S. (an entity in which Mr. Torres owns 33% of the outstanding shares) (an aggregate of 8.82%) 51,758 warrants held personally 35,714 warrants held via Cannainversiones S.A.S. (an entity in which Mr. Torres owns 33% of the outstanding shares) (an aggregate of <1%)	Andres Eduardo Torres Cannainversiones S.A.S. Andres Eduardo Torres Cannainversiones S.A.S.

Note:

(1) Also holds 100,000 Khiron Shares directly.

DIRECTORS, OFFICERS AND PROMOTERS

The following table lists the names, municipalities of residence of the proposed directors and officers of the Resulting Issuer upon Completion of the Qualifying Transaction, their proposed positions and offices to be held with the Resulting Issuer, and their principal occupations or employment and the number of securities of the Resulting Issuer which will be beneficially owned, directly or indirectly, or over which control or direction will be exercised by each upon Completion of the Qualifying Transaction.

Name and Municipality of Residence	Principal Occupations for the Last Five Years	Period or periods during which each proposed director has served as a director of Khiron	Proposed Position With the Resulting Issuer	Number and Percent of Issued Shares	Number and Percent of Issued Warrants	Number and Percent of Issued Options
Sidney Himmel *Toronto, Ontario*	Chairman of the Board of Khiron Life Sciences Corp. since February 2017; Chairman of the Board of Namaste Technologies Inc. in 2016; President & CEO of IC Potash Corp. from September 2007 to July 2015.	February 17, 2017 to present	Chairman and Director	2,332,143[6] (4.98%)	35,714	200,000 (6.64%)
Alvaro Torres *Bogota, Colombia*	CEO of Khiron Life Sciences Corp. since February 2017; Managing Director of Delphi Capital Partners from October 2015 to February 2017; Atrio Project Manager at QBO from July 2014 to June 2015; General Manager at Gomez Cajiao from August 2011 to June 2014.	February 17, 2017 to present	Chief Executive Officer and Director	4,015,477[5] (8.57%)	35,715 (<1%)	200,000 (6.64%)
Darren Collins *Milton, Ontario*	CFO of Khiron Life Sciences Corp; Director of Dalvay Capital Corp; CFO and Executive Vice President of Business Development of Namaste Technologies Inc.; Associate of Alvaro Capital; CEO and Director of Westbridge Energy Corp.	N/A	Chief Financial Officer	864,350 (1.84%)	35,500 (<1%)	200,000 (6.64%)
Mark Monaghan *Panama City, Panama*	Director of the Board of Khiron Life Sciences Corp. since February 2017; Managing Director of Dalvay Capital Corporation since 2012; Director of Westbridge Energy Corp.	February 17, 2017 to present	Director	2,559,500[7] (5.46%)	15,000 (<1%)	200,000 (6.64%)
Alvaro Yañez *Bogota, Colombia*	Director of Khiron Life Sciences Corp. since May 2017; Legal Manager at Petrominerales Colombia Corp. from January 2017 to May 2017; Legal Manager at Pacific Stratus Colombia Corp. from 2010 to January 2017.	April 17, 2017 to present	Director	Nil	Nil	200,000 (6.64%)

Peter Simeon *Oakville, Ontario*	Partner at Gowling WL G (Canada) LLP since February 2015; Partner at Wildeboer Dellelce LLP from June 2008 to February 2015.	March 20, 2017 to present	Director	310,000 (<1%)	Nil	200,000 (6.64%)
Juan Diego Alvarez *Bogota, Colombia*	Vice President of Regulations of Khiron Life Sciences Corp since February 2017; Advisor to Ministry of Health on Public Policy from January 2016 to December 2016; Consultant for Payson Center for International Development and USAID from June 2012 to August 2013; Professor of Law at the University of Los Andes from April 2009.	N/A	Vice President of Regulations	315,000 (<1%)	50,000 (<1%)	200,000 (6.64%)
Andres Galofre *Bogota, Colombia*	Vice President of Commercial of Khiron Life Sciences Corp since February 2017; Marketing Manager for Alpina from March 2009 to November 2012; Brand Manager for Kimberly-Clark from March 2008 to March 2009; Brand Manager for Pfizer from 2005 to 2008; Founder of VeggiesBox from January 2015 to February 2017.	N/A	Vice President of Commercial	4,115,476[5] [8] (8.78%)	35,714 (<1%)	200,000 (6.64%)
Paulo Vega *Bogota, Colombia*	Vice President of Medical of Khiron Life Sciences Corp since April 2017; Immunology Commercial Director for Abbott from December 2011 to January 2013; Immunology Commercial Director and Medical Director for LA Region North for AbbVie from February 2013 to June 2015; Head of Neurology for CISNE Group and Business Development from February 2016; Institutional Market Strategy Director for Biopas Group from May 2016 to present.	N/A	Vice President of Medical	Nil	Nil	200,000 (6.64%)

Notes:

(1) The Audit Committee of the Resulting Issuer is expected to be comprised of Sidney Himmel, Mark Monaghan and Peter Simeon.

(2) The Corporate Governance and Nominating Committee of the Resulting Issuer is expected to be comprised of Sidney Himmel, Alvaro Yañez, Alvaro Torres.

(3) The Compensation Committee of the Resulting Issuer is expected to be comprised of Peter Simeon, Mark Monaghan, Alvaro Yañez.

(4) Darren Collins will act as the Corporate Secretary.

(5) Holder of 1/3 of the shares of Cannainversiones S.A.S., which in turn holds 12,046,429 Khiron Shares.

(6) Khiron Shares held through Bald Eagle Resources Ltd.

(7) Certain Khiron Shares and Khiron Warrants held through Dalvay Capital Corp.

(8) Also holds 100,000 Khiron Shares directly

As a group, the directors and officers of the Resulting Issuer will hold approximately 14,511,946 Adent Shares, representing 30.97% of all issued and outstanding Adent Shares.

MANAGEMENT

The following is a brief description of each of the proposed board members and members of management for the Resulting Issuer (including details with regard to their principal occupations for the last five years):

Sidney Himmel, age 65, Director and Board Chairman

Mr. Himmel has over 30 years of corporate and finance experience in the Canadian markets, having worked as an executive and director of public companies, and corporate finance, institutional sales and research professional for notable Canadian and US financial institutions, including Deloitte, TD Securities and Merrill Lynch Canada. His experience also includes the completion of significant financial transactions and commercial partnerships internationally as well as the oversight and development of management teams and boards. Mr. Himmel holds Bachelor of Science (Chemistry) and Bachelor of Arts (Business and Finance) degrees, both from the University of Toronto. Mr. Himmel received the Chartered Accountant designation in 1981.

Alvaro Torres, age 39, Chief Executive Officer and Director

Mr. Torres has over 15 years of experience in the Latin American market, including infrastructure projects and project finance, management strategy, team development, and mergers and acquisitions. Mr. Torres was previously head of business development for SNC-Lavalin, Colombia, and was instrumental in growing the company from two people to more than 2,000 people in Colombia over the course of three years. Mr. Torres has overseen the development of projects totaling over $1 billion in capital expenditure, including the development and construction of Colombia's tallest skyscraper. Mr. Torres holds a Bachelor of Engineering and a Masters of Engineering from Rensselaer Polytechnic Institute and an MBA from Georgetown University.

Mr. Torres will be an employee responsible for the general management of the company and will devote 100% of his time to the management of the Resulting Issuer. In the last five years, Mr. Torres has served as President of Gomez Cajiao, a multidisciplinary engineering and construction management service firm, Project Manager at QBO Constructores SAS, Founder and Managing Director of Delphi Capital Partners and CEO of Khiron Life Sciences Corp. Upon engagement with the Resulting Issuer, Mr. Torres will execute standard non-competition and non-disclosure agreements.

Mark Monaghan, age 48, Director

Mr. Monaghan has over 25 years of experience as an advisor, founder and board member with investment banks, merchant banks and public companies. Mr. Monaghan has served in senior executive roles with British and Canadian investment and advisory firms. Over the course of his career, he has completed billions of dollars of transactions for growth companies internationally. In the last five years, Mr. Monaghan has served as Managing Director of Dalvay Capital Corp., an investment and advisory firm focused on Latin American growth opportunities. Upon engagement with the Resulting Issuer, Mr. Monaghan will execute standard non-competition and non-disclosure agreements. Mr. Monaghan holds a Bachelor of Arts in economics from Queen's University and a Bachelor of Commerce from the University of Windsor.

Alvaro Yañez, age 40, Director

Mr. Yañez has over 15 years of commercial and legal experience in Colombia and internationally. In the last five years, Mr. Yañez has served as Legal Manager of Pacific Exploration and Production, the largest independent oil company in Colombia and as Partner of his law firm Yañez & Associates. Upon engagement with the Resulting Issuer, Mr. Yañez will execute standard non-competition and non-disclosure agreements. Mr. Yañez has a law degree from Universidad del Rosario and an LL.M in corporate law from Instituto de Empresa.

Peter Simeon, age 41, Director

Mr. Simeon has over 15 years of experience as a lawyer focused on securities, corporate finance, and mergers and acquisitions. He has extensive experience in corporate commercial and securities law. In the last five years, Mr. Simeon has been a partner at two law firms in Toronto, Gowling WLG (Canada) LLP and Wildeboer Dellelce LLP. Upon engagement with the Resulting Issuer, Mr. Simeon will execute standard non-competition and non-disclosure agreements. Mr. Simeon has a Bachelor of Arts from Queen's University and a law degree from Osgoode Hall at York University. Mr. Simeon acts as an independent director for several publicly traded companies in Canada.

Darren Collins, 34, Chief Financial Officer

Mr. Collins is a financial professional focused on the financial development of growth companies globally. He has been involved in over a billion dollars of transactions, and his expertise spans mergers and acquisitions, debt and equity financings, go-public transactions, commercial partnerships, capital budgeting and financial accounting. Prior to his current activities, Mr. Collins was engaged by investment and merchant banks, including Alegro Capital, LP in London, England, and Scotia Capital Inc. and Quest Capital Corp. (currently Sprott Resource Lending Corp.) in Toronto, Canada. In addition, he was previously Chief Financial Officer of an e-commerce company focused on the global distribution of vaporizers and accessories. Mr. Collins holds a Bachelor of Commerce degree in finance from Dalhousie University.

Mr. Collins will be an employee responsible for managing all financial affairs of the company and will devote 100% of his time to the management of the Resulting Issuer. Upon engagement with the Resulting Issuer, Mr. Collins will execute standard non-competition and non-disclosure agreements.

Juan Diego Alvarez, age 33, Vice President of Regulations

Mr. Alvarez has 10 years of legal experience in Colombia and is an authority on Colombian medicinal cannabis regulation. He was previously a public policy advisor to the Ministry of Health in Colombia. In the last five years, Mr. Alvarez has been a consultant for Payson Center for International Development and USAID, a Professor of Law at the University of Los Andes, and Chief Regulatory Officer of Khiron Life Sciences Corp. Mr. Alvarez holds an LL.B from the University of Los Andes, a JD from Tulane University, an LL.M from Columbia University and is a PhD law candidate.

Mr. Alvarez will be an employee responsible for managing all regulatory affairs of the company and will devote 100% of his time to the management of the Resulting Issuer. Upon engagement with the Resulting Issuer, Mr. Alvarez will execute standard non-competition and non-disclosure agreements.

Andres Galofre, age 37, Vice President of Commercial

Andrés Galofre has 15 years of experience in pharmaceutical marketing, brand management and distribution of prescription drugs and consumer products in Latin America. Mr. Galofre was integral in leading the launch of Advil in the Colombian market, which reached a 28% domestic market share. In the last five years, Mr. Galofre has been Marketing Manager for Alpina, Founder of VeggiesBox and Chief Commercial Officer of Khiron Life Sciences Corp. Mr. Galofre has a Bachelor of Business Administration from CESA and an MBA from La Trobe University.

Mr. Galofre will be an employee responsible for managing all commercial aspects of the company and will devote 100% of his time to the management of the Resulting Issuer. Upon engagement with the Resulting Issuer, Mr. Galofre will execute standard non-competition and non-disclosure agreements.

Paulo Vega, age 54, Vice President of Medical

Dr. Vega has 25 years of experience as a neurologist and specific experience in the validation studies approval process at INVIMA, the Colombian drug regulator. Dr. Vega holds an MD from the University of Rosario and an MBA from Deusto Business School.

Dr. Vega will be an independent contractor responsible for leading all efforts in engaging the medical community and validation of Khiron´s products with the medical authorities and will devote 50% of his time to the management of the Resulting Issuer. In the last five years, Dr. Vega has been Immunology Commercial Director for Abbott, Immunology Commercial Director and Medical Director for LA Region North for AbbVie, Head of Neurology for CISNE Group and Business Development and Institutional Market Strategy Director for Biopas Group. Upon engagement with the Resulting Issuer, Dr. Vega will execute standard non-competition and non-disclosure agreements.

Work Commitment to the Resulting Issuer

All proposed executive officers of the Resulting Issuer will work on a full-time basis for the Resulting Issuer. Each executive officer of the Resulting Issuer will enter into non-competition and non-disclosure agreements with the Resulting Issuer. The directors will devote their time and expertise as required by the Resulting Issuer.

Corporate Cease Trade Orders or Bankruptcies

Other than as set out below, as the date of this Filing Statement and within the ten years before the date of this Filing Statement, no proposed director, officer or promoter is or has been a director, officer or promoter of any person or company that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect; or

(b) 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, state the fact.

Penalties or Sanctions

To the knowledge of Adent and Khiron, no proposed director, officer or promoter of the Resulting Issuer has:

(a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder making a decision about the Qualifying Transaction.

The foregoing information, not being within the knowledge of Adent and Khiron, has been furnished by the respective directors and executive officers

Personal Bankruptcies

To the knowledge of Adent and Khiron, no director, officer or promoter of the Resulting Issuer, or a personal holding company of any of them, has, within the ten years prior to the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements, or compromise with creditors or had a receiver manager or trustee appointed to hold the assets of that individual.

Conflicts of Interest

Some of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon the completion of the Amalgamation are also directors, officers and/or Promoters of other reporting and non-reporting issuers. To the knowledge of the directors and officers of Adent and Khiron, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment as directors or officers upon completion of the Amalgamation, as of the date of this Filing Statement.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name of Reporting Issuer	Position	Market	From		To	
				MM	YY	MM	YY
Sidney Himmel	Namaste Technologies Inc.	Director	CSE	03	16	07	16

Name	Name of Reporting Issuer	Position	Market	From		To	
				MM	YY	MM	YY
	IC Potash Corp.	President and Chief Executive Officer	TSX	07	03	07	15
Darren Collins	Westbridge Energy Corp.	Chief Executive Officer, VP Business Development, Director	TSXV	07	13	Present	
	Namaste Technologies Inc.	Chief Financial Officer, EVP Corporate Development, Advisor	CSE	06	15	02	17
Mark Monaghan	Westbridge Energy Corp.	Director	TSXV	12	14	Present	
Peter Simeon	Tolima Gold Inc.	Director	TSXV	06	13	Present	
	Cluny Capital	Director	TSXV	08	11	Present	
	Namaste Technologies Inc.	Director and Chairman of the Board	CSE	02	16	Present	
	Phivida Holdings Inc.	Director	CSE	01	17	Present	
	Liberty Health Sciences Inc.	Director	CSE	11	16	07	17

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Disclosure of the executive compensation practices for Khiron is set forth in "*Part II –Information Concerning Khiron – Executive Compensation*". It is anticipated that the Resulting Issuer will continue the executive compensation practices of Khiron upon completion of the Amalgamation. See "*Part II –Information Concerning Khiron – Executive Compensation*" for a discussion of the annual compensation entitlements for a discussion of expected annual compensation for services in all capacities to the Resulting Issuer for the 12 months following completion of the Amalgamation in respect of individuals who are expected to be acting in capacities of Chief Executive Officer and Chief Financial Officer of the Resulting Issuer.

It is anticipated that from time to time (including on Closing) stock options will be granted under the Resulting Issuer Option Plan to: provide an incentive to the participants; to achieve the longer-term objectives of the Resulting Issuer; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Resulting Issuer; and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Resulting Issuer. The Resulting Issuer has no other forms of compensation.

Director Compensation

Upon Completion of the Qualifying Transaction the directors of the Resulting Issuer will determine how much, if any, compensation will be paid to directors for services rendered to the Resulting Issuer by them in that capacity. Such incentives may be in the form of an annual director's fee and/or in the form of incentive stock options pursuant to the Resulting Issuer Option Plan.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director, officer, promoter, member of management, nominee for elections as director of the Resulting Issuer, nor any of their Associates or Affiliates, is or has been indebted to Adent or Khiron or is expected to be indebted to the Resulting Issuer following the Completion of the Qualifying Transaction.

INVESTOR RELATIONS ARRANGEMENTS

The Resulting Issuer has not entered into any arrangement for promotional and investor relations services.

OPTIONS AND RESTRICTED SHARE UNITS

Summary of the Resulting Issuer Option Plan

The principal purposes of the Resulting Issuer Option Plan are to provide the Resulting Issuer with the advantages of the incentive inherent in share ownership on the part of directors, employees and consultants of the Resulting Issuer responsible for the continued success of Resulting Issuer; to create in them a proprietary interest in, and a greater concern for, the welfare and success of the Resulting Issuer; to encourage them to remain with the Resulting Issuer; and to attract new directors, employees and consultants to the Resulting Issuer.

As permitted by the policies of the TSXV, the Resulting Issuer Option Plan provides for a fixed limit of 20% of the outstanding Resulting Issuer Shares. Capitalized terms not otherwise defined have the meanings assigned to them in the TSXV Corporate Finance Manual.

The Resulting Issuer Option Plan provides that the Board may from time to time, in its discretion and in accordance with the requirements of the TSXV, grant to directors, officers, employees and consultants of the Resulting Issuer and its affiliates, non-transferable options to purchase Resulting Issuer Shares, provided that the number of Resulting Issuer Shares reserved for issuance will not exceed 20% of the issued and outstanding Resulting Issuer Shares at the Completion of the Qualifying Transaction. Such options are exercisable for a period of up to ten years from the date of grant.

The maximum number of Resulting Issuer Shares reserved for issue to any one person under the Resulting Issuer Option Plan cannot exceed 5% of the issued and outstanding number of Resulting Issuer Shares in any one 12-month period without disinterested shareholder approval. Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued and outstanding number of Resulting Issuer Shares in any one 12-month period to any consultant or employee conducting investor relations activities.

Prior to the Completion of a Qualifying Transaction, the Board may grant options only to directors, officers, employees and consultants. In the absence of the approval of disinterested shareholders,

options in respect of not more than 10% of the issued and outstanding Resulting Issuer Shares will be granted in any 12-month period. Options are non-assignable and non-transferable. For the purposes of the shareholder approvals required under the Resulting Issuer Option Plan, "disinterested shareholder approval" means approval by a majority of votes cast by all shareholders at a meeting, excluding votes attached to Resulting Issuer Shares beneficially owned by Insiders of the Resulting Issuer to whom stock options may be granted pursuant to the Resulting Issuer Option Plan and their associates in accordance with the policies of the TSXV.

If an optionee ceases to be employed by the Resulting Issuer or ceases to act as a director or officer of the Resulting Issuer, any option held by such optionee will expire no later than the 180th day following the date that the optionee ceases to be a director or officer and no later than the 90th day following the date that the optionee cease to be an employee or consultant of the Resulting Issuer by way of termination of employment or technical consulting arrangement and, in the case of death, expire within one year thereafter subject to the expiry date of the option. Upon death, the options may be exercised by legal representatives or designated beneficiaries of the holder of the option.

The vesting schedule for stock options granted, if any, shall be determined by the Board according to its own discretion subject to the policies of the Exchange and shall be set out in the option certificate issued in respect of the stock option. The board may elect, at any time, to accelerate the vesting schedule for one or more stock options.

Summary of the Resulting Issuer RSU Plan

The principal purposes of the Resulting Issuer RSU Plan are to strengthen the alignment of interests between the RSU Participants (as defined below) and the shareholders of the Resulting Issuer, and for the purposes of advancing the interests of the Resulting Issuer through the motivation, attraction and retention of the RSU Participants. The following summary of the Resulting Issuer RSU Plan is qualified in its entirety by the full text of the Resulting Issuer RSU Plan attached as Schedule "G" to this Filing Statement.

Pursuant to the Resulting Issuer RSU Plan, the Resulting Issuer Board may, from time to time, in its discretion and in accordance with TSXV requirements, grant ("**Grants**") to directors, officers, employees and consultants of the Resulting Issuer and its affiliates (collectively, the "**RSU Participants**"), restricted share units of the Resulting Issuer (the "**RSUs**"). The terms and conditions attached to the Grants will be determined by the Resulting Issuer Board, in its sole discretion. The Resulting Issuer Board has the power and discretionary authority to determine the terms and conditions of the Grants, including the individuals who will receive the Grants, the number of RSUs subject to each Grant, the limitations or restrictions on vesting of Grants, acceleration of vesting or the waiver of forfeiture or other restrictions on Grants, the form of consideration payable on settlement of RSUs and the timing of the Grants. The Board also has the power to establish procedures for payment of withholding tax obligations with cash.

Each Grant will constitute an agreement to deliver RSUs or cash consideration to the RSU Participant in the future in consideration of the performance of services, subject to the fulfillment during the deferral period of such conditions as the Resulting Issuer Board may specify including, but not limited to, the RSU Participant's achievement of specified management objectives. During the applicable deferral period for a given RSU award, the RSU Participant will not have ownership or voting rights with respect to the RSU or the underlying shares associated with the RSU.

The maximum number of Resulting Issuer Shares available for the purposes of the Resulting Issuer RSU Plan and all other security based compensation arrangements of the Resulting Issuer will be determined from time to time by the Resulting Issuer Board, but in any event, will not exceed 20% Common Shares outstanding as at the effective date of the Qualifying Transaction. The aggregate number of Common Shares that may be reserved for issuance to any one person under the Resulting Issuer RSU Plan and all other security based compensation arrangements of the Resulting Issuer will not exceed 5% of the then outstanding Common Shares. The Resulting Issuer RSU Plan limits insider participation such that the aggregate number of Resulting Issuer Shares (i) issuable to insiders of the Resulting Issuer pursuant to the Resulting Issuer RSU Plan and all other security-based compensation arrangements of the Resulting Issuer will not, at any time, exceed 10% of the total number of Resulting Issuer Shares then outstanding, and (ii) issued to insiders of the Resulting Issuer pursuant to the Resulting Issuer RSU Plan and all other security based compensation arrangements of the Resulting Issuer will not, within a one year period, exceed 10% of the total number of Resulting Issuer Shares then outstanding.

Subject to compliance with applicable laws, rules and regulations (including, where required, applicable rules of the TSXV), the Resulting Issuer Board is able to amend the Resulting Issuer RSU Plan or any award at any time provided that (i) such amendment would not cause the Resulting Issuer RSU Plan to cease to comply with paragraph (k) of the definition of ‘‘salary deferral arrangement’’ in subsection 248(1) of the Tax Act; and (ii) such amendment cannot be made without obtaining the approval of the holders of the Resulting Issuer Shares, if such amendment would (a) increase the total number of Resulting Issuer Shares issuable pursuant to the Resulting Issuer RSU Plan; (b) remove or amend the provision relating to the maximum number of Resulting Issuer Shares issuable pursuant to the Resulting Issuer RSU Plan; (c) remove or amend the amendment and termination provisions; or (d) otherwise require TSXV and shareholder approval under the TSXV rules.

On March 5, 2018, Adent Shareholders approved, subject to the Completion of the Qualifying Transaction, the Resulting Issuer Option Plan, which will be the Resulting Issuer’s Option Plan upon Completion of the Qualifying Transaction, as set out in the Adent Circular.

Upon the Completion of the Qualifying Transaction an aggregate of 9,370,415 Resulting Issuer Shares are anticipated to be reserved for issuance under the each of the Resulting Issuer Option Plan and the Resulting Issuer RSU Plan, respectively, with the total issuable Resulting Issuer Options and Resulting Issuer RSUs not exceeding 20% of the issued and outstanding Resulting Issuer Shares. 3,012,500 Resulting Issuer Shares will be reserved for issuance at the Completion of the Qualifying Transaction to the following holders of Resulting Issuer Options:

Optionee	Type of Option	Number of Options	Exercise Price	Expiry Date
Alvaro F. Torres	Options	200,000	$1.00	April 19, 2022
Andrés Galofre	Options	200,000	$1.00	April 19, 2022
Juan Diego Alvarez	Options	200,000	$1.00	April 19, 2022
Dr. Paulo Vega	Options	200,000	$1.00	April 19, 2022
Darren Collins	Options	200,000	$1.00	April 19, 2022
Sidney Himmel	Options	200,000	$1.00	April 19, 2022
Mark Monaghan	Options	200,000	$1.00	April 19, 2022
Peter Simeon	Options	200,000	$1.00	April 19, 2022
Alvaro Josue Yañez	Options	200,000	$1.00	April 19, 2022

Ana Maria Borda	Options	100,000	$1.00	April 19, 2022
Adriana Vásquez	Options	50,000	$1.00	April 19, 2022
Nestor Gasca	Options	20,000	$1.00	April 19, 2022
Pilar Medina	Options	20,000	$1.00	April 19, 2022
Paola Ricardo	Options	10,000	$1.00	April 19, 2022
Camila Amaya	Options	100,000	$1.00	September 12, 2022
Manuel Buendia	Options	100,000	$1.00	September 12, 2022
Daniel Petrov	Options	150,000	$1.00	September 12, 2022
Danial Schecter	Options	200,000	$1.00	September 12, 2022
Matt Murphy	Options	100,000	$1.00	September 12, 2022
Carmen Maya	Options	50,000	$1.00	September 12, 2022
Natalia Reyes	Options	2,500	$1.00	September 12, 2022
Nicolas Gantiva	Options	10,000	$1.00	September 12, 2022
Carlos Obregozo	Options	200,000	$1.00	October 5, 2022
Matt Murphy	Options	100,000	$1.00	October 18, 2022
TOTAL		**3,012,500**		

The Resulting Issuer Option Plan and Resulting Issuer RSU Plan are subject to applicable shareholder approval at the next meeting of the shareholders of the Resulting Issuer.

ESCROWED SECURITIES

There are two classes of escrow to which certain Adent Shares will be subject: (i) CPC Escrow Shares and (ii) Value Escrow Shares. The CPC Escrow Shares are subject to an escrow that continues as part of the initial public offering of Adent, while the Value Escrow Shares are subject to an escrow as a result of the Qualifying Transaction.

Terms of the Escrow for the CPC Escrow Shares

CPC Escrow Shares are Adent Shares held in escrow pursuant to Section 1.1 of the CPC Policy, and released in accordance with the following timeline:

% of Adent Shares Released from Escrow		**Adent Shares**
Tier 2 Issuer	**Tier 1 Issuer**	**Release Date**
10%	25%	Date of Final Exchange Bulletin
15%	25%	6 months from Final Exchange Bulletin
15%	25%	12 months from Final Exchange Bulletin
15%	25%	18 months from Final Exchange Bulletin
15%	n/a	24 months from Final Exchange Bulletin
15%	n/a	30 months from Final Exchange Bulletin
15%	n/a	36 months from Final Exchange Bulletin

The following table sets out, as of the date hereof and to the knowledge of Adent and Khiron, the name and municipality of residence of the securityholders whose Adent Shares will continue to be subject to the CPC Escrow Agreement. A total of 1,200,001 Adent Shares are held in escrow pursuant to the CPC Escrow Agreement.

		Prior to Giving Effect to the Qualifying Transaction		After Giving Effect to the Qualifying Transaction	
Name and Municipality of Residence of Shareholder	**Designation of Class**	**Number of Securities held in Escrow**	**Percentage of Class**	**Number of Securities to be held in Escrow**	**Percentage of Class**
Paul Cox West Vancouver, BC	Common shares	166,667	2.95%	20,833	<1%
Richard Godfrey North Vancouver, BC	Common shares	166,667	2.95%	20,833	<1%
Collin K. Benner Vancouver, BC	Common shares	166,667	2.95%	20,833	<1%
Karen Richardson Vancouver, BC	Common shares	16,667	<1%	2,083	<1%
Anthony Viele Thornhill, ON	Common shares	100,000	1.77%	12,500	<1%
Kenneth Tollstam North Vancouver, BC	Common shares	83,333	1.47%	10,417	<1%
2532369 Ontario Inc.(1) Toronto, ON	Common shares	500,000	8.85%	62,500	<1%

Notes:

(1) 2532369 Ontario Inc. is a corporation wholly-owned by Sruli Weinreb.

Terms of the Escrow for the Value Escrow Shares

All Resulting Issuer Shares, other than Resulting Issuer Shares classified under Seed Share Resale Restrictions, being issued under the Definitive Agreement are Value Securities as defined in Exchange Policy 5.4, of which it is anticipated that an aggregate of 19,146,467 Resulting Issuer Shares and 295,115 Resulting Issuer Warrants will be subject to the release schedule applicable under the QT Escrow Agreement (being a Tier 2 Value Security Escrow Agreement) in accordance with the following timeline:

% of Securities Released from Escrow Tier 2 Issuer	**Release Date**
10%	Date of Final Exchange Bulletin
15%	6 months from Final Exchange Bulletin
15%	12 months from Final Exchange Bulletin
15%	18 months from Final Exchange Bulletin
15%	24 months from Final Exchange Bulletin
15%	30 months from Final Exchange Bulletin

% of Securities Released from Escrow Tier 2 Issuer	Release Date
15%	36 months from Final Exchange Bulletin

The following table sets out, as of the date hereof and to the knowledge of Adent and Khiron, the name and municipality of residence of the securityholders whose Resulting Issuer Shares and Resulting Issuer Warrants at the Completion of the Qualifying Transaction will be placed in escrow pursuant to the terms of the QT Escrow Agreement:

	Prior to Giving Effect to the Qualifying Transaction				After Giving Effect to the Qualifying Transaction			
Name and Municipality of Residence of Shareholder	**Number of Shares held in Escrow**	**% of Class**	**Number of Warrants held in Escrow**	**% of Class**	**Number of Shares held in Escrow**	**% of Class**	**Number of Warrants held in Escrow**	**% of Class**
Alvaro Torres[(1)]	Nil	-	Nil	-	4,015,477	8.57%	35,715	<1%
Andres Galofre[(1)(4)]	Nil	-	Nil	-	4,115,476	8.78%	35,714	<1%
Darren Collins	Nil	-	Nil	-	864,350	1.84%	35,500	<1%
Sidney Himmel[(2)]	Nil	-	Nil	-	2,332,143	4.98%	35,714	-
Mark Monaghan[(3)]	Nil	-	Nil	-	2,559,500	5.46%	15,000	<1%
Juan Diego Alvarez	Nil	-	Nil	-	315,000	<1%	50,000	<1%
Peter Simeon	Nil	-	Nil	-	310,000	<1%	Nil	-
Andres Eduardo Torres[(1)(5)]	Nil	-	Nil	-	4,134,521	8.82%	87,472	<1%
TOTALS	**Nil**		**Nil**		**18,646,467**	**39.80%**	**295,115**	**<2%**

Notes:

(1) Holder of 1/3 of the common shares of Cannainversiones S.A.S., which in turn holds 12,046,429 Khiron Shares.
(2) Khiron Shares held through Bald Eagle Resources Ltd.
(3) Certain Khiron Shares held through Dalvay Capital Corp.
(4) Holds 100,000 Khiron Shares directly.
(5) Holds 119,045 Khiron Shares and 51,758 Khiron Warrants directly.

Seed Share Resale Restrictions

Pursuant to Exchange Policy 5.4 - *Escrow, Vendor Consideration and Resale Restrictions*, certain non-principal shareholders of Khiron Shares, upon conversion into Resulting Issuer Shares, will be subject to seed share resale restrictions (each, an "**SSRR**"). SSRRs are Exchange hold periods of various lengths which apply where seed shares are issued to non-principals by private companies in connection with the Qualifying Transaction. The terms of the SSRRs are based on the length of time such Khiron Shares have been held and the price at which such shares were originally issued.

There are 5 non-principal shareholders of Khiron Shares who will hold an aggregate of 500,000 Resulting Issuer Shares that will be subject to a 36 month hold period which will be released on the same terms and conditions as the QT Value Escrow Agreement.

PART IV – RISK FACTORS

Where used in this "Risk Factors" section, "Khiron" refers to either Khiron Life Sciences Corp. or the Resulting Issuer as the context may require. The current business of Khiron and its subsidiaries will be the business of the Resulting Issuer upon Completion of the Qualifying Transaction. Accordingly, risk factors relating to Khiron's current business will be risk factors relating to the Resulting Issuer's business and references to Khiron in these risk factors should, where the context requires, be read to include the risks of the Resulting Issuer. Due to the nature of Khiron's business, the legal and economic climate in which it operates and its present stage of development, Khiron is subject to significant risks. The risks presented below should not be considered to be exhaustive and may not be all of the risks that the Resulting Issuer and Khiron may face. Khiron's future development and operating results may be very different from those expected as at the date of this Filing Statement. Additional risks and uncertainties not presently known to Khiron or that Khiron currently considers immaterial may also impair the business and operations of the Resulting Issuer and cause the trading price of the Adent Shares to decline. If any of the following or other risks occur, the Resulting Issuer's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event, the trading price of the Adent Shares could decline and investors could lose all or part of their investment. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks. Readers should carefully consider all such risks and other information elsewhere in this Filing Statement before making an investment in Khiron or the Resulting Issuer and should not rely upon forward-looking statements as a prediction of future results. Risk factors relating to Khiron include, but are not limited to, the factors set out below.

Business Risks

Limited Operating History

Khiron is an early stage company having been founded in 2017 and, as a result, it has a limited operating history upon which its business and future prospects may be evaluated. Khiron will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its operating goals. In order for Khiron to meet future operating and debt service requirements, Khiron will need to be successful in its growing, marketing and sales efforts. Additionally, where Khiron experiences increased sales, Khiron's current operational infrastructure may require changes to scale Khiron's business efficiently and effectively to keep pace with demand, and achieve long-term profitability. If Khiron's products and services are not accepted by new customers, Khiron's operating results may be materially and adversely affected.

Managing Growth

In order to manage growth and change in strategy effectively, the Resulting Issuer must (i) maintain adequate systems to meet customer demand; (ii) expand sales and marketing, distribution capabilities and administrative functions; (iii) expand the skills and capabilities of its current management team; and (iv) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, Khiron expects to invest to support its growth and may have additional unexpected costs. It may not be able to expand quickly enough to exploit potential market opportunities.

Retention and Acquisition of Skilled Personnel

The loss of any member of the Resulting Issuer's management team, could have a material adverse effect on its business and results of operations. In addition, an inability to hire, or the increased costs of new personnel, including members of executive management, could have a material adverse effect on the Resulting Issuer's business and operating results. At present and for the near future, Khiron will depend upon a relatively small number of employees to develop, market, sell and support its products. The expansion of marketing and sales of its products will require Khiron to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel in all of these areas and Khiron may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and, in many cases, take significant time before they achieve full productivity. As a result, the Resulting Issuer may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as the Resulting Issuer moves into new jurisdictions, it will need to attract and recruit skilled employees in those areas.

Legal Proceedings

From time to time, Khiron may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. Khiron will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on Khiron's financial results.

Regulatory Compliance Risks

Achievement of Khiron's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. Khiron may not be able to obtain or maintain the necessary licences, permits, quotas, authorizations or accreditations, or may only be able to do so at great cost, to operate its business. Khiron cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by local governmental authorities. To date, Khiron has received the Licences to cultivate Low THC Medicinal Cannabis and to cultivate and produce High THC Medicinal Cannabis from the Colombian government. The impact of the compliance regime, any delays in obtaining, or failure to obtain or keep the regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of Khiron.

The officers and directors of Khiron must rely, to a great extent, on Khiron's Colombian legal counsel and local consultants retained by Khiron in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect Khiron's business operations, and to assist Khiron with its governmental relations. Khiron must rely, to some extent, on those members of management and the board who have previous experience working and

conducting business in Colombia in order to enhance its understanding of and appreciation for the local business culture and practices in Colombia. Khiron also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of banking, financing and tax matters in Colombia. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices in Colombia are beyond the control of Khiron and may adversely affect its business.

Khiron will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Khiron may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to Khiron's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of Khiron.

Canadian Regulatory and Civil Proceedings

The sale and distribution of cannabis products for medicinal use by licensed producers is legal in certain Canadian provinces. The Canadian federal government publicly announced in April 2016 that it will legalize marijuana effective in the spring of 2018.

Khiron operates in Colombia pursuant to licences and authorizations granted by Ministry of Justice and the Ministry of Health. Consequently, certain activities conducted by Khiron are permissible under one regulatory regime while not under another. In the past, Canadian courts and regulatory authorities have taken the view that it is not contrary to Canadian federal or provincial law for a person to be engaged in, or for an entity to hold interests in affiliates that are engaged in, certain regulated activities where such activities may be regulated differently than in the home jurisdictions and have enforced extra-territorial laws even where such laws (or regulatory regimes applicable to certain activities or industries) differs from those in the Canadian jurisdiction. There is a risk however that the Canadian courts or applicable Canadian or other governmental authorities may take a contrary view with respect to the business of Khiron and view Khiron as having violated their local laws, despite Khiron having obtained all applicable Colombian licences or authorizations and despite that Khiron does not carry on business in Canada. Therefore, there is a risk that civil and criminal proceedings, including class actions, could be initiated against Khiron. Such potential proceedings could involve substantial litigation expense, penalties, fines, seizure of assets, injunctions or other restrictions being imposed upon Khiron or its business partners, while diverting the attention of key executives. Such proceedings could have a material adverse effect on Khiron's business, revenues, operating results and financial condition as well as impact upon Khiron's reputation.

Change of Cannabis Laws, Regulations and Guidelines

Cannabis laws and regulations are dynamic and subject to evolving interpretations which could require Khiron to incur substantial costs associated with compliance or alter certain aspects of its business plan. It is also possible that regulations may be enacted in the future that will be directly applicable to certain aspects of Khiron's businesses. Khiron cannot predict the nature of any future laws, regulations, interpretations or applications, nor can it determine what effect additional

governmental regulations or administrative policies and procedures, when and if promulgated, could have on Khiron's business. Management expects that the legislative and regulatory environment in the cannabis industry in Colombia and internationally will continue to be dynamic and will require innovative solutions to try to comply with this changing legal landscape in this nascent industry for the foreseeable future. Compliance with any such legislation may have a material adverse effect on Khiron's business, financial condition and results of operations.

Public opinion can also exert a significant influence over the regulation of the cannabis industry. A negative shift in the public's perception of the cannabis industry could affect future legislation or regulation in different jurisdictions.

Reliance on Licences and Authorizations

Khiron's ability to grow, store and sell cannabis in Colombia is dependent on Khiron's ability to sustain and/or obtain the necessary licences and authorizations by certain authorities in Colombia.

The licences and authorizations are subject to ongoing compliance and reporting requirements and the ability of Khiron to obtain, sustain or renew any such licences and authorizations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in foreign jurisdictions. Failure to comply with the requirements of the licences or authorizations or any failure to maintain the licences or authorizations would have a material adverse impact on the business, financial condition and operating results of Khiron.

Although Khiron believes that it will meet the requirements to obtain, sustain or renew the necessary licences and authorizations, there can be no guarantee that the applicable authorities will issue these licences or authorizations. Should the authorities fail to issue the necessary licences or authorizations, Khiron may be curtailed or prohibited from the production and/or distribution of cannabis or from proceeding with the development of its operations as currently proposed and the business, financial condition and results of the operation of Khiron may be materially adversely affected.

Reliance on One Facility

The Cultivation Facility is currently Khiron's only licensed facility under the Licences. The Licenses held by Khiron are specific to the Cultivation Facility. Adverse changes or developments affecting the Cultivation Facility, including but not limited to a breach of security, could have a material and adverse effect on Khiron's business, financial condition and prospects. Any breach of the security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by Colombian regulatory authorities, could have an impact on Khiron's ability to continue operating under the Licenses or the prospect of renewing the Licenses.

Certain contemplated capital expenditures of Khiron may require approval of Colombian regulatory authorities. There is no guarantee that Colombian Regulatory Authorities will approve any contemplated expansion and/or renovation, which could adversely affect the business, financial condition and results of Khiron's operations.

Unexpected disruptions affecting operations, whether due to labor disruptions, supply disruptions, power disruptions, damage to equipment or otherwise

Khiron's operations may be disrupted by a variety of risks and hazards that are beyond its control, including, but not limited to, fires, power outages, labour disruptions, supply disruptions, flooding, and the inability to obtain suitable or adequate machinery, equipment or labour as well as other risks involved in the cultivation and production of medicinal cannabis.

Demand for Cannabis and Derivative Products

The legal cannabis industry in Colombia is at an early stage of its development. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of medicinal cannabis are mixed and evolving and can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medicinal cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medicinal cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for medicinal cannabis and on the business, results of operations, financial condition and cash flows of Khiron. Further, adverse publicity reports or other media attention regarding cannabis in general, or associating the consumption of medicinal cannabis with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for medicinal cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medicinal cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization. Khiron's ability to gain and increase market acceptance of its business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure may have an adverse effect on Khiron.

Liability, Enforcement, Complaints, etc.

Khiron's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by third parties, other companies and/or various governmental authorities against Khiron. Litigation, complaints, and enforcement actions involving Khiron could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on Khiron's future cash flows, earnings, results of operations and financial condition.

Product Liability

As a distributor of products designed to be ingested by humans, Khiron faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused damages, loss or injury. In addition, the sale of Khiron's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Adverse reactions resulting from human consumption of Khiron's products alone or in combination with other medications or substances could occur. Khiron may be subject to various product liability claims, including, among others, that Khiron's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning health risks, possible side effects or interactions with other substances. A product liability claim or regulatory action against Khiron could result in increased costs, could adversely affect Khiron's reputation with its clients and consumers generally, and could have a material adverse effect on the results of

operations and financial condition of Khiron. There can be no assurances that Khiron will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of Khiron's potential products.

Insurance Coverage

Khiron's production is, in general, subject to different risks and hazards, including adverse weather conditions, fires, plant diseases and pest infestations, other natural phenomena, industrial accidents, labour disputes, changes in the legal and regulatory framework applicable to Khiron and environmental contingencies.

Khiron has received confirmation from Barclays International that they will provide insurance coverage over Khiron's production and facilities. Khiron is insured against a variety of risks, including losses and damages relating to its plants, equipment and buildings. Khiron's insurance currently covers only part of the losses it may incur and does not cover losses on crops due to drought or floods. Furthermore, certain types of risks may not be covered by the policies that Khiron holds. Additionally, any claims to be paid by an insurer due to the occurrence of a casualty covered by Khiron's policies may not be sufficient to compensate Khiron for all of the damages suffered. Khiron may not be able to maintain or obtain insurance of the type and amount desired at a reasonable cost. If Khiron were to incur significant liability for which it were not fully insured, it could have a materially adverse effect on Khiron's business, financial condition and results of operations.

Ability to Establish and Maintain Bank Accounts

While Khiron does not anticipate dealing with banking restrictions, there is a risk that banking institutions in countries where Khiron operates will not accept payments related to the cannabis industry. Such risks could increase costs for Khiron. In the event financial service providers do not accept accounts or transactions related to the cannabis industry, it is possible that Khiron may be required to seek alternative payment solutions, including but not limited to cryptocurrencies such as Bitcoin. There are risks inherent in cryptocurrencies, most notably its volatility and security issues. If the industry was to move towards alternative payment solutions and accept payments in cryptocurrency Khiron would have to adopt policies and protocols to manage its volatility and exchange rate risk exposures. Khiron's inability to manage such risks may adversely affect Khiron's operations and financial performance.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of Khiron's products are recalled due to an alleged product defect or for any other reason, Khiron could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. Khiron may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although Khiron has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen

product recalls, regulatory action or lawsuits. Additionally, if Khiron is subject to recall, the image of Khiron could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for Khiron's products and could have a material adverse effect on the results of operations and financial condition of Khiron. Additionally, product recalls may lead to increased scrutiny of Khiron's operations by regulatory agencies, requiring further management attention, potential loss of applicable licences and potential legal fees and other expenses.

Risks Inherent in an Agricultural Business

Khiron's business involves the growing of cannabis, which is an agricultural product. Medicinal cannabis will be grown outdoors. The occurrence of severe adverse weather conditions, especially droughts, hail, floods or frost, is unpredictable and may have a potentially devastating impact on agricultural production, and may otherwise adversely affect the supply of cannabis. Adverse weather conditions may be exacerbated by the effects of climate change and may result in the introduction and increased frequency of pests and diseases. The effects of severe adverse weather conditions may reduce Khiron's yields or require Khiron to increase its level of investment to maintain yields. Additionally, higher than average temperatures and rainfall can contribute to an increased presence of insects and pests, which could negatively affect cannabis crops. Future droughts could reduce the yield and quality of Khiron's cannabis production, which could materially and adversely affect Khiron's business, financial condition and results of operations.

The occurrence and effects of plant disease, insects and pests can be unpredictable and devastating to agricultural, potentially rendering all or a substantial portion of the affected harvests unsuitable for sale. Even when only a portion of the production is damaged, Khiron's results of operations could be adversely affected because all or a substantial portion of the production costs may have been incurred. Although some plant diseases are treatable, the cost of treatment can be high and such events could adversely affect Khiron's operating results and financial condition. Furthermore, if Khiron fails to control a given plant disease and the production is threatened, Khiron may be unable to supply its customers, which could adversely affect its business, financial condition and results of operations. There can be no assurance that natural elements will not have a material adverse effect on any such production.

Risks Inherent in Rural Real Estate

The Colombian Constitution protects the right to own private property and related rights acquired in compliance with civil regulations. According to Colombian Constitution, legally acquired private property ownership rights cannot be affected if the owner is in compliance with applicable laws.

Except in the case of public necessity or social interest, subject to due process and the payment of an indemnification, expropriations without just cause or on a discriminatory basis are restricted.

In August 2011, Colombia and Canada entered into a Free Trade Agreement, which outlines the issue of expropriations in Article 811 as well as dispute settlements in Chapter 21. The Free Trade Agreement provides that Canadian investments in Colombia will be granted fair and equitable treatment with full protection and security and will be accorded no less favourable treatment than Colombia grants to its own investors or investors of any other country. It also provides that an investment will not be expropriated except in a nondiscriminatory manner in accordance with due process of law with prompt and adequate compensation. The expropriation provisions cover both traditional "direct" takings and so-called "indirect" or "creeping" expropriation, which results from a measure or a series of measures by a government that have an effect equivalent to direct expropriation without a formal transfer of title or outright seizure of the investment. An investor-

State dispute resolution process is provided for in the event that the investment is not provided the protections set out in the CCOFTA. Through this process, a Canadian investor can challenge a Colombian measure through binding international arbitration instead of relying on the Colombian local courts.

Protected Areas Established by the National System of Protected Areas

Cannabis licences may not be granted to individuals or legal persons who intend to conduct the licensed activities on lands that are in national parks or in protected areas established by the National System of Protected Areas. The government has the right to establish new protected areas in areas with certain environmental relevance that might result in the prohibition to conduct any type of activities on those areas or the need to obtain environmental authorizations.

Khiron does not operate in a protected area and is not at risk of expropriation pursuant to the National System of Protected Areas.

Energy Prices and Supply

Khiron requires substantial amounts of diesel and electric energy and other resources for its harvest activities and transport of cannabis. Khiron relies upon third parties for its supply of energy resources used in its operations. The prices for and availability of energy resources may be subject to change or curtailment, respectively, due to, among other things, new laws or regulations, imposition of new taxes or tariffs, interruptions in production by suppliers, imposition of restrictions on energy supply by government, worldwide price levels and market conditions. If energy supply is cut for an extended period of time and Khiron is unable to find replacement sources at comparable prices, or at all, Khiron's business, financial condition and results of operations would be materially and adversely affected.

Supply of Cannabis Seeds

If for any reason the supply of cannabis seeds is ceased or delayed, Khiron would have to seek alternate suppliers and obtain all necessary authorization for the new seeds. If replacement seeds cannot be obtained at comparable prices, or at all, or if the necessary authorizations are not obtained, Khiron's business, financial condition and results of operations would be materially and adversely affected.

Changes in Corporate Structure

Colombian cannabis licences are granted on a non-transferable, non-exchangeable and non-assignable basis. Any breach of this restriction may give rise to unilateral termination of the license by the governmental authority.

Notwithstanding the above, Colombian laws do not provide for specific regulations or restrictions regarding the effects of a change in control, modification of the corporate structure, issuance of shares, or any changes in holders or final beneficiaries of cannabis licences.

Colombian legislation gives special attention to the identification and background of the legal representatives of licensees. Licensees must file a declaration of the legality of the proceeds of the legal representatives. Furthermore, Decree 613 of 2017 provides a set of resolutory conditions, which enable the Ministry of Health or the Ministry of Justice, as applicable, to terminate a license if the licensee fails to request the amendment of the licence within 30 calendar

days following any changes in (i) the legal representation of the licensee; or (ii) the declaration that a legal representative is criminally liable for drug trafficking or related crimes, after having issued the respective license.

Emerging Market Risks

Emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments.

All of Khiron's operations are in Colombia. Colombia has a history of economic instability or crises (such as inflation or recession). While there is no current political instability, and historically there has been no change in laws and regulations, this is subject to change in the future and could adversely affect Khiron's business, financial condition and results of operations.

In particular, fluctuations in the Colombian economy and actions adopted by the Government of Colombia have had and may continue to have a significant impact on companies operating in Colombia, including Khiron. Specifically, Khiron may be affected by inflation, foreign currency fluctuations, regulatory policies, business and tax regulations and in general, by the political, social and economic scenarios in Colombia and in other countries that may affect Colombia.

Global economic crises could negatively affect investor confidence in emerging markets or the economies of the principal countries in Latin America, including Colombia. Such events could materially and adversely affect Khiron's business, financial condition and results of operations.

Global Economy

Financial and securities markets in Colombia are influenced by the economic and market conditions in other countries, including other South American and emerging market countries and other global markets. Although economic conditions in these countries may differ significantly from economic conditions in Colombia, investors' reactions to developments in these other countries, such as the recent developments in the global financial markets, may substantially affect the capital flows into, and the market value of securities of issuers with operations in Colombia.

An economic downturn or volatility could have a material adverse effect on Khiron's business, financial condition and results of operations. The economy of the Colombia, where Khiron's operations are located, has experienced significant economic uncertainty and volatility during recent years. A weakening of economic conditions could lead to reductions in demand for Khiron's products. For example, its revenues can be adversely affected by high unemployment and other economic factors. Further, weakened economic conditions or a recession could reduce the amount of income customers are able to spend on Khiron's products. In addition, as a result of volatile or uncertain economic conditions, Khiron may experience the negative effects of increased financial pressures on its clients. For instance, Khiron's business, financial condition and results of operations could be negatively impacted by increased competitive pricing pressure, which could result in Khiron incurring increased bad debt expense. If Khiron is not able to timely and appropriately adapt to changes resulting from a weak economic environment, its business, results of operations and financial condition may be materially and adversely affected.

A crisis in other emerging market countries could dampen investor enthusiasm for securities of issuers with South American operations. Financial conditions in Argentina, Brazil or other

emerging market countries could negatively impact Colombia's economy in the future. If such fluctuations were to occur, Khiron's business, financial condition and results of operations could be materially and adversely affected.

TSXV Restrictions on Business

As a condition to initially listing on the TSXV, the TSXV required that Khiron deliver an undertaking (the "**Undertaking**") confirming that, while listed on TSXV, Khiron will only conduct the business of the production, sale and distribution of medicinal marijuana in Colombia pursuant to the Licences and in accordance with applicable law, unless prior approval is obtained from TSXV. The Undertaking could have an adverse effect on Khiron's ability to do business or operate outside of Colombia and on its ability to expand its business into other areas, including the provision of non-medical marijuana in the event that the laws were to change to permit such sales, if Khiron is still listed on the TSXV and remains subject to the Undertaking at such time. The Undertaking may prevent Khiron from expanding into new areas of business when Khiron's competitors have no such restrictions. All such restrictions could materially and adversely affect the growth, business, financial condition and results of Khiron's operations.

Risks Related to Investment in a Colombian Company

Operational Risks

Operations in Colombia are subject to risk due to the potential for social, political, economic, legal and fiscal instability. The government in Colombia faces ongoing problems including but not limited to inflation, unemployment and inequitable income distribution. Colombia is also home to South America's largest and longest running insurgency and large swaths of the countryside are under guerrilla influence. In addition, Colombia experiences narcotics-related violence, a prevalence of kidnapping and extortionist activities and civil unrest in certain areas of the country. Such instability may require Khiron to suspend operations on its properties. Although Khiron is not presently aware of any circumstances or facts which may cause the following to occur, other risks may involve matters arising out of the evolving laws and policies in Colombia, any future imposition of special taxes or similar charges, as well as foreign exchange fluctuations and currency convertibility and controls, the unenforceability of contractual rights or the taking or nationalization of property without fair compensation, restrictions on the use of expatriates in Khiron's operations, or other matters. Khiron also bears the risk that changes can occur in the government of Colombia and a new government may void or change the laws and regulations that Khiron is relying upon.

Currently there are no restrictions on the repatriation from Colombia of earnings to foreign entities and Colombia has never imposed such restrictions. However, there can be no assurance that restrictions on repatriation of earnings from Colombia will not be imposed in the future. Exchange control regulations require that any proceeds in foreign currency originated on exports of goods from Colombia (including minerals) be repatriated to Colombia. However, purchase of foreign currency is allowed through any Colombian authorized financial entities for purposes of payments to foreign suppliers, repayment of foreign debt, payment of dividends to foreign stockholders and other foreign expenses.

Inflation in Colombia

Colombia has in the past experienced double digit rates of inflation. If Colombia experiences substantial inflation in the future, Khiron's costs in Colombian peso terms will increase

significantly, subject to movements in applicable exchange rates. Inflationary pressures may also curtail Khiron's ability to access global financial markets in the longer term and its ability to fund planned capital expenditures, and could materially adversely affect Khiron's business, financial condition and results of operations. The Colombian government's response to inflation or other significant macro-economic pressures may include the introduction of policies or other measures that could increase Khiron's costs, reduce operating margins and materially adversely affect its business, financial condition and results of operations.

Operations in Spanish

As a result of Khiron conducting its operations in Colombia, the books and records of Khiron, including key documents such as material contracts and financial documentation are principally negotiated and entered into in the Spanish language and English translations may not exist or be readily available.

Enforcement of Judgments

Khiron is incorporated under the laws of Canada, however all of its assets are located outside Canada. Furthermore, many of Khiron's directors and officers reside outside Canada. As a result, investors may not be able to effect service of process within Canada upon Khiron's directors or officers or enforce against them in Canadian courts judgments predicated on Canadian securities laws. Likewise, it may also be difficult for an investor to enforce in Canadian courts judgments obtained against these persons in courts located in jurisdictions outside Canada.

As a result of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the Board or controlling shareholders than they would as public shareholders of a Canadian company.

Financial and Accounting Risks

Access to Capital

In executing its business plan, Khiron makes, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. Since its incorporation, Khiron has financed these expenditures through offerings of its equity securities. Khiron will have further capital requirements and other expenditures as it proceeds to expand its business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. Khiron may incur major unanticipated liabilities or expenses. Khiron can provide no assurance that it will be able to obtain financing to meet the growth needs of Khiron.

Foreign Sales

Khiron's functional currency is denominated in Canadian dollars. Khiron currently expects that sales will be denominated in Colombian pesos and may, in the future, have sales denominated in the currencies of additional countries in which it establishes sales offices. In addition, Khiron incurs the majority of its operating expenses in Colombia Pesos. In the future, the proportion of Khiron's sales that are international may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact the Resulting Issuer's business, financial condition and results of operations. Khiron has not previously engaged in foreign currency hedging. If the Resulting

Issuer decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide the Resulting Issuer from foreign currency fluctuations and can themselves result in losses.

Estimates or Judgments Relating to Critical Accounting Policies

The preparation of financial statements in conformity with International Financial Reporting Standards, or IFRS, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Khiron bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in the notes to the Khiron Financial Statements set forth in Schedule "C", the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. Khiron's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause Khiron's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of the Resulting Issuer. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share based payments, impairment of non-financial assets, fair value of biological assets, as well as revenue and cost recognition.

Tax Risks

The Resulting Issuer will operate and will be subject to income tax and other forms of taxation (which are not based upon income) in multiple tax jurisdictions. Taxation laws and rates which determine taxation expenses may vary significantly in different jurisdictions, and legislation governing taxation laws and rates is also subject to change. Therefore, the Resulting Issuer's earnings may be impacted by changes in the proportion of earnings taxed in different jurisdictions, changes in taxation rates, changes in estimates of liabilities and changes in the amount of other forms of taxation. The Resulting Issuer may have exposure to greater than anticipated tax liabilities or expenses. The Resulting Issuer will be subject to income taxes and non-income taxes in a variety of jurisdictions and its tax structure is subject to review by both domestic and foreign taxation authorities and the determination of the Resulting Issuer's provision for income taxes and other tax liabilities will require significant judgment.

The Resulting Issuer will be subject to different taxes imposed by the Colombian government and any changes within such tax legal and regulatory framework may have an adverse effect on our financial results. All current tax legislation is a matter of public record and the Resulting Issuer will be unable to predict which additional legislation or amendments may be enacted.

Risks Related to the Resulting Issuer Shares and Completion of the Qualifying Transaction

Market for the Resulting Issuer Shares

There can be no assurance that an active trading market for the Resulting Issuer Shares will develop or, if developed, that any market will be sustained. Khiron cannot predict the prices at which the Resulting Issuer Shares will trade. The price of the Subscription Receipts was determined by negotiations with the Lead Agent in connection with the financing and might not bear any relationship to the market price at which the Resulting Issuer Shares will trade or to any

other established criteria of the value of Khiron's business. Fluctuations in the market price of the Resulting Issuer Shares could cause an investor to lose all or part of its investment in Resulting Issuer Shares. Factors that could cause fluctuations in the trading price of the Resulting Issuer Shares include: (i) announcements of new offerings, products, services or technologies; commercial relationships, acquisitions or other events by the Resulting Issuer or its competitors; (ii) price and volume fluctuations in the overall stock market from time to time; (iii) significant volatility in the market price and trading volume of agriculture companies; (iv) fluctuations in the trading volume of the Resulting Issuer Shares or the size of the Resulting Issuer's public float; (v) actual or anticipated changes or fluctuations in the Resulting Issuers results of operations; (vi) whether Khiron's results of operations meet the expectations of securities analysts or investors; (vii) actual or anticipated changes in the expectations of investors or securities analysts; (viii) litigation involving the Resulting Issuer, its industry, or both; (ix) regulatory developments in the Canada, Colombia and foreign countries; (x) general economic conditions and trends; (xi) major catastrophic events; (xii) escrow releases, sales of large blocks of the Resulting Issuer Shares; (xiii) departures of key employees or members of management; or (xiv) an adverse impact on Khiron from any of the other risks cited herein.

No History of Payment of Cash Dividends

Khiron has never declared or paid cash dividends on the Khiron Shares. Upon Completion of the Qualifying Transaction, Khiron intends to retain future earnings to finance the operation, development and expansion of the business. Khiron does not anticipate paying cash dividends on the Resulting Issuer Shares in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of the Board and will depend on the Resulting Issuer's financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that the Board considers relevant.

Reporting Issuer Status

From the date of incorporation to the date of this Filing Statement, Khiron has not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the TSXV. As a reporting issuer, the Resulting Issuer will be subject to reporting requirements under applicable securities law and stock exchange policies. Khiron is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to Khiron's financial management control systems to manage its obligations as a subsidiary of a public company. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on existing systems and resources. Among other things, the Resulting Issuer will be required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Resulting Issuer's business and results of operations. The Resulting Issuer may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses. Management of Khiron expects that being a reporting issuer will make it more expensive to maintain director and officer liability insurance. This factor could also make it more difficult for the Resulting Issuer to retain qualified directors and executive officers.

Tax Issues

There may be income tax consequences in relation to the Resulting Issuer Shares, which will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

Completion of the Qualifying Transaction is Subject to Conditions Precedent

The Completion of the Qualifying Transaction is subject to a number of conditions precedent, including the approval by the TSXV, Khiron shareholders and regulatory authorities. Certain of such conditions precedent are outside the control of either or both of Adent and Khiron, and there can be no assurance that these conditions will be satisfied.

Termination of the Definitive Agreement

The Definitive Agreement specifies that the parties' obligation to effect the Qualifying Transaction is conditional upon the satisfaction of a number of conditions, including receipt of all required regulatory approvals. If any of these conditions are not satisfied or waived, the Amalgamation may not be completed. Each of Adent and Khiron has the right, in certain circumstances, in addition to termination rights relating to the failure to satisfy the conditions of Closing, to terminate the Definitive Agreement. Accordingly, Adent or Khiron cannot provide any assurance, that the Definitive Agreement will not be terminated by either of Adent or Khiron prior to the completion of the Amalgamation.

Potential Undisclosed Liabilities Associated with the Amalgamation

Upon completion of the Amalgamation, Khiron will be a direct and indirect wholly-owned subsidiary of the Resulting Issuer and will continue to have the liabilities that existed prior to completion of the Amalgamation. There may be liabilities of Khiron that Adent failed to discover or was unable to accurately assess or quantify in its due diligence.

PART V – GENERAL MATTERS

AUDITOR, TRANSFER AGENT AND REGISTRAR

On Completion of the Qualifying Transaction, the auditor of the Resulting Issuer is expected to be MNP LLP, Chartered Professional Accountants, located at 111 Richmond Street West, Suite 300, Toronto, Ontario M5H 2G4.

On Closing, TSX Trust Company located at 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1 will be transfer agent and registrar for the Resulting Issuer on Completion of the Qualifying Transaction.

SPONSORSHIP

Canaccord Genuity Corp. (the "**Sponsor**") agreed to act as sponsor in connection with the Qualifying Transaction. Khiron has agreed to reimburse all reasonable costs and expenses of the Sponsor.

The Sponsor is located at 161 Bay St, Suite 3000 P.O. Box 516, Toronto, ON M5J 2S1. The Sponsor does not hold any securities of Adent and holds 165,784 Khiron Shares and a total of

468,290 Khiron Warrants. The Sponsor deals at arm's length to Shogun and ICC and neither Shogun nor ICC is a related party or a connected party to the Sponsor, as such terms are defined under the policies of the Exchange. An agreement to sponsor should not be construed as any assurance with respect to the merits of the Qualifying Transaction or the likelihood of completion.

EXPERTS

No experts, including individuals or companies who are named as having prepared or certified a part of this Filing Statement or prepared or certified a report or valuation described or included in this Filing Statement have, or will have immediately following completion of the Amalgamation, any direct or indirect interest in the Resulting Issuer or Khiron.

OTHER MATERIAL FACTS

Adent is not aware of any other material facts relating to Adent, Khiron or the Resulting Issuer or to the Qualifying Transaction that are not disclosed under the preceding items and are necessary in order for this Filing Statement to contain full, true and plain disclosure of all material facts relating to Adent, Khiron and the Resulting Issuer, assuming Completion of the Qualifying Transaction, other than those set forth herein.

BOARD APPROVAL

The Board has approved this Filing Statement. Where information contained in this Filing Statement rests particularly within the knowledge of a Person other than Adent, Adent has relied upon information furnished by such Person.

CERTIFICATE OF ADENT CAPITAL CORP.

DATED May 15, 2018

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Adent Capital Corp. assuming Completion of the Qualifying Transaction.

(signed) *"Anthony Viele"*
Anthony Viele
Chief Executive Officer

(signed) *"Ken Tollstam"*
Ken Tollstam
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF ADENT CAPITAL CORP.

(signed) *"Sruli Weinreb"*
Sruli Weinreb

CERTIFICATE OF KHIRON LIFE SCIENCES CORP.

DATED May 15, 2018

The foregoing as it relates to Khiron Life Sciences Corp. constitutes full, true and plain disclosure of all material facts relating to the securities of Khiron Life Sciences Corp.

(signed) *"Alvaro Torres"*
Alvaro Torres
Chief Executive Officer

(signed) *"Darren Collins"*
Darren Collins
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF KHIRON LIFE SCIENCES CORP.

(signed) *"Sidney Himmel"*
Sidney Himmel
Chairman of the Board

ACKNOWLEDGEMENT – PERSONAL INFORMATION

The foregoing as it relates to Khiron Life Sciences Corp. constitutes full, true and plain disclosure of all material facts relating to the securities of Khiron Life Sciences Corp.

"**Personal Information**" means any information about an identifiable individual, and includes information contained in any Items in the attached filing statement/information circular that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40 and 41 of TSXV Form 3B1/3B2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to Exchange Form 3B1/3B2; and

(b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated: May 15, 2018.

(signed) *"Alvaro Torres"*
Alvaro Torres
Chief Executive Officer

SCHEDULE A

Adent financial statements for the years ended May 31, 2017 and 2016 and the nine-month period ended February 28, 2018 and 2017

ADENT CAPITAL CORP.

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED MAY 31 2017 AND 2016

Crowe MacKay LLP
Member Crowe Horwath International
1100 - 1177 West Hastings Street
Vancouver, BC V6E 4T5
+1.604.687.4511 Tel
+1.604.687.5805 Fax
+1.800.351.0426 Toll Free
www.crowemackay.ca

Independent Auditor's Report

To the Shareholders of
Adent Capital Corp.

We have audited the accompanying financial statements of Adent Capital Corp., which comprise the statements of financial position as at May 31, 2017 and May 31, 2016, and the statements of comprehensive loss, changes in equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Adent Capital Corp. as at May 31, 2017 and May 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt about the ability of Adent Capital Corp. to continue as a going concern.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, British Columbia
September 27, 2017

ADENT CAPITAL CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	May 31, 2017	May 31, 2016
ASSETS		
Current assets		
Cash	$ 4,960	$ 21,265
Prepaid expenses	4,500	2,250
Total assets	$ 9,460	$ 23,515
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	$ 117,373	$ 91,745
Shareholders' equity (deficiency)		
Capital stock (Note 6)	378,144	378,144
Share Subscriptions	5,000	-
Reserves (Note 6)	34,849	34,849
Deficit	(525,906)	(481,223)
Total shareholders' equity (deficiency)	(107,913)	(68,230)
Total liabilities and shareholders' equity (deficiency)	$ 9,460	$ 23,515

Nature and continuance of operations (Note 1)

Approved by the Board on September 27, 2017 and signed on behalf of the Board:

"Anthony Viele" Director "Kenneth Tollstam" Director

The accompanying notes are an integral part of these financial statements.

ADENT CAPITAL CORP.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

		Year Ended May 31, 2017		Year Ended May 31, 2016
Expenses				
Professional fees	$	7,455	$	8,899
Consulting fees (Note 5)		16,989		12,600
Filing fees and meeting costs		12,313		8,873
Office and administration		1,176		8,117
Insurance		6,750		9,000
Travel		-		1,569
Rent (Note 5)		-		10,500
Net loss and comprehensive loss for the year	$	(44,683)	$	(59,558)
Basic and diluted loss per common share	$	(0.03)	$	(0.04)
Weighted average number of common shares outstanding		1,516,667		1,516,667

The accompanying notes are an integral part of these financial statements.

ADENT CAPITAL CORP.
STATEMENT OF CHANGES IN EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Capital Stock					
	Shares	Amount	Subscriptions in advance	Reserves	Deficit	Total Equity (Deficiency)
Balance, May 31, 2015	1,516,667	$ 378,144	$ 50,000	$ 34,849	$ (421,665)	$ 41,328
Reclassified to accounts payable and accrued liabilities	-	-	(50,000)	-	-	(50,000)
Loss and comprehensive loss	-	-	-	-	(59,558)	(59,558)
Balance, May 31, 2016	1,516,667	$ 378,144	$ -	$ 34,849	$ (481,223)	$ (68,230)
Balance, May 31, 2016	1,516,667	$ 378,144	$ -	$ 34,849	$ (481,223)	$ (68,230)
Shares subscription received in advance	-	-	5,000	-	-	5,000
Loss and comprehensive loss	-	-	-	-	(44,683)	(44,683)
Balance, May 31, 2017	1,516,667	$ 378,144	$ 5,000	$ 34,849	$ (525,906)	$ (107,913)

The accompanying notes are an integral part of these financial statements.

ADENT CAPITAL CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended May 31, 2017	Year Ended May 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (44,683)	$ (59,558)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	25,628	1,336
Prepaid expenses	(2,250)	-
Net cash used in operating activities	(21,305)	(58,222)
CASH FLOWS FROM INVESTING ACTIVITIES		
Note receivable repayment	-	25,000
Net cash used in investing activities	-	25,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share subscriptions received	5,000	-
Net cash provided by financing activities	5,000	-
Change in cash for the year	(16,305)	(33,222)
Cash, beginning of year	21,265	54,487
Cash, end of year	$ 4,960	$ 21,265
Cash paid (received) during the year for interest	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -

There were no significant non-cash investing or financing transactions during the periods ended May 31, 2017. Share subscriptions of $50,000 were reclassified to accounts payable and accrued liabilities for the year ended May 31, 2016.

The accompanying notes are an integral part of these financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

On October 23, 2012, Adent Capital Corp. (the "Company") completed an Initial Public Offering ("IPO") of 3,000,000 common shares at $0.10 per share for gross proceeds of $300,000 and was trading on the TSX Venture Exchange ("TSX-V") under the stock symbol ANT.P. Effective January 22, 2015, the Company was transferred to the NEX Board of the TSX-V ("NEX"). The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Company was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the *British Columbia Business Corporations Act* on May 16, 2012.

The Company's head office address is Suite 903 – 67 Yonge Street, Toronto, Ontario, Canada. The registered and records office address is 8 Wellington Street East, Mezzanine Level, Toronto, Ontario, Canada.

The financial statements of the Company are presented in Canadian dollars, which is the functional and reporting currency of the Company.

On June 16, 2017, the Company completed a consolidation of its authorized and issued common shares (the "Common Shares") on a basis of a one (1) post-consolidation Common Share for the three (3) pre-consolidation Common Shares (the "Consolidation"). All current and comparative share capital amounts have been restated to account for the 3:1 consolidation.

Going concern of operations

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The principal business of the Company was the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition of or participation in a business (the "Qualifying Transaction") subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. The Company failed to complete the Qualifying Transaction, as required, in 24 months and therefore, the TSXV halted trading of the Company's common share listing. On January 22, 2015, the Company's common share listing was transferred to NEX, a separate board of the TSXV, for failing to complete a Qualifying Transaction within the required timeframe. NEX provides a forum for the trading of publicly listed companies that have fallen below the TSXV's listing standards while they seek and undertake transactions in furtherance of a business transaction that allows their reactivation on the TSXV or the Toronto Stock Exchange.

The above material uncertainties raise significant doubt about the Company's ability to continue as a going concern. Although these financial statements have been prepared on a going concern basis, the Company's continuing operations are dependent upon its ability to obtain adequate financing through debt or equity issuance or other available means and to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business (Note 9). Any acquisition or investment proposed by the Company will be subject to regulatory approval.

2. BASIS OF PREPARATION

These financial statements have been prepared using accounting policies consistent with IFRS and have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss or available for sale which are stated at their fair value. In addition, the financial statements have been prepared using the accrual basis of accounting.

2. BASIS OF PREPARATION (cont'd…)

Use of judgments and estimates

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant judgments relate to the recognition of deferred tax assets and liabilities and the assessment of going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. Consideration paid for the shares on the exercise of stock options is credited to capital stock. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share-based payments reserve is transferred to accumulated losses (deficit). The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments to non-employees are measured at the fair value of goods or services received.

Warrants

The Company accounts for warrants including warrants issued to brokers in connection with the issuance of shares ("broker warrants") using the fair value method. Under this method, the fair value of broker warrants is first determined based on the value of goods or services received. In situations where some or all of the goods or services received by the Company as consideration cannot be specifically identified, the fair value of broker warrants is then determined using the Black-Scholes valuation model.

The Company has adopted a residual method with respect to the measurement of shares and warrants issued as private placement units. The residual method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

Upon exercise of the warrants, consideration paid together with the amount previously recognized in reserves surplus is recorded as an increase to capital stock. Upon forfeiture or expiry of the warrants, the amount previously recognized in the reserves is transferred to deficit.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial assets (cont'd…)

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for- sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category includes promissory notes, amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash as loans and receivables. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

IFRS establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market date (unobservable inputs).

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New accounting pronouncements

Accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company has not assessed the effect of the future adoption of these standards yet.

IFRS 9 - Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. This standard is effective for annual periods beginning on or after January 1, 2018.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	May 31, 2017	May 31, 2016
Trade payables	$ 67,373	$ 41,745
Other payables	50,000	50,000
	$ 117,373	$ 91,745

Other payables represent share subscriptions received during the year ended May 31, 2015. The amount was reclassified during the year ended May 31, 2016 as a result of a cancelled private placement. The amount is unsecured, non-interest-bearing, and due on demand.

5. RELATED PARTY TRANSACTIONS

The Company incurred the following fees and expenses in the normal course of operations in connection with the Company's directors and key management.

	Nature of Transactions	Year Ended May 31, 2017	Year Ended May 31, 2016
Company controlled by a former director	Rent	$ -	$ 10,500
Company controlled by a former director	Consulting fees	16,989	12,600
		$ 16,989	$ 23,100

As at May 31, 2017, a total of $32,160 was owed to a company controlled by a former director ($15,170 balance was owed as at May 31, 2016).

(Expressed in Canadian Dollars)

6. CAPITAL STOCK AND RESERVES

a) Authorized share capital

As at May 31, 2017, the authorized share capital of the Company is an unlimited number of common shares without par value.

b) Issued share capital

On June 16, 2017, the Company completed a consolidation of its authorized and issued common shares (the "Common Shares") on a basis of a one (1) post-consolidation Common Share for the three (3) pre-consolidation Common Shares (the "Consolidation"). All current and comparative share capital amounts have been restated to account for the 3:1 consolidation.

As at May 31, 2017, the Company had 1,516,667 (May 31, 2016 – 1,516,667) common shares issued and outstanding.

c) Stock options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option shall not be less than the Discounted Market Price as defined by the policies of TSX-V. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

The Company did not grant any stock options during the year ended May 31, 2017 or the year ended May 31, 2016.

As at May 31, 2017, the following incentive stock options were outstanding:

Number of Shares	Exercise Price	Expiry Date
137,742	0.10	October 23, 2017

7. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	May 31, 2017	May 31, 2016
Loss before income taxes for the year	$ (44,683)	$ (59,558)
	26%	26%
Expected income tax recovery	$ (11,618)	$ (15,485)
Tax benefit not realized	11,618	15,485
Deferred income tax recovery	$ -	$ -

(Expressed in Canadian Dollars)

7. INCOME TAXES (cont'd…)

The significant components of the Company's deferred income tax assets are as follows:

	May 31, 2017	May 31, 2016
Deferred income tax asset:		
Share issuance costs	$ -	$ 3,017
Non-capital loss carry forwards	161,000	146,398
Unrecognized deferred tax assets	(161,000)	(149,415)
Net deferred income tax assets	$ -	$ -

The Company has non-capital losses carried forward for income tax purposes of approximately $619,000 which can be applied against future years' taxable income. These losses will expire between 2032 and 2037. Future tax benefits, which may arise as a result of these losses, have not been recognized in these financial statements.

8. FINANCIAL INSTRUMENTS

Fair value

The carrying value of cash and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below:

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company plans to limit its exposure to credit loss by placing its cash with major financial institutions.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal year. The Company will need to raise money or rely on related party loans to settle the current liabilities.

8. FINANCIAL INSTRUMENTS (cont'd…)

Foreign currency risk

The Company is not exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities that are denominated in a foreign currency. As at May 31, 2017, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

Price risk

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

9. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity (deficiency). The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital.

The proceeds from the issuance of share capital raised by the Company, both prior to the Company's IPO and from the IPO itself, may only be used to identify and evaluate assets or businesses for future investments, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange. There were no changes in the Company's approach to capital management during the year ended May 31, 2017.

10. PRIOR QUALIFYING TRANSACTION

During the year ended May 31, 2017, the Company announced and terminated its proposed acquisition of Concorde Group Holdings Inc.

11. SUBSEQUENTS EVENTS

On June 16, 2017, the Company completed a consolidation of its authorized and issued common shares (the "Common Shares") on a basis of a one (1) post-consolidation Common Share for the three (3) pre-consolidation Common Shares (the "Consolidation").

On June 19, 2017, the Company announced that it had closed its previously announced non-brokered private placement raising gross proceeds of $248,000 through the issuance of 4,133,331 common shares at a price of $0.06 per post-consolidation common shares. In connection with the financing, the Company paid a finder's fee of $2,400 in accordance with the policies of the TSX Venture Exchange. All securities issued in connection with the private placement are subject to a statutory hold period of four months plus one day from the date of issuance.

On September 14, 2017, 137,742 stock options expired unexercised.

ADENT CAPITAL CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED FEBRUARY 28, 2018 AND FEBRUARY 28, 2017

(Expressed in Canadian Dollars)

ADENT CAPITAL CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

		As At February 28, 2018		As At May 31, 2017
ASSETS				
Current assets				
Cash	**$**	**134,627**	$	4,960
Prepaid expenses		**-**		4,500
Total assets	**$**	**134,627**	$	9,460
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**62,558**	$	117,373
Shareholders' equity (deficiency)				
Capital stock (Note 5)		**623,744**		378,144
Share Subscriptions (Note 5)		**-**		5,000
Reserves (Note 5)		**34,849**		34,849
Deficit		**(586,524)**		(525,906)
Total shareholders' equity (deficiency)		**72,069**		(107,913)
Total liabilities and shareholders' equity (deficiency)	**$**	**134,627**	$	9,460

Nature and continuance of operations (Note 1)

Approved by the Board on April 27, 2018 and signed on behalf of the Board:

"Anthony Viele" Director "Kenneth Tollstam" Director

The accompanying notes are an integral part of these financial statements.

ADENT CAPITAL CORP.
CONDENSED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian Dollars)
(Unaudited)

	Notes	Three Months Ended		Nine Months Ended	
		February 28, 2018	February 28, 2017	**February 28 , 2018**	February 28, 2017
Expenses					
		$	$	**$**	$
Professional fees		**47,246**	3,780	**89,279**	13,965
Filing fees and meeting costs		**5,995**	2,132	**18,919**	14,956
Office and administration		**9,586**	888	**9,754**	2,010
Insurance		**-**	2,250	**6,750**	6,750
Loss before finance items and other gains		**(62,827)**	(9,050)	**(124,702)**	(37,681)
Gain on debt settlement		**-**	-	**64,084**	-
Net income (loss) and comprehensive income (loss)		**(62,827)**	(9,050)	**(60,618)**	(37,681)
Earnings (Loss) per share - basic and diluted		**$ (0.01)**	$ (0.01)	$ **(0.01)**	$ (0.02)
Weighted average number of common shares outstanding		**5,649,999**	1,516,668	**5,393,551**	1,516,668

The accompanying notes are an integral part of these financial statements.

ADENT CAPITAL CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(Expressed in Canadian Dollars)
(Unaudited)

	Shares	Amount	Subscriptions in Advance	Reserves	Deficit	Total
Balance, May 31, 2016	1,516,668	$ 378,144	$ -	$ 34,849	$ (481,223)	$ (68,230)
Loss and comprehensive loss	-	-	-	-	(37,681)	(37,681)
Balance, February 28, 2017	1,516,668	$ 378,144	$ 5,000	$ 34,849	$ (518,904)	$ (105,911)
Balance, May 31, 2017	1,516,668	$ 378,144	$ 5,000	$ 34,849	$ (525,906)	$ (107,913)
Issue of shares (net of transaction costs)	4,133,331	245,600	(5,000)	-	-	240,600
Net income (loss) for the period	-	-	-	-	(60,618)	(60,618)
Balance, February 28, 2018	5,649,999	$ 623,744	$ -	$ 34,849	$ (586,524)	$ 72,069

The accompanying notes are an integral part of these financial statements.

ADENT CAPITAL CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

	Nine Months Ended February 28, 2018	Nine Months Ended February 28, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the period	$ (60,618)	$ (37,681)
Gain on debt settlement	(64,084)	
Net change in non-cash working capital:		
Accounts payable and accrued liabilities	9,269	18,666
Prepaid expenses	4,500	(2,250)
Net cash used in operating activities	(110,933)	(21,265)
CASH FLOWS FROM FINANCING ACTIVITIES		
Private Placement, net of transaction costs	240,600	-
Net cash provided by financing activities	240,600	-
Change in cash for the period	129,667	(21,265)
Cash, beginning of period	4,960	-
Cash, end of period	$ 134,627	$ -
Cash paid (received) during the period for interest	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -

There were no significant non-cash investing or financing transactions during the three and nine months ended February 28, 2018 and 2017.

The accompanying notes are an integral part of these financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

On October 23, 2012, Adent Capital Corp. (the "Company" or "Adent") completed an Initial Public Offering ("IPO") of 3,000,000 common shares at $0.10 per share for gross proceeds of $300,000 and was trading on the TSX Venture Exchange ("TSX-V") under the stock symbol ANT.P. Effective January 22, 2015, the Company was transferred to the NEX Board of the TSX-V ("NEX"). The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Company was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the *British Columbia Business Corporations Act* on May 16, 2012.

The Company's head office address is Suite 903 – 67 Yonge Street, Toronto, Ontario, Canada. The registered and records office address is 8 Wellington Street East, Mezzanine Level, Toronto, Ontario, Canada.

The financial statements of the Company are presented in Canadian dollars, which is the functional and reporting currency of the Company.

On June 16, 2017, the Company completed a consolidation of its authorized and issued common shares (the "Common Shares") on a basis of a one (1) post-consolidation Common Share for the three (3) pre-consolidation Common Shares (the "Consolidation"). All current and comparative share capital amounts have been restated to account for the 3:1 consolidation.

Going concern of operations

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The principal business of the Company was the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition of or participation in a business (the "Qualifying Transaction") subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. The Company failed to complete the Qualifying Transaction, as required, in 24 months and therefore, the TSXV halted trading of the Company's common share listing. On January 22, 2015, the Company's common share listing was transferred to NEX, a separate board of the TSXV, for failing to complete a Qualifying Transaction within the required timeframe. NEX provides a forum for the trading of publicly listed companies that have fallen below the TSXV's listing standards while they seek and undertake transactions in furtherance of a business transaction that allows their reactivation on the TSXV or the Toronto Stock Exchange.

The above material uncertainties raise significant doubt about the Company's ability to continue as a going concern. Although these financial statements have been prepared on a going concern basis, the Company's continuing operations are dependent upon its ability to obtain adequate financing through debt or equity issuance or other available means and to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business. Any acquisition or investment proposed by the Company will be subject to regulatory approval.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The condensed consolidated interim financial statements have been prepared using the same accounting policies, methods of computation and presentation as were applied in the annual financial statements for the year ended May 31, 2017.

2. BASIS OF PREPARATION (cont'd…)

Use of judgments and estimates

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant judgments relate to the recognition of deferred tax assets and liabilities and the assessment of going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

New accounting pronouncements

Accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company has not assessed the effect of the future adoption of these standards yet.

IFRS 9 - Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. This standard is effective for annual periods beginning on or after January 1, 2018.

4. RELATED PARTY TRANSACTIONS

The Company incurred the following fees and expenses in the normal course of operations in connection with the Company's directors and key management.

	Nature of Transactions	Nine Months Ended February 28, 2018	Nine Months Ended February 28, 2017
Company controlled by a former director	Professional fees	-	11,340
		$ -	$ 11,340

(Expressed in Canadian Dollars)

5. CAPITAL STOCK AND RESERVES

a) Authorized share capital:

As at February 28, 2018, the authorized share capital of the Company is an unlimited number of common shares without par value.

b) Issued share capital:

(i) On June 16, 2017, the Company completed a consolidation of its authorized and issued common shares (the "Common Shares") on a basis of a one (1) post-consolidation Common Share for the three (3) pre-consolidation Common Shares (the "Consolidation"). All current and comparative share capital amounts have been restated to account for the 3:1 consolidation.

(ii) On June 19, 2017, the Company announced that it had closed its previously announced non-brokered private placement raising gross proceeds of $248,000 through the issuance of 4,133,331 common shares at a price of $0.06 per post-consolidation common shares. In connection with the financing, the Company paid a finder's fee of $2,400 in accordance with the policies of the TSX Venture Exchange. All securities issued in connection with the private placement are subject to a statutory hold period of four months plus one day from the date of issuance.

As at February 28, 2018, the Company had 5,649,999 (May 31, 2017 – 1,516,668) common shares issued and outstanding.

c) Stock options:

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option shall not be less than the Discounted Market Price as defined by the policies of TSX-V. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

The Company did not grant any stock options during the nine months ended February 28, 2018 or the nine months ended February 28, 2017.

The following table summarizes the stock option transactions for the nine months ended February 28, 2018:

	Number of Shares	Exercise Price	Expiry Date
May 31, 2017	137,742	0.10	October 23, 2017
Expired	(137,742)	0.10	
Balance, February 28, 2018	(Nil)	0.10	

6. FINANCIAL INSTRUMENTS

Fair value

The carrying value of cash and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below:

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company plans to limit its exposure to credit loss by placing its cash with major financial institutions.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal year. The Company will need to raise money or rely on related party loans to settle the current liabilities.

Foreign currency risk

The Company is not exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities that are denominated in a foreign currency. As at February 28, 2018, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

Price risk

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

7. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity (deficiency). The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital.

The proceeds from the issuance of share capital raised by the Company, both prior to the Company's IPO and from the IPO itself, may only be used to identify and evaluate assets or businesses for future investments, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or

administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange. There were no changes in the Company's approach to capital management during the nine months ended Februaey 28, 2018.

8. PROPOSED TRANSACTION

On December 27, 2017, Adent and Khiron Life Sciences Corp. ("Khiron"), a company incorporated under the federal laws of Canada, announced, further to press releases dated October 25, 2017 and November 7, 2017, the execution of a definitive business combination agreement (the "Combination Agreement") on December 22, 2017 which, subject to certain conditions and applicable shareholder, director and TSX Venture Exchange ("TSXV") approval, will result in a reverse takeover of Adent by Khiron (the "Proposed Transaction"), and is intended to constitute Adent's "Qualifying Transaction" pursuant to TSXV Policy 2.4. The resulting issuer from the Proposed Transaction (the "Resulting Issuer") will operate as a medical cannabis company with its core operations in Colombia continuing the business of Khiron.

Under the terms of the Combination Agreement, the Proposed Transaction will be completed by way of a three cornered amalgamation under the federal laws of Canada, whereby 10546534 Canada Ltd., a wholly-owned subsidiary of Adent ("Subco"), will amalgamate with and into Khiron (the "Amalgamation"), with Khiron surviving as a wholly-owned subsidiary of Adent. Prior to the completion of the Proposed Transaction, Adent will change its name to "Khiron Life Sciences Corp." (the "Name Change"), and following completion of the Proposed Transaction, the Resulting Issuer will conduct its business under the new name.

The Combination Agreement includes a number of conditions, including but not limited to, completion or waiver of sponsorship, requisite shareholder approvals including the approval of the shareholders of Khiron and Adent as applicable, the completion of the previously announced subscription receipt financing (the "Financing"), the consolidation of Adent's common shares on an 8:1 basis (the "Consolidation"), the continuance of Adent from the Business Corporations Act (British Columbia) and into the Canada Business Corporations Act (the "Continuance"), approvals of all regulatory bodies having jurisdiction in connection with the Proposed Transaction, approval of the TSXV including the satisfaction of its initial listing requirements and other closing conditions customary to transactions of the nature of the Proposed Transaction. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

Pursuant to the terms of the Combination Agreement, and in connection with the Amalgamation:

a) holders of outstanding common shares in the capital of Khiron (the "Khiron Shares"), including Khiron Shares issued upon conversion of the subscription receipts issued in connection with the Financing, will receive one (1) fully paid and non-assessable post-Consolidation Resulting Issuer share for each Khiron Share held;

8. PROPOSED TRANSACTION (cont'd…)

b) all outstanding options and warrants to purchase Khiron Shares ("Khiron Convertible Securities") will be exchanged on an equivalent basis for options and warrants to purchase common shares of the Resulting Issuer;

On January 16, 2018, Khiron announced that it had completed a private placement offering of subscription receipts ("Subscription Receipts") for aggregate gross proceeds of $11,230,000 (the "Offering") in connection with the the Proposed Transaction. Khiron issued 11,230,000 Subscription Receipts at a price of $1.00 per Subscription Receipt (the "Offering Price") for gross proceeds of $11,230,000. Each Subscription Receipt entitles the holder to receive, upon satisfaction of the escrow release conditions on or before the escrow release deadline, and without payment of additional consideration, one unit in the capital of Khiron (a "Unit"). Each Unit consists of one common share (a "Common Share") and one Common Share purchase warrant (a "Warrant") of Khiron, which Units shall be exchanged, without further consideration, for one Unit in the capital of Adent (the "Resulting Issuer") upon the completion of the Proposed Transaction. Following the exchange for Units of the Resulting Issuer, each Warrant shall entitle the holder thereof to acquire one common share of the Resulting Issuer (a "Resulting Issuer Share") at a price of $1.20 for a period of 24 months following the listing of the Resulting Issuer Shares (the "Listing Date"), subject to adjustment and acceleration.

In connection with the Offering, the Agents are entitled to be paid a cash commission of up to 7% of the gross proceeds of the Offering (50% of which was paid on closing and the remaining 50% of which will be paid out of the Escrowed Funds upon escrow release). In addition, Khiron issued to the Agents an aggregate of 785,830 compensation options ("Compensation Options"). Each Compensation Option is exercisable into one unit at the Offering Price for a period of 24 months following the Listing Date, with each Unit being comprised of one Common Share and one Common Share purchase warrant (a "Compensation Warrant"). Each Compensation Warrant is exercisable into one Common Share at $1.20 per share for a period of 24 months following the Listing Date. The Compensation Options shall be exchanged for Compensation Options of the Resulting Issuer on an equivalent basis upon completion of the Proposed Transaction.

Upon completion of the Proposed Transaction and satisfaction or waiver of the escrow release conditions, the Escrowed Funds will be used to further develop the business of the Resulting Issuer and for general working capital purposes.

SCHEDULE B

Adent management's discussion and analysis for the years ended May 31, 2017 and 2016

ADENT CAPITAL CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2017

The following Management Discussion and Analysis ("**MD&A**") is prepared as at September 27, 2017 and should be read in conjunction with the audited financial statements for the year ended May 31, 2017 of Adent Capital Corp. ("**Adent**" or the "**Company**") with the related notes thereto. These audited financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted.

Further information regarding the Company and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be obtained from www.sedar.com.

Business Overview

The Company was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the *British Columbia Business Corporations Act* on May 16, 2012.

The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. Such a transaction will be subject to regulatory approval and may be subject to shareholder approval. The Company has not commenced commercial operations.

Going concern of operations

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition of or participation in a business (the "Qualifying Transaction") subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. The Company failed to complete the Qualifying Transaction, as required, in 24 months and therefore, the TSXV halted trading of the Company's common share listing. On January 22, 2015, the Company's common share listing was transferred to NEX, a separate board of the TSXV, for failing to complete a Qualifying Transaction within the required timeframe. NEX provides a forum for the trading of publicly listed companies that have fallen below the TSXV's listing standards while they seek and undertake transactions in furtherance of a business transaction that allows their reactivation on the TSXV or the Toronto Stock Exchange.

Although these financial statements have been prepared on a going concern basis, the Company's continuing operations are dependent upon its ability to obtain adequate financing through debt or equity issuance or other available means and to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business (Note 11 of the financial statements). Any acquisition or investment proposed by the Company will be subject to regulatory approval.

Qualifying Transactions

The Company entered into a definitive share exchange agreement dated May 23, 2014 (the "**Share Exchange Agreement**" or the "**Transaction**") with Proxima and certain of its shareholders. The Transaction was to constitute the Company's Qualifying Transaction and was to be a Non-Arm's Length Qualifying Transaction pursuant to TSX-V Policy 2.4 – *Capital Pool Companies.*

During the fiscal year ended May 31, 2016, the Company terminated the proposed qualifying transaction with Proxima. As part of the termination, Proxima repaid to Adent certain funds borrowed from Adent.

Subsequent to May 31, 2016, the Company announced that it had entered into a non-binding letter of intent dated August 9, 2016 with Concorde Group Holdings Inc. ("Concorde"), a company based in New Jersey, USA, to complete a going public transaction for Concorde (the "Proposed Transaction") by way of a reverse takeover of Adent. During the fiscal year ended May 31, 2017, the Company terminated the proposed qualifying transaction with Concorde.

Adent continues to look for a Qualifying Transaction.

Share Consolidation, Financing and Change of Directors and Management

Effective June 16, 2017, the Company completed a share consolidation, a non-brokered private placement for gross proceeds of approximately $248,000 (the "Financing"), and change of board and management. The Company's authorized and issued common shares (the "Common Shares") were consolidated on the basis of a one (1) post-consolidation Common Share for each three (3) pre-consolidation Common Shares (the "Consolidation"). Following the Consolidation, the Company completed the Financing pursuant to which the Company issued an aggregate of 4,133,331 Common Shares at a price of $0.06 per post-Consolidation Common Share for gross proceeds of approximately $248,000. In connection with the Financing, the Company paid finder's fees of $2,400 in accordance with the policies of the TSX Venture Exchange.

In connection with the completion of the Consolidation and Financing, each of the directors and officers of the Company resigned, and a new board of directors, consisting of Anthony Viele, Kenneth Tollstam and Sruli Weinreb were appointed as directors. Anthony Viele was appointed as the Chief Executive Officer and Kenneth Tollstam was appointed as the Chief Financial Officer and Corporate Secretary of the Company.

SELECTED ANNUAL INFORMATION

	May 31, 2017	May 31, 2016	May 31, 2015
Loss before other items	$ (44,683)	$ (59,558)	$ (115,796)
Comprehensive loss	(44,683)	(59,558)	(115,796)
Loss per share	(0.01)	(0.01)	(0.02)
Total assets	9,460	23,515	81,737
Total liabilities	117,373	91,745	40,409
Working capital (deficiency)	(107,913)	(68,230)	41,328

RESULTS OF OPERATIONS

For the year ended May 31, 2017, the Company incurred a loss of $44,683 compared to a loss of $59,558 for the year ended May 31, 2016. The decrease was attributable to a reduction in rent from $10,500 to $ nil as the rental agreement ceased in September 2016.

SUMMARY OF QUARTERLY RESULTS

	Three months ended:			
	May 31, 2017	**February 28, 2017**	**November 30, 2016**	**August 31, 2016**
	-$-	**-$-**	**-$-**	**-$-**
Revenue	-	-	-	-
Expenses	7,001	9,050	13,876	14,756
Total comprehensive loss	(7,001)	(9,050)	(13,876)	(14,756)
Comprehensive loss per share – basic and fully diluted	(0.00)	(0.01)	(0.01)	(0.01)
Weighted average number of shares outstanding	1,516,667	1,516,667	1,516,667	1,516,667
Total assets	9,460	4,500	6,763	21,333
Total liabilities	117,373	110,411	103,625	104,219
Total equity (deficiency)	(107,913)	(105,911)	(96,862)	(82,986)

	Three months ended:			
	May 31, 2016	**February 29, 2016**	**November 30, 2015**	**August 31, 2015**
	-$-	**-$-**	**-$-**	**-$-**
Revenue	-	-	-	-
Expenses	16,258	6,942	9,479	26,879
Total comprehensive loss	(16,258)	(6,942)	(9,479)	(26,879)
Comprehensive loss per share – basic and fully diluted	(0.01)	(0.00)	(0.01)	(0.02)
Weighted average number of shares outstanding	1,516,667	1,516,667	1,516,667	1,516,667
Total assets	23,515	29,867	35,110	54,599
Total liabilities	91,745	31,838	30,140	40,150
Total equity	(68,230)	(1,971)	4,970	14,449

LIQUIDITY AND CAPITAL RESOURCES

The Company reported working capital deficiency of $107,913 at May 31, 2017 compared to working capital of $68,230 at May 31, 2016.

Net cash used in operating activities for the year ended May 31, 2017 was $21,265 compared to $58,222 for the year ended May 31, 2017 and consists primarily of the operating loss adjusted for changes in non-cash working capital items.

OFF-BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Company incurred the following fees and expenses in the normal course of operations in connection with the directors and key management.

	Nature of Transactions	Year Ended May 31, 2017 -$-	Year Ended May 31, 2016 -$-
Company controlled by Paul Cox, a former director of the Company	Rent	-	10,500
Company controlled by Paul Cox, a former director of the Company	Consulting and Professional fees	16,989	12,600
		16,989	23,100

The amounts due to a related party included in accounts payable and accrued liabilities are as follows:

	May 31, 2017 -$-	May 31, 2016 -$-
Due to company controlled by Paul Cox, a former director of the Company	30,292	15,170

SIGNIFICANT ACCOUNTING POLICIES

See Note 3 "Significant Accounting Policies" in the annual audited financial statements of the Company for the year ended May 31, 2017.

New accounting pronouncements

Accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company has not assessed the effect of the future adoption of these standard yet.

IFRS 9 - Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. This standard is effective for annual periods beginning on or after January 1, 2018.

FINANCIAL INSTRUMENTS

Fair value

The carrying value of cash and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below:

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major Canadian financial institutions.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company raised $248,000 in June 2017.

Foreign currency risk

The Company is not exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities that are denominated in a foreign currency. As at May 31, 2017, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

Price risk

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

OUTSTANDING SHARE INFORMATION

As at September 27, 2017 the following shares, warrants and options were issued and outstanding:

	Issued & Outstanding	Authorized
Capital stock		
- Common shares [i)]	5,649,998	unlimited

i) 1,516,667 post-Consolidation shares (pre-Financing), and 4,133,331 shares issued under the Financing.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Company's management is responsible for presentation and preparation of the financial statements and the Management's Discussion and Analysis ("MD&A"). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

The financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information we must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information.

The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Except for statements of historical facts relating to the Company, this MD&A contains certain forward-looking statements and information relating to the Company that is based on the beliefs of the Company, or management, as well as assumptions made by and information currently available to the Company or management. These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. When used in this document, the words "anticipate", "believe", "estimate", "expect", 'implied", "intend" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the current view of the Company regarding future events and are subject to certain risks, uncertainties and assumptions, including the risks and uncertainties noted. Should one or more of these risks materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, implied, expected or intended. In each instance, forward-looking information should be considered in the light of the accompanying meaningful cautionary statements herein.

SCHEDULE C

Khiron audited consolidated financial statements for the period from February 17, 2017 to December 31, 2017

Independent Auditors' Report

To the Shareholders of Khiron Life Sciences Corp.:

We have audited the accompanying consolidated financial statements of Khiron Life Sciences Corp., which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the period from inception (February 17, 2017) to December 31, 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Khiron Life Sciences Corp. as at December 31, 2017 and its financial performance and its cash flows for the period from inception (February 17, 2017) to December 31, 2017 in accordance with International Financial Reporting Standards.

MNP LLP

Toronto, Ontario

Chartered Professional Accountants

May 14, 2018

Licensed Public Accountants

MNP LLP

Khiron Life Sciences Corp.

Consolidated Statement of Financial Position
(expressed in Canadian Dollars unless otherwise stated)

	Note	As at December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	5	$1,809,645
Accounts receivable and advances		286,923
Other current assets	10	558,409
Total current assets		**$2,654,977**
Non-current assets		
Property and equipment and intangible assets	7,8	242,563
Total assets		**$2,897,540**
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	9	$704,263
Total liabilities		**$704,263**
Shareholders' Equity		
Share capital	10	4,291,289
Warrants	11	1,085,422
Share based compensation	12	626,111
Accumulated other comprehensive loss		(30,133)
Deficit		(3,779,412)
Total shareholders' equity		**2,193,277**
Total shareholders' equity and liability		**$2,897,540**

Note 1 – nature of operations
Note 16 – commitments and contingencies
Note 18 – subsequent events

Approved on behalf of the Board:

"Sidney Himmel"
Signed: Director

"Peter Simeon"
Signed: Director

The accompanying notes are an integral part of these consolidated financial statements.

Khiron Life Sciences Corp.

Consolidated Statement of Loss and Comprehensive Loss For the period from inception (February 17, 2017) to December 31, 2017
(expressed in Canadian Dollars unless otherwise stated)

	Note	
Operating Expenses		
General and administrative		$ 1,371,673
Selling, marketing and promotion		140,765
Travel and development		336,361
Professional fees		369,646
Consulting services		532,163
Share-based compensation	10,12	1,008,571
Other		5,408
		3,764,587
Other Income		(1,005)
Other expenses		15,830
		14,825
Income tax		-
Net loss		**(3,779,412)**
Item that will be reclassified subsequently to income exchange differences on translating foreign operations		**(30,133)**
Net loss and comprehensive loss		**$ (3,809,945)**
Net loss per common share – basic and diluted		$ (0.14)
Weighted average number of common shares – basic and diluted		**27,757,213**

The accompanying notes are an integral part of these consolidated financial statements.

Khiron Life Science Corp.

Consolidated Statement of Cash Flow
(expressed in Canadian Dollars unless otherwise stated)
For the period from inception (February 17, 2017) to December 31, 2017

Operating activities	
Net loss for the period	$(3,779,412)
Adjustments for:	
Share-based compensation	1,008,571
Depreciation and amortization	389
Changed in non-cash working capital items	
Accounts receivables and advances	(286,923)
Other current assets	(71,509)
Accounts payable and accrued liabilities	704,263
Net cash used in operating activities	**(2,424,621)**
Investing activities	
Purchase of property and equipment	(242,952)
Cash acquired via asset acquisition	1,000
Net cash used in investing activities	**(241,952)**
Financing activities	
Proceeds from issuance of units	4,506,351
Net cash provided by financing activities	**4,506,351**
Net change in cash and cash equivalents	1,839,778
Effect of movements in exchange rates on cash held	(30,133)
Cash and cash equivalents, end of period	**$1,809,645**

The accompanying notes are an integral part of these consolidated financial statements.

Khiron Life Science Corp.

Consolidated Statement of Changes in Equity
(expressed in Canadian Dollars unless otherwise stated)

	Number of shares	Share capital	Share-based compensation	Warrants reserve	Acc. other comprehensive income	Deficit	Total
Balance, February 17, 2017	-	$ -	$ -	$ -	$ -	$ -	$ -
Founders shares	5,000,000	25,000	-	-	-	-	25,000
Shares issued for acquisition	14,300,000	1,000	-	-	-	-	1,000
Shares issued on private placement	8,000,000	2,000,000	-	-	-	-	2,000,000
Share issuance cost	-	(15,000)	-	-	-	-	(15,000)
Units issued on private placement	4,270,281	2,989,196	-	-	-	-	2,989,196
Unit issuance cost	-	(572,143)	-	139,981	-	-	(432,162)
Unit issuance cost	-	(677,764)	-	677,764	-	-	-
Fair value of share-based payments	-	-	626,111	-	-	-	626,111
Shares issued to TheraCann	1,000,000	541,000	-	267,677	-	-	808,677
Net loss for the period	-	-	-	-	-	(3,779,412)	(3,779,412)
Other comprehensive loss	-	-	-	-	(30,133)	-	(30,133)
Balance, December 31, 2017	**32,570,281**	**$4,291,289**	**$626,111**	**$1,085,422**	**$(30,133)**	**$(3,779,412)**	**$2,193,277**

The accompanying notes are an integral part of these consolidated financial statements.

Khiron Life Science Corp.

Notes to the consolidated financial statements
(expressed in Canadian Dollars unless otherwise stated)
December 31, 2017

1. Nature of operations

Khiron Life Science Corp. ("Khiron" or the "Company") was incorporated under the Business Corporations Act (Ontario) on February 17, 2017. Through its wholly-owned subsidiary, Khiron Colombia SAS, the Company is positioned to be the leading medically-validated cannabis provider in Colombia and South America, a developing market for the distribution of cannabis products for medical proposes. Khiron has received licenses from the Ministry of Health and Ministry of Justice in Colombia for the cultivation of cannabis and production of extracts that will enable the development of products for the domestic and international markets. The principal and registered head office of the Company is located at 100 King Street West, Suite 1600, Toronto, Ontario, Canada M5X 1G5 and its main office in Colombia is at Carrera 15 #88-64 of.812, 4. Bogota, Colombia.

As at December 31, 2017 the Company was focused on the development and construction of its cultivation and processing facility, as well as the definition of products for distribution. On September 22, 2017, the Company's wholly owned subsidiary, Khiron Colombia SAS, received its first license from the Ministry of Justice in Colombia and on October 19, 2017 the Company has been granted all the licenses required for the cultivation, production, domestic distribution and international export of both low and high tetrahydrocannabinol (“THC”) medical cannabis in the country of Colombia. Khiron is now in position to commence cultivation of medicinal grade cannabis on its 4.5 hectares of lands with an additional 15.5 hectares under option.

These consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at December 31, 2017, the Company has not yet achieved profitable operations and had losses since inceptions of $3,779,412. The Company expects to have sufficient liquidity to continue operations in the future, satisfy all commitments and repay its liabilities arising from normal business operations as they become due.

2. Significant accounting policies

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The policies applied in these consolidated financial statements are based on IFRS's issued and outstanding as of May 11, 2018, the date the Board of Directors approved the statements.

Basis of presentation

The consolidated financial statements have been prepared on historical cost basis except for financial instruments which are measured at fair value as explained in the accounting policies.

Basis of consolidation

The consolidated financial statements as at December 31, 2017, reflect the assets, liabilities, and results of operations of Khiron Life Science Corp. and its wholly owned subsidiary Khiron Colombia SAS. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

These consolidated financial statements have been prepared in Canadian dollars, which is the Company’s functional and presentation currency.

2. Significant accounting policies - continued

Foreign currencies

The functional currency of the Company is the Canadian dollar. The functional currency of the subsidiary Khiron Colombia SAS is the Colombian Peso. For the purpose of the consolidated financial statements, the results and financial position are expressed in Canadian Dollars.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At each financial reporting date, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the consolidated statement of loss and comprehensive loss. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the spot rate at the date of the initial transaction. Nonmonetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

The financial statements of foreign subsidiaries for which the functional currency is not the Canadian dollar are translated into Canadian dollars using the exchange rate in effect at the end of the reporting period for assets and liabilities and the average exchange rates for the period for revenue, expenses and cash flows. Foreign exchange differences arising on translation are recognized in other comprehensive income (loss) and in the cumulative transaction adjustment in shareholders' equity.

Estimates and critical judgments by management

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and adjustments are made as appropriate in the period they become known. Items for which actual results may differ significantly from these estimates are described in the following section.

Share-based compensation

The fair value of stock options and warrants is based on the application of the Black-Scholes option pricing model. This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the share price, volatility of the share price, expected dividend yield and expected risk-free interest rate.

Useful lives of property and equipment and intangible assets

Depreciation and amortization of property, equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of the assets.

Income taxes

Income taxes and tax exposures recognized in the consolidated financial statements reflect management's best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability.

2. Significant accounting policies - continued

Income taxes - continued

In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take account of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate the sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Cash and cash equivalents

Cash and cash equivalents includes cash on deposit at banking institutions and amounts held in trust on behalf of the Company.

Property and equipment ("PPE")

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statement of loss and comprehensive loss in the period the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial period end, and adjusted if appropriate. Assets under construction are no subject to depreciation as they are not ready for use.

2. Significant accounting policies - continued

Intangible asset

Intangible assets are recorded at cost less accumulated amortization. They are amortized over their estimated useful lives using the following methods and rates:

	Estimated useful life/ asset depreciation method
Software	Straight-line over 5 years

An asset's residual value, useful life and amortization method are reviewed at each reporting date and adjusted if appropriate.

Impairment of non-financial assets

Long-lived assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may exceed its recoverable amount. For the purpose of testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit, or "CGU"). An impairment loss is recognized for the amount, if any, by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and the value in use (being the present value of expected future cash flows of the asset or CGU). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been previously recognized.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. The amount of a provision is the best estimate of the consideration at the end of the reporting period. Provisions measured using estimated cash flows required to settle the obligation are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Company has no material provisions as at December 31, 2017.

Share capital and warrants

Common shares and warrants are classified as equity. The share capital represents the amount received upon issuance of shares. Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period in which the transaction occurs. Proceeds from unit placements are allocated between shares and warrants issued on a pro-rata basis of their value within the unit using the Black-Scholes option pricing model to determine the fair value of warrants issued.

2. Significant accounting policies - continued

Share-based compensation transactions

The Company has a share-based payment plan that grants stock options to employees and non-employees. This plan is an equity-settled plan. For equity-settled share-based payment transactions, the Company measures the goods and services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, using an option pricing model.

The expense is recognized over the vesting period of the options granted and is recognized as an expense in earnings with a corresponding credit to reserve for share-based payments. At the end of each reporting period the Company re-assesses its estimate of the number of stock options expected to vest and recognizes the impact of the revisions in the consolidated statement of loss and comprehensive loss. Any consideration paid by employees and directors on exercise of stock options is credited to share capital combined with any related share-based compensation expense originally recorded in reserve for share-based payments.

Loss per share

The Company presents basic and diluted loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares to the extent that that are not antidilutive.

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

2. Significant accounting policies - continued

Research and development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in profit and loss as incurred. To date, no development costs have been capitalized.

Impairment of financial assets

Financial assets, other than those classified at fair value through profit and loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial instruments

Financial assets

The Company initially recognizes financial assets at fair value on the date that they are originated. The Company classifies its financial assets as financial assets at fair value through profit and loss, available for sale, or loans and receivables. A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition.

Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date that they are originated. The Company classifies its financial liabilities as either financial liabilities at fair value through profit and loss or other liabilities. Subsequent to initial recognition other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss.

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

	Classification
Cash and cash equivalent	Fair value through profit and loss (FVTPL)
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

New standards not yet adopted and interpretations issued but not yet effective

IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company does not anticipate a material impact on its consolidated financial statements as a result of implementing this standard.

2. Significant accounting policies - continued

IFRS 15 - Revenue from Contracts with Customers - In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted The Company does not anticipate a material impact on its consolidated financial statements as a result of implementing this standard.

IFRS 16 - In January 2016, the IASB issued IFRS 16, replacing IAS 17, "Leases". IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its balance sheet, providing the reader with greater transparency of an entity's lease obligations. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted.

The Company has not yet assessed the impact of this standard on its consolidated financial statements and will not early adopt.

3. Capital risk management

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. As at December 31, 2017, the Company has not entered into any debt financing. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach in the period. The Company considers its shareholders equity as capital which as at December 31, 2017 is $2,193,277.

4. Financial instruments

Fair values

At December 31, 2017, the Company's financial instruments consist of cash and cash equivalents, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

4. Financial instruments - continued

Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the period, there were no transfer of amounts between levels.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Level 1 - cash and cash equivalents
Level 2 - none
Level 3 - none

The Company has exposure to the following risks from its use of financial instruments:
- Credit risk; and
- Liquidity risk

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. All of the Company’s cash is held at financial institutions which are Colombian Chartered Banks or fund held in trust with legal counsel in which management believes that the risk of loss is minimal but the Company is subject to concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with out of cash. As at December 31, 2017, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. There have been no changes in the Company's strategy with respect to credit/liquidity risk in the period.

Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar but is exposed to foreign currency risk with respect to the expenditures incurred by its Colombian subsidiary, Khiron Colombia SAS. The Company does not anticipate a material impact on its consolidated financial statements as a result of a 5% change in the exchange rate between the two currencies.

(expressed in Canadian Dollars unless otherwise stated)

5. Cash and cash equivalents

	December 31, 2017
Cash	**$ 65,052**
Cash in trust	**1,744,593**
Total	**$ 1,809,645**

6. Acquisition of Chiron Inversiones S.A.S

On February 17, 2017, the Company acquired all of the issued and outstanding shares of Chiron Inversiones S.A.S. ("Chiron") a company incorporated under the laws of Colombia. Consideration for the acquisition included the issuance of 14,300,000 Khiron shares. The acquisition was treated as an asset acquisition as Chiron did not meet the definition of a business as per the provisions of IFRS 3. As of the acquisition date, the Company owns 100% of the outstanding shares of Chiron. The purchase price allocation for this acquisition is shown below:

Fair value of consideration transferred:	
Equity	$1,000
Fair value of consideration received:	
Cash	$1,000

7. Intangible assets

	At February 17, 2017	Additions	Amortization	At December 31, 2017
Software	-	$ 1,293	$ 323	**$ 970**
	-	**$ 1,293**	**$ 323**	**$ 970**

8. Property and equipment

	At February 17, 2017	Additions	Depreciation	At December 31, 2017
Computer equipment	$ -	$ 26,826	$ 66	**$ 26,760**
Assets under construction	-	214,833	-	**214,833**
	$ -	**$ 241,659**	**$ 66**	**$ 241,593**

9. Accounts payable and accrued liabilities

	December 31, 2017
Accounts payable	$ 447,968
Payroll liabilities	45,588
Accruals and other liabilities	210,707
Total	**$ 704,263**

(expressed in Canadian Dollars unless otherwise stated)

10. Share capital

Authorized share capital

The authorized share capital consists of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Common shares issued

	Number of common shares	Amount
Balance, February 17, 2017	**-**	**$ -**
Founder shares [(i), (ii)]	5,000,000	25,000
Shares issued for subsidiary [(iii)]	14,300,000	1,000
Issuance of shares [(iv)]	9,000,000	2,541,000
Issuance cost of shares [(v)]	-	(15,000)
Issuance of units to investors and brokers [(v)]	4,270,281	2,989,196
Fair value of units to brokers [(v)]	-	(116,048)
Fair value brokers warrants [(v)]	-	(139,981)
Other issuance cost of units [(v)]	-	(316,114)
Fair value of warrants attached to the units [(v)]	-	(677,764)
Balance, December 31, 2017	**32,570,281**	**$ 4,291,289**

(i) On February 17, 2017, the Company issued an aggregate of 3,700,000 founder shares to the founders of the Company at a price of $0.005 per founder share.

(ii) On March 3, 2017 the Company issued 1,300,000 shares to employees and consultants at a value of $0.005 per common share, being the price of the last equity transaction.

(iii) On February 17 2017, the Company issued 14,300,000 shares to Cannainversiones S.A.S for the acquisition of all issued and outstanding shares in Chiron Inversiones S.A.S. ("Chiron"), a company incorporated under the laws of Colombia (see note 6).

(iv) In April 2017, the Company completed a non-brokered private placement for 8,000,000 common shares, at a price of $0.25 per share for gross proceeds of $2,000,000.

In October 2017, the Company issued TheraCann International Benchmark Corporation ("TheraCann") to provide services in compliance and consistent with best practices and procedures for Canadian cannabis production. The contract period is two years with the option to renew annually. Pursuant to the agreement, the Company will issue 1,000,000 common shares as part of payment for services. These shares is subject to a statutory four month hold period and have a lock up provision of (i) 10% release upon signing, (ii) 15% release each six months preceding the signing of the agreement over a period of 3 years. The 1,000,000 common shares were valued at $541,000 and had been set up as a prepaid expense in other assets. The expense related to the shares that were released upon signing were expensed immediately as share-based payments. The remaining expense will be recognized as over the two-year life of the contract. As at December 31, 2017 a total of $114,963 was expensed and $426,037 remained in other assets.

10. Share capital - continued

(v) On August 24, 2017, the Company completed a brokered private placement for 4,104,497 Units, at a price of $0.70 per Unit for gross proceeds of $2,873,148 and 165,783 Units were issued to brokers as commission. Each Unit consists of one unit share of the Company and one-half of one Warrant. Each whole Warrant shall entitle the holder thereof to acquire one share at a price of $1.05, until the date which is 24 months following the completion of the Liquidity Event.

These warrants were assigned a value of $677,794 using the Black-Scholes valuation model. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 1.24%;
- Expected life: 2.5 years;
- Expected volatility: 128%; and
- Share price: $0.541.

The Company paid a total of $572,143 in commission, finder fees and legal expenses ($316,115 in cash, $116,048 by issuing 165,784 units and $139,981 by issuing 287,314 broker warrants) associated with the closing. Each broker warrant entitles the holder thereof to purchase one unit, which consists of one common share and one-half of one common share purchase warrant, at an exercise price of $0.70 for a period of 24 months following the completion of the Liquidity Event. Each whole common share purchase warrant entitles the holder to purchase one common share until 24 months following the completion of the Liquidity Event at the exercise price of $1.05 per share. These broker warrants were assigned a value of $139,979 using the Black-Scholes valuation model. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 1.24%;
- Expected life: 2 years;
- Expected volatility: 128%; and
- Unit price: $0.70.

(i) On April 19, 2017, the Company granted 2,000,000 stock options to its officers, directors and consultants at a price of $1.00 per common share. The options will vest immediately. The estimated fair value of the options at the grant date was $405,000 using the Black-Scholes option pricing model. The estimated fair value of the options has been charged to share-based compensation on the consolidated statement of loss and comprehensive loss and credited to share-based payments in the shareholders' equity. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: expected dividend yield of 0%; share price of $0.25; expected volatility of 151%; risk-free interest rate of 1.00%; and an expected average life of 5 years. During the period from incorporation (February 17, 2017) to December 31, 2017, $405,000 was expensed.

(ii) On September 12, 2017, the Company granted 712,500 stock options to its consultants at a price of $1.00 per common share. The options will vest in 25% increments on a quarterly basis for one year. The estimated fair value of the options at the grant date was $329,603 using the Black-Scholes option pricing model. The estimated fair value of the options has been charged to share-based compensation on the consolidated statement of loss and comprehensive loss and credited to share-based payments in the shareholders' equity. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: expected dividend yield of 0%; share price of $0.541; expected volatility of 142%; risk-free interest rate of 1.76%; and an expected average life of 5 years. During the period from incorporation (February 17, 2017) to December 31, 2017, $190,513 was expensed.

(expressed in Canadian Dollars unless otherwise stated)

10. Share capital - continued

(iii) On October 12, 2017, the Company granted 300,000 stock options to its advisors at a price of $1.00 per common share. The options will vest in 25% increments on a quarterly basis for one year. The estimated fair value of the options at the grant date was $138,780 using the Black-Scholes option pricing model. The estimated fair value of the options has been charged to share-based compensation on the consolidated statement of loss and comprehensive loss and credited to share-based payments in the shareholders' equity. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: expected dividend yield of 0%; share price of $0.541; expected volatility of 142%; risk-free interest rate of 1.76%; and an expected average life of 5 years. During the period from incorporation (February 17, 2017) to December 31, 2017, $30,418 was expensed.

11. Warrants

The following table reflects the continuity of warrants for the period from incorporation (February 17, 2017) to December 31, 2017:

	Note	Number of warrants	Amount
Balance, February 17, 2017		-	$ -
Issued in units	10(v)	2,135,134	1.05
Issued in brokers	10(v)	287,314	0.70
Issued in TheraCann	(i)	1,000,000	1.05
Balance, December 31, 2017		**3,422,448**	**$ 1.02**

(i) Pursuant to the TheraCann agreement (note 10), the Company granted 1,000,000 common purchase warrants having an exercise price of $1.05 and shall be exercisable within a period of 2 years. These warrants are subject to a statutory four month hold period. These warrants were valued at $267,677 using the Black-Scholes model. These warrants were expensed as share based compensation expense.

12. Stock options

The Company has adopted a stock option plan (the “Plan"), to be administered by the Directors of the Company. Under the Plan, the Company may grant options to directors, officers, employees and consultants to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company’s issued and outstanding share capital increases. Options granted under the Plan will be for a term not to exceed five years. The plan provides that it is solely within the discretion of the Board to determine who should receive stock options, in what amounts, and determine vesting terms. The exercise price for any stock option shall not be lower than the market price of the underlying common shares at the time of grant.

The following table reflects the actual stock options issued and outstanding as of December 31, 2017:

	Number of stock options	Weighted average exercise price
Balance, February 17, 2017	**-**	**$ -**
Granted ((note 10)	3,012,500	1.00
Balance, December 31, 2017	**3,012,500**	**$1.00**

As at December 31, 2017 2,178,125 options are exercisable.

(expressed in Canadian Dollars unless otherwise stated)

12. Stock options - continued

Each stock option converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The Company settles stock options exercised through the issuance of common shares from treasury.

13. Loss per share

For the period ended December 31, 2017, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of $3,858,392 and the weighted average number of common shares outstanding of 27,757,213. Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

14. Related party transactions

The Company transacts with related parties in the normal course of business. These transactions are measured at their exchange amounts.

(i) On February 17, 2017, the Company issued an aggregate of 3,700,000 founders shares to the founders of the Company at a price of $0.005 per founders' share.
(ii) On February 17 2017, the Company issued 14,300,000 shares to Cannainversiones S.A.S for the acquisition of all issued and outstanding shares in Chiron Inversiones S.A.S. ("Chiron"), a company incorporated under the laws of Colombia. Cannainversiones S.A.S was controlled by the 2 directors of the Company.
(iii) During the period ended December 31, 2017, the Company paid $608,829 in consulting fees to directors and board members of the firm.
(iv) Remuneration of directors and key management of the Company was as follows:

	February 17, 2017 to December 31, 2017
Management and consulting	$ 538,829
Bonus	$ 70,000
Share-based payment	$ 364,500

15. Segmented Information

The Company conducts its business as a single operating segment being Colombia. The Company maintains a head office in Toronto, Canada.

(expressed in Canadian Dollars unless otherwise stated)

The following table summarizes the total assets and liabilities by geographic segment as at:

15. Segmented Information - continued

December 31, 2017	Canada	Colombia	Total
Cash and cash equivalents	$1,744,593	$65,052	**$1,809,645**
Other current assets	631,285	214,047	**845,332**
Capital assets	-	242,563	**242,563**
Total assets	**$2,375,878**	**$521,662**	**$2,897,540**
Accounts payable and accrued liabilities	$497,162	$207,101	**$704,263**
Total liabilities	**$497,162**	**$207,101**	**$704,263**

The following table summarizes the loss by geographic segment:

	Canada	Colombia	Total
Operating expense	$ 2,338,796	$ 1,425,791	**$ 3,764,587**
Net other expenses (income)	15,830	(1,005)	**14,825**
	$2,354,626	**$1,424,786**	**$(3,779,412)**

16. Commitments and contingencies

		December 31, 2017
Due in one year	$	221,164
Due between one and five years		1,219,236
Greater than five years		573,507
	$	**2,013,907**

17. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% to the effective tax rate is as follows:

		2017
Net Income (Loss) before recovery of income taxes	**$**	**(3,779,412)**
Expected income tax (recovery) expense	**$**	**(1,001,540)**
Difference in foreign tax rates		**(92,610)**
Share based compensation and non-deductible expenses		**204,720**
Share issuance cost booked directly to equity		**(155,590)**
Change in tax benefits not recognized		**1,045,020**
Income tax (recovery) expense	**$**	**-**

(expressed in Canadian Dollars unless otherwise stated)

17. Income taxes - continued

Unrecognized deferred tax assets
Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

Deferred tax asset		December 31, 2017
Share issuance costs - 20(1)(e)	$	514,760
Non-capital losses carried forward - Canada		1,654,450
Net operating loss - Colombia		1,424,790
Net deferred tax assets	**$**	**3,594,000**

The Canadian non-capital loss carry forwards expire as noted in the table below. The Colombia net operating loss can be carried forward for 12 calendar years and will expire in 2029. Share issue and financing costs will be fully amortized in 2022.

The Company's Canadian non-capital income tax losses expire as follows:

Fiscal Year Ending December 31,		
2037	**$**	**1,654,450**

18. Subsequent events

1) On December 27, 2017, Adent Capital Corp. (“Adent”) and Khiron announced, further to press releases dated October 25, 2017 and November 7, 2017, the execution of a definitive business combination agreement (the “Combination Agreement”) on December 22, 2017 which, subject to certain conditions and applicable shareholder, director and TSX Venture Exchange (“TSXV”) approval, will result in a reverse takeover of Adent by Khiron (the “Proposed Transaction”), and is intended to constitute Adent’s “Qualifying Transaction” pursuant to TSXV Policy 2.4. The resulting issuer from the Proposed Transaction (the “Resulting Issuer”) will operate as a medical cannabis company with its core operations in Colombia continuing the business of Khiron.

   Under the terms of the Combination Agreement, the Proposed Transaction will be completed by way of a three cornered amalgamation under the federal laws of Canada, whereby 10546534 Canada Ltd., a wholly-owned subsidiary of Adent (“Subco”), will amalgamate with and into Khiron (the “Amalgamation”), with Khiron surviving as a wholly-owned subsidiary of Adent. Prior to the completion of the Proposed Transaction, Adent will change its name to “Khiron Life Sciences Corp.” (the “Name Change”), and following completion of the Proposed Transaction, the Resulting Issuer will conduct its business under the new name.

   The Combination Agreement includes a number of conditions, including but not limited to, completion of sponsorship, requisite shareholder approvals including the approval of the shareholders of Khiron and Adent as applicable, the completion of the previously announced subscription receipt financing (the “Financing”), the consolidation of Adent’s common shares on an 8:1 basis (the “Consolidation”), the continuance of Adent from the Business Corporations Act (British Columbia) and into the Canada Business Corporations Act (the “Continuance”), approvals of all regulatory bodies having jurisdiction in connection with the Proposed Transaction, approval of the TSXV including the satisfaction of its initial listing requirements and other closing conditions customary to transactions of the nature of the

Proposed Transaction. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

Pursuant to the terms of the Combination Agreement, and in connection with the Amalgamation:

a) holders of outstanding common shares in the capital of Khiron (the "Khiron Shares"), including Khiron Shares issued upon conversion of the subscription receipts issued in connection with the Financing, will receive one (1) fully paid and non-assessable post-Consolidation Resulting Issuer share for each Khiron Share held;
b) all outstanding options and warrants to purchase Khiron Shares ("Khiron Convertible Securities") will be exchanged on an equivalent basis for options and warrants to purchase common shares of the Resulting Issuer;

January 12, 2018, Adnet and Khiron, further the press release dated November 7, 2017, completed a revised offering of subscription receipts pursuant to an agency agreement dated January 12, 2018, with the agents including Canaccord and Eight Capital. Under the terms of the revised offering, Khiron issued 11.23 million subscription receipts at a price of $1 per subscription receipt for gross proceeds of $11.23 million. Each subscription receipt entitles the holder to receive, upon satisfaction of the escrow release conditions on or before the escrow release deadline, and without payment of additional consideration, one unit in the capital of Khiron.

Each unit consists of one common share and one common share purchase warrant of Khiron, which units shall be exchanged, without further consideration, for one unit in the capital of Adent upon the completion of the proposed transaction. Following the exchange for units of the resulting issuer, each warrant shall entitle the holder thereof to acquire one common share of the resulting issuer at a price of $1.20 for a period of 24 months following the listing of the resulting issuer shares, subject to adjustment and acceleration.

The gross proceeds of the offering, net of the agents' expenses, 50 per cent of the agents' commission and fees, and an aggregate of $200,000 released from the offering proceeds to Khiron at the time of closing, are being held in escrow pursuant to the terms of a subscription receipt agreement dated Jan. 12, 2018, between Khiron, Adent, the lead agent and TSX Trust Co., as registrar and transfer agent for the subscription receipts and as escrow agent for the escrowed money. Upon satisfaction or waiver of the escrow release conditions including, among other things, the satisfaction or waiver of all conditions precedent to the completion of the proposed transaction, each subscription receipt will automatically convert without any further action on the part of the holder into units of the resulting issuer, and the escrowed money, together with any interest earned thereon, will be released to the resulting issuer (and the agents in respect of the remaining agents' commission and fees) in accordance with the terms set out in the subscription receipt agreement.

In addition, Khiron issued to the agents an aggregate of 785,830 compensation options. Each compensation option is exercisable into one unit at the offering price for a period of 24 months following the listing date, with each unit being comprised of one common share and one common share purchase warrant. Each compensation warrant is exercisable into one common share at $1.20 per share for a period of 24 months following the listing date. The compensation options shall be exchanged for compensation options of the resulting issuer on an equivalent basis upon completion of the proposed transaction.

2) On March 28, 2017, Khiron completed a non-brokered private placement offering of 905,000 at a price of $1.00 per unit for aggregate gross proceeds of $905,000. Each unit consists of one common share and one common share purchase warrant of Khiron. Each warrant shall entitle the holder thereof to acquire one common share of Khiron at a price of $1.20 for a period of 24 months following the listing of Khiron, subject to adjustment and acceleration. No commissions were paid in connection with the

offering. Funds will be used to further develop the business of Khiron and for general working capital purposes

3) In March 2018, an additional 1,325,542 common shares were issued to subscribers pursuant to rights issued under the Company's March 2017 and August 2017 financings, respectively. Pursuant to a provision in the March 2017 financing, the Company was required to issue common shares equal to 10% of the subscribers' initial subscription in the event the Company's common shares were not listed by March 28, 2018. With respect to the August 2017 financing, a provision in the financing required the Company to issue common shares equal to 15% of the subscribers' initial subscription in the event the Company's common shares were not listed by March 24, 2018.

   In April 2018, an additional 115,000 common shares were issued to subscribers under the Company's April 2017 financing pursuant to a provision in the financing that required the Company to issue common shares equal to 10% of the subscribers' initial subscription in the event the Company's common shares were not listed by April 12, 2018.

SCHEDULE D

Khiron management's discussion and analysis of the financial condition and results of operations for the period from February 17, 2017 to December 31, 2017

Khiron Life Science Corp.

Management's Discussion and Analysis
For the Period from Incorporation (February 17, 2017) to December 31, 2017
Discussion dated: May 14, 2018

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Khiron Life Science Corp. (the "Company" or "Khiron") constitutes management's review of the factors that affected the Company's financial and operating performance for the period from Incorporation (February 17, 2017) to December 31, 2017. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited consolidated financial statements of the Company for the period from Incorporation (February 17, 2017) to December 31, 2017, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). Information contained herein is presented as of May 14, 2018, unless otherwise indicated

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Information about the Company and its operations can be obtained from the offices of the Company or from **www.sedar.com**.

Caution Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
The Company will be able to continue its business activities.	The Company has anticipated all material costs and the operating activities of the Company, and such costs and activities will be consistent with the Company's current expectations; the Company will be able to obtain equity funding when required.	Unforeseen costs to the Company will arise; any particular operating cost increase or decrease from the date of the estimation; and capital markets not being favourable for funding resulting in the Company not being able to obtain financing when required or on acceptable terms.
The Company will be able to carry out anticipated business plans.	The operating activities of the Company for the twelve-month period ending September 30, 2018, will be consistent with the Company's current expectations; debt and equity markets, interest rates and other applicable economic conditions are favourable to the Company.	Sufficient funds not being available; increases in costs, the Company may be unable to retain key personnel to develop or enhance its business, take advantage of future opportunity or respond to competitive pressures.
Management's outlook regarding future trends	Financing will be available for the Company's future business, continuing development, maintenance and operation of its information technology systems.	General economic conditions could adversely impact technology spending by the Company's clients, put downward pressure on prices which could adversely impact the business, financial condition or results of operations and the Company may be unable to retain key personnel

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Overview

Key developments

- Khiron is a Canadian integrated medicinal cannabis company founded in February 2017 with its core operations in Colombia.
- On February 17, 2017, the Company acquired all of the issued and outstanding shares of Chiron Inversiones S.A.S. ("Chiron") a company incorporated under the laws of Colombia. Consideration for the acquisition included the issuance of 14,300,000 Khiron shares. As of the acquisition date, the Company owns 100% of the outstanding shares of Chiron.
- On April 26, 2017, Chiron changed its name to “Khiron Colombia S.A.S. (“Khiron Colombia”).
- On September 22, 2017, the Ministry of Justice and Law in Colombia issued Resolution 000069 of 2017 granting a licence to Khiron Colombia for the cultivation of medicinal cannabis – the first such licence ever issued in Colombia under Law 1787 of 2016; Decree 1427 of 2017; Decree 613 of 2017, in accordance with the provisions of Resolutions 577 and 578, 2017 (the “**Low Tetrahydrocannabinol Cultivation Licence**” or “**Low THC Cultivation Licence**”). The granting of this Low THC Licence allows Khiron to produce low tetrahydrocannabinol (“THC”) (less than 1%) medicinal cannabis for domestic and international consumption.
- On October 4, 2017, the Ministry of Health and Social Protection issued Resolution 003735 of 2017 granting a licence to Khiron Colombia under Law 1787 of 2016, article 2.8.11.1.1 of Decree 780 of 2016 and Resolutions 2891 and 2892 of 2017 (the “**High Tetrahydrocannabinol Production Licence”** or “**High THC Production Licence**”) authorizing the use of the High THC Cultivation Licence issued by the Ministry of Justice (as defined below) and the domestic and international distribution of high THC extracts. Further, the Colombian government approved 7 hectares of land on which Khiron Colombia can commence cultivation of medicinal cannabis at its grow location outside of Ibagué, Colombia.
- On October 19, 2017, Khiron received an additional licence from the Ministry of Justice in Colombia pursuant to Resolution 0841 of 2017 to cultivate high THC (more than 1%) medicinal cannabis under Law 1787 of 2016; Decree 1427 of 2017; Decree 613 of 2017, in accordance with the provisions of Resolutions 577, 578 and 579, 2017 (the “**High Tetrahydrocannabinol Cultivation Licence**” or “**High THC Cultivation Licence**”, and collectively with the Low THC Cultivation Licence and the High THC Production Licence, the “**Licences**”), the first company to receive both licences in Colombia. With these Licences and authorizations, Khiron Colombia is now fully approved to cultivate, produce, distribute domestically and export internationally both tetrahydrocannabinol and cannabidiol medicinal cannabis.
- On October 25, 2017, Khiron entered into a letter of intent with Adent pursuant to which the parties agreed to complete the proposed Qualifying Transaction.
- On November 3, 2017, Khiron entered into an engagement letter with the Lead Agent in respect of the Khiron QT Financing, whereby Khiron would complete a private placement of 6,000,000 Khiron Subscription Receipts pursuant to and in accordance with the Subscription Receipt Agency Agreement.
- On December 22, 2017, Khiron entered into the Definitive Agreement with Adent with respect to the Qualifying Transaction that would result in a reverse takeover of Adent by the shareholders of Khiron.
- On December 28, 2017, Khiron received its medical cannabis quota allocation provided by the Government of Colombia. This allocation of quota enables Khiron to commence cultivation of medical cannabis on its approved lands.
- On January 12, 2018, in connection with the proposed Qualifying Transaction, Khiron completed the Khiron QT Financing and issued 11,230,000 Khiron Subscription Receipts at a price of $1.00 per Khiron Subscription Receipt for aggregate gross proceeds of $11,230,000. The gross proceeds, less 50% of the costs and expenses of the Agents for the Khiron QT Financing, are currently held

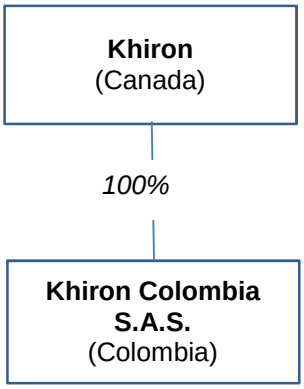
in escrow pending satisfaction of the Escrow Release Conditions. See "*Khiron QT Financing*".

- On February 15, 2018, Khiron co-hosted the inaugural International Medical Cannabis Symposium. The symposium, which is the first such event to be held in the country, is being co-hosted with the Colombian Association of Neurologists. The symposium will feature leading international medical cannabis researchers from Canada, Israel and Latin America, who will provide a detailed introduction to medicinal cannabis applications in clinical practice. The event was attended by over 400 medical professionals and other key industry stakeholders.

Description of Business

Khiron Life Sciences Corp. was incorporated pursuant to the provisions of the CBCA on February 17, 2017. Khiron is not a "reporting issuer" under applicable securities legislation and its securities are not listed for trading on any stock exchange. The principal and registered head office of Khiron is located at 100 King Street West, Suite 1600, Toronto, Ontario, Canada M5X 1G5.

Intercorporate Relationships



Khiron has one wholly-owned subsidiary: Khiron Colombia S.A.S., incorporated under the laws of Colombia as "Chiron Inversiones S.A.S." on February 6, 2016, amending minute no. 2 of its book of minutes of the general shareholder's assembly to change its name to "Khiron Colombia S.A.S." on April 26, 2017. Khiron Colombia has its registered office address at Bogota, Colombia. Khiron Colombia is the operating entity holding all licences and assets in Colombia

The Company received the following licences in 2017:

- On September 22, 2017, the Ministry of Justice and Law in Colombia issued Resolution 000069 of 2017 granting a licence to Khiron Colombia for the cultivation of medicinal cannabis – the first such licence ever issued in Colombia under Law 1787 of 2016; Decree 1427 of 2017; Decree 613 of 2017, in accordance with the provisions of Resolutions 577 and 578, 2017 (the "**Low THC Cultivation Licence**"). The granting of this Low THC Licence allows Khiron to produce low THC (less than 1%) medicinal cannabis for domestic and international consumption.
- On October 4, 2017, the Ministry of Health and Social Protection issued Resolution 003735 of 2017 granting a licence to Khiron Colombia under Law 1787 of 2016, article 2.8.11.1.1 of Decree 780 of 2016 and Resolutions 2891 and 2892 of 2017 (the "**High THC Production Licence**") authorizing the use of the High THC Cultivation Licence issued by the Ministry of Justice (as defined below) and the domestic and international distribution of high THC extracts. Further, the Colombian government approved 7 hectares of land on which Khiron Colombia can commence cultivation of medicinal cannabis at its grow location outside of Ibagué, Colombia, with an additional 13 hectares under option domestically.

- On October 19, 2017, Khiron received an additional licence from the Ministry of Justice in Colombia pursuant to Resolution 0841 of 2017 to cultivate high THC (more than 1%) medicinal cannabis under Law 1787 of 2016; Decree 1427 of 2017; Decree 613 of 2017, in accordance with the provisions of Resolutions 577, 578 and 579, 2017 (the "**High THC Cultivation Licence**", and collectively with the Low THC Cultivation Licence and the High THC Production Licence, the "**Licences**"), the first company to receive both licences in Colombia. With these Licences and authorizations, Khiron Colombia is now fully approved to cultivate, produce, distribute domestically and export internationally both tetrahydrocannabinol and cannabidiol medicinal cannabis

Industry Information

Medicinal cannabis refers to the use of cannabis and its constituent cannabinoids to treat disease or improve symptoms such as pain, muscle spasticity, nausea and other indications. Cannabinoids is a blanket term covering a family of complex chemicals, both natural and man-made, that bind with cannabinoid receptors (protein molecules on the surface of cells) and effect a wide number of responses. Cannabinoid receptors in the human body are part of a system called the endocannabinoid system. This system produces chemicals called endocannabinoids, which also bind with cannabinoid receptors. Cannabinoid receptors are found in the brain and throughout the body. Scientists have found that cannabinoid receptors in the endocannabinoid system are involved in a vast array of functions in our bodies, including helping to modulate brain and nerve activity (including memory and pain), energy metabolism, heart function, the immune system and even reproduction.

While there are a large number of active cannabinoids found in cannabis, the two most common currently used for medical purposes are tetrahydrocannabinol and cannabidiol. Although no clinical trials have been completed in Canada to validate the effectiveness of tetrahydrocannabinol or cannabidiol in managing disease and improving symptoms, scientific studies have identified that they, alone and/or in combination, have potential to provide treatment benefits for a large number of medical conditions. For example, tetrahydrocannabinol, a psychotropic cannabinoid, has been shown to activate pathways in the central nervous system which work to block pain signals and has shown potential to assist patients with Post-Traumatic Stress Disorder (PTSD) and stimulate appetite in patients following chemotherapy. cannabidiol, on the other hand, is non-psychotropic and has shown potential to relieve convulsion and inflammation.

Various third-party studies suggest that medicinal cannabis (with varying dosages of tetrahydrocannabinol and cannabidiol) has shown, or has the potential to show, efficacy for the treatment of Alzheimer's disease, anxiety, arthritis, brain injuries, cancer (chemotherapy), chronic nausea, chronic pain, eating disorders, epilepsy, fibromyalgia, glaucoma, Hepatitis C, HIV/AIDS, migraines, Multiple Sclerosis, muscle spasms, Parkinson's disease and PTSD.

Product Information and Distribution

Cannabidiol is one of the non-psychoactive components in cannabis that is believed to reduce and regulate the effects of tetrahydrocannabinol. Cannabigerol is an active compound in cannabis that is known for its antibacterial effects and cannabichromene is thought to have anti-inflammatory and analgesic effects.

Some of the potential uses for medicinal cannabis are disease treatment, pain relief and disease prevention, including: treatment of epilepsy; slow cell damage in diabetes glaucoma, lower intraocular pressure; treatment of Tourette syndrome; inhibit cancer and tumor cell growth; treatment of Parkinson and Huntington diseases; treatment of amyotrophic and multiple sclerosis; treatment of bipolar disorder; treatment of primary anorexia nervosa; treatment of digestive diseases; treatment of brain diseases; treatment of HIV/AIDS; relieve pain, convulsion, inflammation, nausea and congestion ;treatment of anxiety, depression and psychosis; treatment of dementia.

The variety, extraction method and final product of medicinal cannabis to be produced by Khiron shall be determined by the ailments or diseases Khiron intends to focus on.

Operations

Facilities

Khiron Colombia leased approximately 4.5 hectares of agricultural land in Ibagué, Colombia, for the production and sale of medicinal cannabis and has commenced preparing the property for outdoor planting of medicinal cannabis. Khiron Colombia has an option to lease an additional 15.5 hectares of which it is a holder of a valid interest to acquire. Khiron's grow location is operated by an experienced management team. Khiron plans to continue improving returns of its business through efficient and profitable operations, leveraging important economies of scale.

The construction and development plans for Khiron´s greenhouse facility is divided in three phases. In Phase 1 (the "**Phase 1 Development**"), Khiron will design and implement the main operational requirements for cultivation; in Phase 2 (the "**Phase 2 Development**") Khiron will commence construction of its first productive area consisting of one hectare; and following the Phase 1 Development and Phase 2 Development, Khiron will evaluate opportunities for future expansion.

During the Phase 2 Development, expected to last approximately 4 months post-completion of the Phase 1 Development, the Company intends to construct a 7,500m^2 production greenhouse with capacity of cultivating 8,360 plants per production cycle. The development will include other upstream greenhouse areas for seedling and cuttlings, mother plants and propagation.

Finally, during the Phase 3 Development, Khiron will explore the potential of expanding its cultivation site based on the market needs.

Khiron will deploy a comprehensive security plan encompassing all aspects of its facilities and operations, including 24-hour on-site security. Khiron will establish standard operating procedures for on-site security, including a stringent screening process for all entry to and exit from the property. The property is monitored with video cameras. The grow location is also situated in close proximity to a military base and two police stations.

Trends

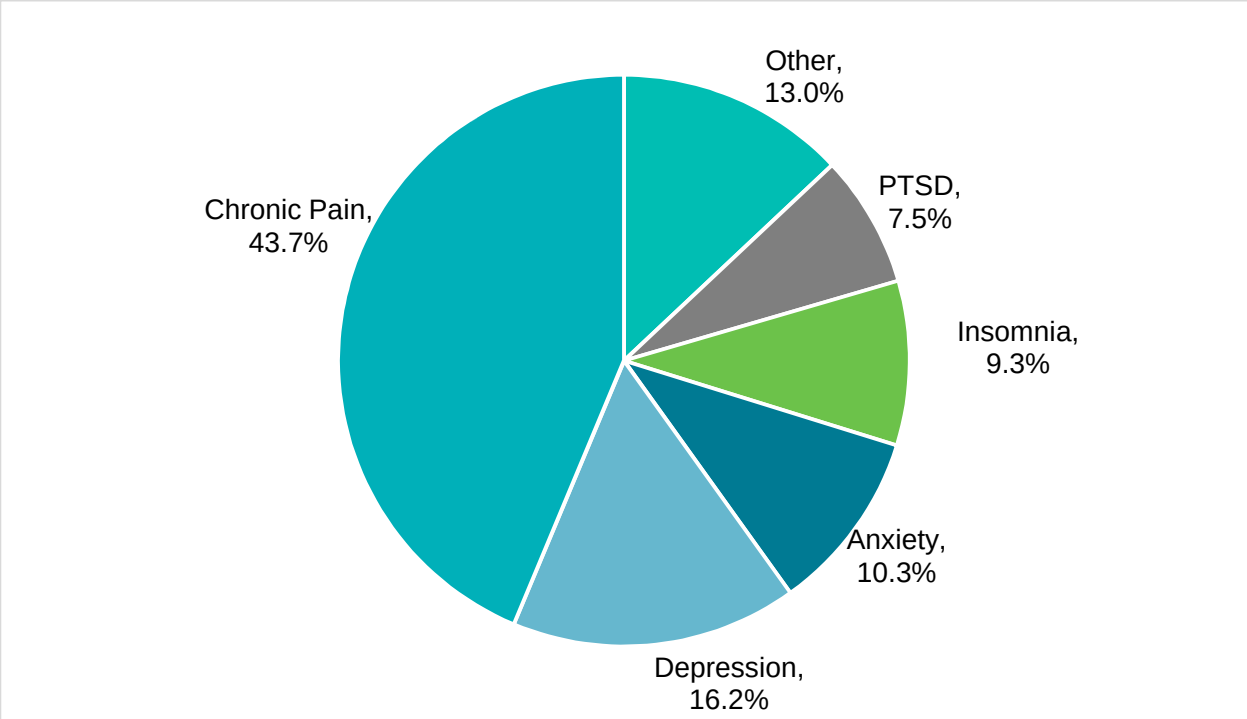
Market Information

Khiron's primary focus is to sell medical cannabis products in form of extracts to the domestic market in Colombia. Colombia is a country with a population of 48.6 Million people. The country had a Gross Domestic Product (GDP) of US$282.5 billion and a GDP per capita of US$5.8 thousand in 2016. The country has a life expectancy of 74.1 years and has seen a dramatic reduction in poverty. Despite the overall improvement in economic and social indicators in Colombia, the country still has challenges in maintaining and improving the quality of its health system. The objective of Khiron is to ensure accessibility, quality, efficiency and sustainability within the health system, by providing affordable medical cannabis-based products to patients.

Colombia is a recently legalized market for the commercial production and distribution of medical cannabis products. Therefore, Khiron is one of the leaders in developing the market for its products. Khiron is focused on addressing the unmet medical needs of Colombia with conditions including: 1) Epilepsy, 2) Chronic pain, 3) Chemotherapy-related nausea, 4) Post-traumatic Stress Disorder (PTSD), 5) Anxiety, 6) Insomnia, 7) Multiple Sclerosis (MS), 8) Parkinson's disease, 9) Depression, 10) Tourette syndrome, 11) Anorexia. For

market qualification and quantification, Khiron engaged QuantilesIMS, one of the world's leading pharmaceutical statistics companies, to provide Khiron with data for market sizing and characteristics assessment. QuantilesIMS used several sources such as epidemiologic quantification (adult population, prevalence information from secondary sources, and diagnosed and treated patient information estimates), pharmacological sizing (pharma sales extrapolation), and secondary public information, based on the qualifying conditions where medical cannabis can be an alternative treatment.

Based on the attractiveness assessment and epidemiological quantification, Khiron estimates the total potential market for patients with qualifying conditions in Colombia to be 5.6 million people. The following table highlights the composition of the market by medical condition:



Currently, of the chronic pain population of 2.2 million people, QuantilesIMS[1] estimates approximately 500,000 patients use opioid-based medication for treatment. These medicals are often expensive and can lead to adverse health efforts. Khiron specific looks to displace this portion of the market.

Competitive Conditions

The market for medicinal cannabis is characterized by unsatisfied patient demand, with few authorized producers. Although competition in the market is growing and Colombia offers an open process to apply for the licenses, Khiron is competitively positioned to satisfy the demand for medicinal cannabis given the management team's expertise in medical product branding, marketing, quality control and domestic market relationships. The Company's competitors are primarily focused on generating low cost products for international export as base extractors, as opposed to Khiron's approach of creating branded product formulations for the domestic market. Cultivation in Colombia has natural cost advantages. However, Khiron's management believes the more sustainable competitive advantage is to create patient loyalty and

[1] *QuantilesIMS contracted by Khiron to develop study*

brand preference, as opposed to the distribution of more homogeneous products. Other licensed companies in Colombia include PharmaCielo, Cannavida, and MedCan.

Proposed Transactions

On October 25, 2017, Khiron and Adent Capital Corp. ("Adent") (NEX:ANT.H) entered into an arm's length non-binding letter of intent (the "Letter of Intent") in respect of a proposed business combination (the "Proposed Transaction") that would result in the takeover of Adent by Khiron. It is anticipated that the Proposed Transaction will constitute a "Qualifying Transaction" pursuant to Policy 2.4 of the TSX Venture Exchange Inc. ("TSXV"). Following the completion of the Proposed Transaction, the resulting entity (the "Resulting Issuer") will hold all of the assets and continue the business of Khiron. Subsequent to signing of the Letter of Intent, Khiron and Adent entered into a Definitive Agreement on December 27, 2017.

Selected Financial Information

Description	Period since Incorporation (February 17, 2017) to December 31, 2017 $
Total revenues	Nil
Total (loss)	(3,809,412)
Net income (loss) per common share – basic and diluted	(0.14)
Total assets	2,897,540
Total liabilities	704,263
Total long-term financial liabilities	Nil
Equity	2,193,277

Discussion of Operations

Period from Incorporation (February 17, 2017) to December 31, 2017

The Company's net loss totaled $3,809,412 for the period from incorporation (February 17, 2017) to December 31, 2017, with basic and diluted loss per share of $0.14. The net loss was principally operating expenses.

Operating expenses
Operating expenses was $3,764,587 for the period from incorporation (February 17, 2017) to December 31, 2017, and was mainly:

- Share-based compensation of $1,008,571 as the Company granted 2,000,000 stock options to its officers, directors and consultants at a price of $1.00 per common share on April 19, 2017 and 712,500 stock options to consultants at a price of $1.00 per common share on September 12, 2017.

The fair value of the options was estimated by using the Black-Scholes option pricing model.

On September 26, 2017, the Company entered into an agreement with TheraCann International Benchmark Corporation to provide services in compliance and consistent with best practices and procedures for Canadian cannabis production. Pursuant to the agreement, the Company will issue 1,000,000 common shares as part of payment for services. The value assigned to these shares are $541,000, assuming the fair value per common share is $0.541. The Company recognized a share-based payment expense $267,667 in the period. Further to the agreement, the Company granted 1,000,000 common purchase warrants having an exercise price of $1.05 and shall be exercisable within a period of 2 years. The Company estimated the fair value of the warrants to be $267,667, using the Black-Scholes valuation model, and was recognized as a share-based payment expense in the period.

- Management and consulting fee was $608,829, remuneration of directors and key management personnel (including the Chief Executive Officer, Chief Financial Officer, Vice President of Commercial, Vice President of Medical and Vice President of Regulations) of $538,829 and a bonus of $70,000.

- Professional fees was $369,646, and includes audit fees of $44,727 and legal fees of $265,471.

- Salaries and benefits expensed of $574,739 which includes mandatory contributions to the social security system, and service bonuses as per Colombian labour law.

Liquidity and Capital Resources

The principal activities of the Company are the cultivation, production and distribution of medical cannabis. These activities are financed through the completion of equity transactions such as equity offerings. There is no assurance that future equity capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all. See “Risk Factors” below

The Company has no operating revenues and therefore must utilize its current cash reserves, funds obtained from the issuance of share capital to maintain its capacity to meet ongoing operating activities. As of December 31, 2017, the Company’s working capital is $1,950,714. As of December 31, 2017, the Company had 32,570,281 common shares issued and outstanding and 2,712,500 options outstanding that would raise approximately $2,712,500 and 3,422,448 warrants that would raise approximately $6,203,397 if exercised in full. This is not anticipated in the immediate future.

Amounts payable and accrued liabilities increased to $704,263 at December 31, 2017 and consist of amounts that are to be extinguished in due course. The Company’s cash and cash equivalents as of December 31, 2017 is sufficient to pay these liabilities

At December 31, 2017, the Company had working capital of $1,950,714 as the Company had cash of $1,809,645. The increase in working capital and cash can be attributed to the Offerings completed in April 2017 and on August 24, 2017.

Net cash used in operating activities was $2,424,621 for the period ended December 31, 2017. Operating activities were affected by a net change in non-cash working capital balances of $345,831 because of an increase in other current assets of $71,509, increase in accounts receivables of 286,923, and was offset by an increase in accounts payable and accrued liabilities of $704,263. The Company also recorded share-based compensation of $1,008,571.

Net cash used in investing activities was $241,952 during the period ended December 31, 2017, as a result of investment in property and equipment of $241,659, intangible assets of $1,293, and cash acquired via asset acquisition of $1,000.

Net cash provided in financing activities was $4,506,351 during the period ended December 31, 2017, as a result of:

- 5,000,000 founders shares issued for a value of $25,000;
- In April 2017, the Company completed a non-brokered private placement for 8,000,000 common shares, at a price of $0.25 per share for gross proceeds of $2,000,000. This was offset by share issuance cost of $15,000;
- On August 24, 2017, the Company completed a brokered private placement for 4,104,497 Units, at a price of $0.70 per Unit for gross proceeds of $2,873,148. This was offset by share issuance cost of $572,143

The Company's liquidity risk from financial instruments is minimal as excess cash is held in current bank accounts.

While the Company has no source of revenue, it believes it has sufficient cash resources to meet its administrative overhead costs. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or under terms favourable to the Company. See "Risk Factors" below and "Caution Regarding Forward-Looking Statements" above.

Commitments

The following is a summary of the Company's obligations due in future fiscal years:

	Payments due by period			
Contractual obligations	**Total $**	**Less than 1 year $**	**1 – 5 years $**	**After 5 years $**
Operating lease - land	464,327	45,257	278,479	140,591
Operating lease – office	1,466,310	148,150	885,243	432,916
Computer Equipment	83,271	27,757	55,514	-
	$2,013,907	**$221,164**	**$1,219,236**	**$573,507**

Transactions with Related Parties

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

(a) The Company entered into the following transactions with related parties:

(i) On February 17, 2017, the Company issued an aggregate of 3,700,000 founders shares to the founders of the Company at a price of $0.005 per founders share.
(ii) On February 17 2017, the Company issued 14,300,000 shares to Cannainversiones S.A.S for the acquisition of all issued and outstanding shares in Chiron Inversiones S.A.S. ("Chiron"), a company incorporated under the laws of Colombia. Cannainversiones S.A.S is controlled by the 2 directors of the Company.
(iii) During the period ended December 31, 2017, the Company paid $608,829 in consulting fees to

directors and board members of the firm.

(iv) Remuneration of directors and key management of the Company was as follows:

(b) Remuneration of directors and key management personnel (including the Chief Executive Officer, Chief Financial Officer, Chief Commercial Officer, Chief Medical Officer, Chief Regulatory Officer and directors) of the Company was as follows:

Salaries and benefits	Period Ended December 31, 2017 ($)
Alvaro Torres, Chief Executive Officer and director	85,025
Darren Collins, Chief Financial Officer	85,025
Sidney Himmel, Board of Directors	60,000
Mark Monaghan, Board of Directors	60,000
Peter Simeon, Director	Nil
Alvaro Yanez, Director	Nil
Andreas Galofre, Chief Commercial Officer	85,025
Juan Diego Alvarez, Chief Regulatory Officer (1)	124,254
Paulo Vega, Chief Medical Officer	109,500
	$608,829

(1) Includes bonus of $70,000

Share-based payments (i)	Period Ended December 31, 2017 ($)
Alvaro Torres, Chief Executive Officer and director	40,500
Darren Collins, Chief Financial Officer	40,500
Sidney Himmel, Board of Directors	40,500
Mark Monaghan, Board of Directors	40,500
Peter Simeon, Director	40,500
Alvaro Yanez, Director	40,500
Andreas Galofre, Chief Commercial Officer	40,500
Juan Diego Alvarez, Chief Regulatory Officer	40,500
Paulo Vega, Chief Medical Officer	40,500
	$364,500

(i) The dollar values in respect of the options were arrived at using the Black-Scholes valuation model.

As of December 31, 2017, directors and officers of the Company control an aggregate of 17,994,715 common shares or approximately 55% of the shares outstanding. These holdings can change at any time at the discretion of the owner.

Change in Accounting Policy

None.

Recent Accounting Pronouncements

IFRS 9 – Financial instruments (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is currently analyzing the possible impact of IFRS 9 on its consolidated financial statements.

IFRS 16 - Leases ("IFRS 16") was issued in January 2016 and replaces the previous guidance on leases. This standard provides a single recognition and measurement model to be applied to leases, with required recognition of assets and liabilities for most leases. This standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if the Company is also applying IFRS 15, Revenue from Contracts with Customers. The Company will adopt this new standard as of its effective date. The Company is currently evaluating the impact of the adoption of IFRS 16 on its consolidated financial statements.

IAS 7 - Statement of Cash Flows (“IAS 7") amendments include additional disclosures to enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. These amendments become effective for annual periods beginning on or after January 1, 2017. The Company will adopt the amendments as of the effective date. The Company is currently analyzing the possible impact of the amendments to IAS 7 on its consolidated financial statements.

IAS 12 - Income Taxes ("IAS 12") amendments include: (a) unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; (b) the carrying amount of an asset does not limit the estimation of probable future taxable profits; (c) estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences; and (d) an entity assesses a deferred tax asset for recoverability in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset for recoverability in combination with other deferred tax assets of the same type. These amendments become effective for annual periods beginning on or after January 1, 2017. The Company will adopt these amendments to IAS 12 as of its effective date. The Company is currently analyzing the possible impact of the amendments on its consolidated financial statements.

Management of Capital

The Company’s objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. As at December 31, 2017, the Company has not entered into any debt financing. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach in the year. The Company considers its shareholders equity as capital which as at December 31, 2017 is $2,193,277.

Financial Instruments

Fair values

At December 31, 2017, the Company's financial instruments consist of cash and cash equivalents, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the year, there were no transfer of amounts between levels.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

- Level 1 - cash and cash equivalents
- Level 2 - warrants and options using Black-Scholes option pricing model
- Level 3 - none

Financial risks

The Company has exposure to the following risks from its use of financial instruments:

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. All of the Company's cash is held at financial institutions which are Colombian Chartered Banks or fund held in trust with legal counsel in which management believes that the risk of loss is minimal but the Company is subject to concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with out of cash. As at December 31, 2017, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. There have been no changes in the Company's strategy with respect to credit/liquidity risk in the year.

Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar but is exposed to foreign currency risk with respect to the expenditures incurred by its Colombian subsidiary, Khiron Colombia SAS.

Sensitivity analysis

The Company has a subsidiary, Khiron Colombia SAS, with balances denominated in Colombian Pesos. Sensitivity to a plus or minus five percentage point change in exchange rates would lead to a $39,974 gain/loss in the reported net loss and comprehensive loss for the period ended December 31, 2017.

The Company has balances denominated in US dollars. Sensitivity to a plus or minus five percentage point change in exchange rates would lead to a $12,181 gain/loss in the reported net loss and comprehensive loss for the period ended December 31, 2017.

Off-Balance-Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Share Capital

As at the date of this MD&A, the Company had 32,570,281 issued and outstanding common shares.

Stock options outstanding for the Company as at the date of this MD&A were as follows:

Stock options	Expiry Date	Exercise Price
2,000,000	April 19, 2022	$1.00
712,500	September 19, 2022	1.00
200,000	October 5, 2022	1.00
100,000	October 18, 2018	1.00
3,012,500		

As at the date of this MD&A the Company had the following warrants outstanding:

Warrants	Expiry Date	Exercise Price
2,135,134	August 24, 2019	$1.05
287,314	August 24, 2019	0.70
1,000,000	September 26, 2019	1.05
11,230,000	March 13, 2018	1.20
786,100	February 28, 2020	1.00
15,438,548		

Significant accounting estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and adjustments are made as appropriate in the period they become known. Items for which actual results may differ significantly from these estimates are described in the following section.

Share-based compensation
The fair value of stock options and warrants is based on the application of the Black-Scholes option pricing model. This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the share price, volatility of the share price, expected dividend yield and expected risk-free interest rate.

Useful lives of property and equipment and intangible assets
Depreciation and amortization of property, equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of the assets.

Income taxes
Income taxes and tax exposures recognized in the consolidated financial statements reflect management's best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability.

In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take account of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate the sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Purchase price allocation
On the acquisition of subsidiaries, the Company is required to allocate the purchase price based on the fair value of identifiable assets and liabilities acquired. There is significant estimation required in this allocation, and there could be a difference between the estimated and actual fair values.

Risk Factors

Where used in this "Risk Factors" section, "Khiron" refers to either Khiron Life Sciences Corp. or the Resulting Issuer as the context may require. The current business of Khiron and its subsidiaries will be the business of the Resulting Issuer upon Completion of the Qualifying Transaction. Accordingly, risk factors relating to Khiron's current business will be risk factors relating to the Resulting Issuer's business and references to Khiron in these risk factors should, where the context requires, be read to include the risks of the Resulting Issuer. Due to the nature of Khiron's business, the legal and economic climate in which it operates and its present stage of development, Khiron is subject to significant risks. The risks presented below should not be considered to be exhaustive and may not be all of the risks that the Resulting Issuer and Khiron may face. Additional risks and uncertainties not presently known to Khiron or that Khiron currently considers immaterial may also impair the business and operations of the Resulting Issuer and cause the trading price of the Adent Shares to decline. If any of the following or other risks occur, the Resulting Issuer's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event, the trading price of the Adent Shares could decline and investors could lose all or part of their investment. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

Business Risks

Limited Operating History

Khiron is an early stage company having been founded in 2017 and, as a result, it has a limited operating history upon which its business and future prospects may be evaluated. Khiron will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its operating goals. In order for Khiron to meet future operating and debt service requirements, Khiron will need to be successful in its growing, marketing and sales efforts. Additionally, where Khiron experiences increased sales, Khiron's current operational infrastructure may require changes to scale Khiron's business efficiently and effectively to keep pace with demand, and achieve long-term profitability. If Khiron's products and services are not accepted by new customers, Khiron's operating results may be materially and adversely affected.

Managing Growth

In order to manage growth and change in strategy effectively, the Resulting Issuer must (i) maintain adequate systems to meet customer demand; (ii) expand sales and marketing, distribution capabilities and administrative functions; (iii) expand the skills and capabilities of its current management team; and (iv) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, Khiron expects to invest to support its growth and may have additional unexpected costs. It may not be able to expand quickly enough to exploit potential market opportunities.

Retention and Acquisition of Skilled Personnel

The loss of any member of the Resulting Issuer's management team, could have a material adverse effect on its business and results of operations. In addition, an inability to hire, or the increased costs of new personnel, including members of executive management, could have a material adverse effect on the Resulting Issuer's business and operating results. At present and for the near future, Khiron will depend

upon a relatively small number of employees to develop, market, sell and support its products. The expansion of marketing and sales of its products will require Khiron to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel in all of these areas and Khiron may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and, in many cases, take significant time before they achieve full productivity. As a result, the Resulting Issuer may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as the Resulting Issuer moves into new jurisdictions, it will need to attract and recruit skilled employees in those areas.

Legal Proceedings

From time to time, Khiron may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. Khiron will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on Khiron's financial results.

Regulatory Compliance Risks

Achievement of Khiron's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. Khiron may not be able to obtain or maintain the necessary licences, permits, authorizations or accreditations, or may only be able to do so at great cost, to operate its business. Khiron cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by local governmental authorities. To date, Khiron has received the Licences to cultivate Low THC Medicinal Cannabis and licences to cultivate and produce High THC Medicinal Cannabis from the Colombian government. The impact of the compliance regime, any delays in obtaining, or failure to obtain or keep the regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of Khiron.

The officers and directors of Khiron must rely, to a great extent, on Khiron's Colombian legal counsel and local consultants retained by Khiron in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect Khiron's business operations, and to assist Khiron with its governmental relations. Khiron must rely, to some extent, on those members of management and the board who have previous experience working and conducting business in Colombia in order to enhance its understanding of and appreciation for the local business culture and practices in Colombia. Khiron also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of banking, financing and tax matters in Colombia. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices in Colombia are beyond the control of Khiron and may adversely affect its business.

Khiron will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Khiron may be required to compensate those suffering loss or damage by reason of its

operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to Khiron's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of Khiron.

Canadian Regulatory and Civil Proceedings

The sale and distribution of cannabis products for medicinal use by licensed producers is legal in certain Canadian provinces. The Canadian federal government publicly announced in April 2016 that it will legalize marijuana effective in the spring of 2018.

Khiron operates in Colombia pursuant to licences and authorizations granted by Ministry of Justice and the Ministry of Health. Consequently, certain activities conducted by Khiron are permissible under one regulatory regime while not under another. In the past, Canadian courts and regulatory authorities have taken the view that it is not contrary to Canadian federal or provincial law for a person to be engaged in, or for an entity to hold interests in affiliates that are engaged in, certain regulated activities where such activities may be regulated differently than in the home jurisdictions and have enforced extra-territorial laws even where such laws (or regulatory regimes applicable to certain activities or industries) differs from those in the Canadian jurisdiction. There is a risk however that the Canadian courts or applicable Canadian or other governmental authorities may take a contrary view with respect to the business of Khiron and view Khiron as having violated their local laws, despite Khiron having obtained all applicable Colombian licences or authorizations and despite that Khiron does not carry on business in Canada. Therefore, there is a risk that civil and criminal proceedings, including class actions, could be initiated against Khiron. Such potential proceedings could involve substantial litigation expense, penalties, fines, seizure of assets, injunctions or other restrictions being imposed upon Khiron or its business partners, while diverting the attention of key executives. Such proceedings could have a material adverse effect on Khiron's business, revenues, operating results and financial condition as well as impact upon Khiron's reputation.

Change of Cannabis Laws, Regulations and Guidelines

Cannabis laws and regulations are dynamic and subject to evolving interpretations which could require Khiron to incur substantial costs associated with compliance or alter certain aspects of its business plan. It is also possible that regulations may be enacted in the future that will be directly applicable to certain aspects of Khiron's businesses. Khiron cannot predict the nature of any future laws, regulations, interpretations or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on Khiron's business. Management expects that the legislative and regulatory environment in the cannabis industry in Colombia and internationally will continue to be dynamic and will require innovative solutions to try to comply with this changing legal landscape in this nascent industry for the foreseeable future. Compliance with any such legislation may have a material adverse effect on Khiron's business, financial condition and results of operations.

Public opinion can also exert a significant influence over the regulation of the cannabis industry. A negative shift in the public's perception of the cannabis industry could affect future legislation or regulation in different jurisdictions.

Reliance on Licences and Authorizations

Khiron's ability to grow, store and sell cannabis in Colombia is dependent on Khiron's ability to sustain and/or obtain the necessary licences and authorizations by certain authorities in Colombia.

The licences and authorizations are subject to ongoing compliance and reporting requirements and the ability of Khiron to obtain, sustain or renew any such licences and authorizations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in foreign jurisdictions. Failure to comply with the requirements of the licences or authorizations or any failure to maintain the licences or authorizations would have a material adverse impact on the business, financial condition and operating results of Khiron.

Although Khiron believes that it will meet the requirements to obtain, sustain or renew the necessary licences and authorizations, there can be no guarantee that the applicable authorities will issue these licences or authorizations. Should the authorities fail to issue the necessary licences or authorizations, Khiron may be curtailed or prohibited from the production and/or distribution of cannabis or from proceeding with the development of its operations as currently proposed and the business, financial condition and results of the operation of Khiron may be materially adversely affected.

Reliance on One Facility

The Cultivation Facility is currently Khiron's only licensed facility under the Licences. The Licenses held by Khiron are specific to the Cultivation Facility. Adverse changes or developments affecting the Cultivation Facility, including but not limited to a breach of security, could have a material and adverse effect on Khiron's business, financial condition and prospects. Any breach of the security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by Colombian regulatory authorities, could have an impact on Khiron's ability to continue operating under the Licenses or the prospect of renewing the Licenses.

Certain contemplated capital expenditures of Khiron may require approval of Colombian regulatory authorities. There is no guarantee that Colombian Regulatory Authorities will approve any contemplated expansion and/or renovation, which could adversely affect the business, financial condition and results of Khiron's operations.

Unexpected disruptions affecting operations, whether due to labor disruptions, supply disruptions, power disruptions, damage to equipment or otherwise

Khiron's operations may be disrupted by a variety of risks and hazards that are beyond its control, including, but not limited to, fires, power outages, labour disruptions, supply disruptions, flooding, and the inability to obtain suitable or adequate machinery, equipment or labour as well as other risks involved in the cultivation and production of medicinal cannabis.

Demand for Cannabis and Derivative Products

The legal cannabis industry in Colombia is at an early stage of its development. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of medicinal cannabis are mixed and evolving and can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medicinal cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medicinal cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for medicinal cannabis and on the business, results of operations, financial condition and cash flows of Khiron. Further, adverse publicity reports or other media attention regarding cannabis in general or associating the consumption of medicinal cannabis with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for medicinal cannabis use has traditionally

been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medicinal cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization. Khiron's ability to gain and increase market acceptance of its business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure may have an adverse effect on Khiron.

Liability, Enforcement, Complaints, etc.

Khiron's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by third parties, other companies and/or various governmental authorities against Khiron. Litigation, complaints, and enforcement actions involving Khiron could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on Khiron's future cash flows, earnings, results of operations and financial condition.

Product Liability

As a distributor of products designed to be ingested by humans, Khiron faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused damages, loss or injury. In addition, the sale of Khiron's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Adverse reactions resulting from human consumption of Khiron's products alone or in combination with other medications or substances could occur. Khiron may be subject to various product liability claims, including, among others, that Khiron's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning health risks, possible side effects or interactions with other substances. A product liability claim or regulatory action against Khiron could result in increased costs, could adversely affect Khiron's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of Khiron. There can be no assurances that Khiron will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of Khiron's potential products.

Insurance Coverage

Khiron's production is, in general, subject to different risks and hazards, including adverse weather conditions, fires, plant diseases and pest infestations, other natural phenomena, industrial accidents, labour disputes, changes in the legal and regulatory framework applicable to Khiron and environmental contingencies.

Khiron has received confirmation from Barclays International that they will provide insurance coverage over Khiron's production and facilities. Khiron is insured against a variety of risks, including losses and damages relating to its plants, equipment and buildings. Khiron's insurance currently covers only part of the losses it may incur and does not cover losses on crops due to drought or floods. Furthermore, certain types of risks may not be covered by the policies that Khiron holds. Additionally, any claims to be paid by an insurer due to the occurrence of a casualty covered by Khiron's policies may not be sufficient to compensate Khiron for all of the damages suffered. Khiron may not be able to maintain or obtain insurance of the type and amount desired at a reasonable cost. If Khiron were to incur significant liability for which it were not fully insured, it could have a materially adverse effect on Khiron's business, financial condition and results of operations.

Ability to Establish and Maintain Bank Accounts

While Khiron does not anticipate dealing with banking restrictions, there is a risk that banking institutions in countries where Khiron operates will not accept payments related to the cannabis industry. Such risks could increase costs for Khiron. In the event financial service providers do not accept accounts or transactions related to the cannabis industry, it is possible that Khiron may be required to seek alternative payment solutions, including but not limited to cryptocurrencies such as Bitcoin. There are risks inherent in cryptocurrencies, most notably its volatility and security issues. If the industry was to move towards alternative payment solutions and accept payments in cryptocurrency Khiron would have to adopt policies and protocols to manage its volatility and exchange rate risk exposures. Khiron's inability to manage such risks may adversely affect Khiron's operations and financial performance.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of Khiron's products are recalled due to an alleged product defect or for any other reason, Khiron could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. Khiron may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although Khiron has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if Khiron is subject to recall, the image of Khiron could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for Khiron's products and could have a material adverse effect on the results of operations and financial condition of Khiron. Additionally, product recalls may lead to increased scrutiny of Khiron's operations by regulatory agencies, requiring further management attention, potential loss of applicable licences and potential legal fees and other expenses.

Risks Inherent in an Agricultural Business

Khiron's business involves the growing of cannabis, which is an agricultural product. Medicinal cannabis will be grown outdoors. The occurrence of severe adverse weather conditions, especially droughts, hail, floods or frost, is unpredictable and may have a potentially devastating impact on agricultural production, and may otherwise adversely affect the supply of cannabis. Adverse weather conditions may be exacerbated by the effects of climate change and may result in the introduction and increased frequency of pests and diseases. The effects of severe adverse weather conditions may reduce Khiron's yields or require Khiron to increase its level of investment to maintain yields. Additionally, higher than average temperatures and rainfall can contribute to an increased presence of insects and pests, which could negatively affect cannabis crops. Future droughts could reduce the yield and quality of Khiron's cannabis production, which could materially and adversely affect Khiron's business, financial condition and results of operations.

The occurrence and effects of plant disease, insects and pests can be unpredictable and devastating to agricultural, potentially rendering all or a substantial portion of the affected harvests unsuitable for sale. Even when only a portion of the production is damaged, Khiron's results of operations could be adversely affected because all or a substantial portion of the production costs may have been incurred. Although some plant diseases are treatable, the cost of treatment can be high and such events could adversely affect Khiron's operating results and financial condition. Furthermore, if Khiron fails to control a given plant disease and the production is threatened, Khiron may be unable to supply its customers, which could

adversely affect its business, financial condition and results of operations. There can be no assurance that natural elements will not have a material adverse effect on any such production.

Risks Inherent in Rural Real Estate

The Colombian Constitution protects the right to own private property and related rights acquired in compliance with civil regulations. According to Colombian Constitution, legally acquired private property ownership rights cannot be affected if the owner is in compliance with applicable laws.

Except in the case of public necessity or social interest, subject to due process and the payment of an indemnification, expropriations without just cause or on a discriminatory basis are restricted.

In August 2011, Colombia and Canada entered into a Free Trade Agreement, which outlines the issue of expropriations in Article 811 as well as dispute settlements in Chapter 21. The Free Trade Agreement provides that Canadian investments in Colombia will be granted fair and equitable treatment with full protection and security and will be accorded no less favourable treatment than Colombia grants to its own investors or investors of any other country. It also provides that an investment will not be expropriated except in a nondiscriminatory manner in accordance with due process of law with prompt and adequate compensation. The expropriation provisions cover both traditional “direct” takings and so-called “indirect” or “creeping” expropriation, which results from a measure or a series of measures by a government that have an effect equivalent to direct expropriation without a formal transfer of title or outright seizure of the investment. An investor-State dispute resolution process is provided for in the event that the investment is not provided the protections set out in the CCOFTA. Through this process, a Canadian investor can challenge a Colombian measure through binding international arbitration instead of relying on the Colombian local courts.

Protected Areas Established by the National System of Protected Areas

Cannabis licences may not be granted to individuals or legal persons who intend to conduct the licensed activities on lands that are in national parks or in protected areas established by the National System of Protected Areas. The government has the right to establish new protected areas in areas with certain environmental relevance that might result in the prohibition to conduct any type of activities on those areas or the need to obtain environmental authorizations.

Khiron does not operate in a protected area and is not at risk of expropriation pursuant to the National System of Protected Areas.

Energy Prices and Supply

Khiron requires substantial amounts of diesel and electric energy and other resources for its harvest activities and transport of cannabis. Khiron relies upon third parties for its supply of energy resources used in its operations. The prices for and availability of energy resources may be subject to change or curtailment, respectively, due to, among other things, new laws or regulations, imposition of new taxes or tariffs, interruptions in production by suppliers, imposition of restrictions on energy supply by government, worldwide price levels and market conditions. If energy supply is cut for an extended period of time and Khiron is unable to find replacement sources at comparable prices, or at all, Khiron’s business, financial condition and results of operations would be materially and adversely affected.

Supply of Cannabis Seeds

If for any reason the supply of cannabis seeds is ceased or delayed, Khiron would have to seek alternate suppliers and obtain all necessary authorization for the new seeds. If replacement seeds cannot be obtained at comparable prices, or at all, or if the necessary authorizations are not obtained, Khiron’s business, financial condition and results of operations would be materially and adversely affected.

Changes in Corporate Structure

Colombian cannabis licences are granted on a non-transferable, non-exchangeable and non-assignable basis. Any breach of this restriction may give rise to unilateral termination of the license by the governmental authority.

Notwithstanding the above, Colombian laws do not provide for specific regulations or restrictions regarding the effects of a change in control, modification of the corporate structure, issuance of shares, or any changes in holders or final beneficiaries of cannabis licences.

Colombian legislation gives special attention to the identification and background of the legal representatives of licensees. Licensees must file a declaration of the legality of the proceeds of the legal representatives. Furthermore, Decree 613 of 2017 provides a set of resolutory conditions, which enable the Ministry of Health or the Ministry of Justice, as applicable, to terminate a license if the licensee fails to request the amendment of the licence within 30 calendar days following any changes in (i) the legal representation of the licensee; or (ii) the declaration that a legal representative is criminally liable for drug trafficking or related crimes, after having issued the respective license.

Emerging Market Risks

Emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments.

All of Khiron's operations are in Colombia. Colombia has a history of economic instability or crises (such as inflation or recession). While there is no current political instability, and historically there has been no change in laws and regulations, this is subject to change in the future and could adversely affect Khiron's business, financial condition and results of operations.

In particular, fluctuations in the Colombian economy and actions adopted by the Government of Colombia have had and may continue to have a significant impact on companies operating in Colombia, including Khiron. Specifically, Khiron may be affected by inflation, foreign currency fluctuations, regulatory policies, business and tax regulations and in general, by the political, social and economic scenarios in Colombia and in other countries that may affect Colombia.

Global economic crises could negatively affect investor confidence in emerging markets or the economies of the principal countries in Latin America, including Colombia. Such events could materially and adversely affect Khiron's business, financial condition and results of operations.

Global Economy

Financial and securities markets in Colombia are influenced by the economic and market conditions in other countries, including other South American and emerging market countries and other global markets. Although economic conditions in these countries may differ significantly from economic conditions in Colombia, investors' reactions to developments in these other countries, such as the recent developments in the global financial markets, may substantially affect the capital flows into, and the market value of securities of issuers with operations in Colombia.

An economic downturn or volatility could have a material adverse effect on Khiron's business, financial condition and results of operations. The economy of the Colombia, where Khiron's operations are located, has experienced significant economic uncertainty and volatility during recent years. A weakening of

economic conditions could lead to reductions in demand for Khiron's products. For example, its revenues can be adversely affected by high unemployment and other economic factors. Further, weakened economic conditions or a recession could reduce the amount of income customers are able to spend on Khiron's products. In addition, as a result of volatile or uncertain economic conditions, Khiron may experience the negative effects of increased financial pressures on its clients. For instance, Khiron's business, financial condition and results of operations could be negatively impacted by increased competitive pricing pressure, which could result in Khiron incurring increased bad debt expense. If Khiron is not able to timely and appropriately adapt to changes resulting from a weak economic environment, its business, results of operations and financial condition may be materially and adversely affected.

A crisis in other emerging market countries could dampen investor enthusiasm for securities of issuers with South American operations. Financial conditions in Argentina, Brazil or other emerging market countries could negatively impact Colombia's economy in the future. If such fluctuations were to occur, Khiron's business, financial condition and results of operations could be materially and adversely affected.

TSXV Restrictions on Business

As a condition to initially listing on the TSXV, the TSXV required that Khiron deliver an undertaking (the "**Undertaking**") confirming that, while listed on TSXV, Khiron will only conduct the business of the production, sale and distribution of medicinal marijuana in Colombia pursuant to the Licences and in accordance with applicable law, unless prior approval is obtained from TSXV. The Undertaking could have an adverse effect on Khiron's ability to do business or operate outside of Colombia and on its ability to expand its business into other areas, including the provision of non-medical marijuana in the event that the laws were to change to permit such sales, if Khiron is still listed on the TSXV and remains subject to the Undertaking at such time. The Undertaking may prevent Khiron from expanding into new areas of business when Khiron's competitors have no such restrictions. All such restrictions could materially and adversely affect the growth, business, financial condition and results of Khiron's operations.

Risks Related to Investment in a Colombian Company

Operational Risks

Operations in Colombia are subject to risk due to the potential for social, political, economic, legal and fiscal instability. The government in Colombia faces ongoing problems including but not limited to inflation, unemployment and inequitable income distribution. Colombia is also home to South America's largest and longest running insurgency and large swaths of the countryside are under guerrilla influence. In addition, Colombia experiences narcotics-related violence, a prevalence of kidnapping and extortionist activities and civil unrest in certain areas of the country. Such instability may require Khiron to suspend operations on its properties. Although Khiron is not presently aware of any circumstances or facts which may cause the following to occur, other risks may involve matters arising out of the evolving laws and policies in Colombia, any future imposition of special taxes or similar charges, as well as foreign exchange fluctuations and currency convertibility and controls, the unenforceability of contractual rights or the taking or nationalization of property without fair compensation, restrictions on the use of expatriates in Khiron's operations, or other matters. Khiron also bears the risk that changes can occur in the government of Colombia and a new government may void or change the laws and regulations that Khiron is relying upon.

Currently there are no restrictions on the repatriation from Colombia of earnings to foreign entities and Colombia has never imposed such restrictions. However, there can be no assurance that restrictions on repatriation of earnings from Colombia will not be imposed in the future. Exchange control regulations require that any proceeds in foreign currency originated on exports of goods from Colombia (including minerals) be repatriated to Colombia. However, purchase of foreign currency is allowed through any

Colombian authorized financial entities for purposes of payments to foreign suppliers, repayment of foreign debt, payment of dividends to foreign stockholders and other foreign expenses.

Inflation in Colombia

Colombia has in the past experienced double digit rates of inflation. If Colombia experiences substantial inflation in the future, Khiron's costs in Colombian peso terms will increase significantly, subject to movements in applicable exchange rates. Inflationary pressures may also curtail Khiron's ability to access global financial markets in the longer term and its ability to fund planned capital expenditures, and could materially adversely affect Khiron's business, financial condition and results of operations. The Colombian government's response to inflation or other significant macro-economic pressures may include the introduction of policies or other measures that could increase Khiron's costs, reduce operating margins and materially adversely affect its business, financial condition and results of operations.

Operations in Spanish

As a result of Khiron conducting its operations in Colombia, the books and records of Khiron, including key documents such as material contracts and financial documentation are principally negotiated and entered into in the Spanish language and English translations may not exist or be readily available.

Enforcement of Judgments

Khiron is incorporated under the laws of Canada, however all of its assets are located outside Canada. Furthermore, many of Khiron's directors and officers reside outside Canada. As a result, investors may not be able to effect service of process within Canada upon Khiron's directors or officers or enforce against them in Canadian courts judgments predicated on Canadian securities laws. Likewise, it may also be difficult for an investor to enforce in Canadian courts judgments obtained against these persons in courts located in jurisdictions outside Canada.

As a result of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the Board or controlling shareholders than they would as public shareholders of a Canadian company.

Financial and Accounting Risks

Access to Capital

In executing its business plan, Khiron makes, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. Since its incorporation, Khiron has financed these expenditures through offerings of its equity securities. Khiron will have further capital requirements and other expenditures as it proceeds to expand its business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. Khiron may incur major unanticipated liabilities or expenses. Khiron can provide no assurance that it will be able to obtain financing to meet the growth needs of Khiron.

Foreign Sales

Khiron's functional currency is denominated in Canadian dollars. Khiron currently expects that sales will be denominated in Colombian pesos and may, in the future, have sales denominated in the currencies of additional countries in which it establishes sales offices. In addition, Khiron incurs the majority of its operating expenses in Colombia Pesos. In the future, the proportion of Khiron's sales that are international

may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact the Resulting Issuer's business, financial condition and results of operations. Khiron has not previously engaged in foreign currency hedging. If the Resulting Issuer decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide the Resulting Issuer from foreign currency fluctuations and can themselves result in losses.

Estimates or Judgments Relating to Critical Accounting Policies

The preparation of financial statements in conformity with International Financial Reporting Standards, or IFRS, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Khiron bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in the notes to the Khiron Financial Statements set forth in Schedule "C", the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. Khiron's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause Khiron's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of the Resulting Issuer. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share based payments, impairment of non-financial assets, fair value of biological assets, as well as revenue and cost recognition.

Tax Risks

The Resulting Issuer will operate and will be subject to income tax and other forms of taxation (which are not based upon income) in multiple tax jurisdictions. Taxation laws and rates which determine taxation expenses may vary significantly in different jurisdictions, and legislation governing taxation laws and rates is also subject to change. Therefore, the Resulting Issuer's earnings may be impacted by changes in the proportion of earnings taxed in different jurisdictions, changes in taxation rates, changes in estimates of liabilities and changes in the amount of other forms of taxation. The Resulting Issuer may have exposure to greater than anticipated tax liabilities or expenses. The Resulting Issuer will be subject to income taxes and non-income taxes in a variety of jurisdictions and its tax structure is subject to review by both domestic and foreign taxation authorities and the determination of the Resulting Issuer's provision for income taxes and other tax liabilities will require significant judgment.

The Resulting Issuer will be subject to different taxes imposed by the Colombian government and any changes within such tax legal and regulatory framework may have an adverse effect on our financial results. All current tax legislation is a matter of public record and the Resulting Issuer will be unable to predict which additional legislation or amendments may be enacted.

Risks Related to the Resulting Issuer Shares and Completion of the Qualifying Transaction

Market for the Resulting Issuer Shares

There can be no assurance that an active trading market for the Resulting Issuer Shares will develop or, if developed, that any market will be sustained. Khiron cannot predict the prices at which the Resulting Issuer Shares will trade. The price of the Subscription Receipts was determined by negotiations with the Lead Agent in connection with the financing and might not bear any relationship to the market price at which the Resulting Issuer Shares will trade or to any other established criteria of the value of Khiron's business. Fluctuations in the market price of the Resulting Issuer Shares could cause an investor to lose all or part of

its investment in Resulting Issuer Shares. Factors that could cause fluctuations in the trading price of the Resulting Issuer Shares include: (i) announcements of new offerings, products, services or technologies; commercial relationships, acquisitions or other events by the Resulting Issuer or its competitors; (ii) price and volume fluctuations in the overall stock market from time to time; (iii) significant volatility in the market price and trading volume of agriculture companies; (iv) fluctuations in the trading volume of the Resulting Issuer Shares or the size of the Resulting Issuer's public float; (v) actual or anticipated changes or fluctuations in the Resulting Issuers results of operations; (vi) whether Khiron's results of operations meet the expectations of securities analysts or investors; (vii) actual or anticipated changes in the expectations of investors or securities analysts; (viii) litigation involving the Resulting Issuer, its industry, or both; (ix) regulatory developments in the Canada, Colombia and foreign countries; (x) general economic conditions and trends; (xi) major catastrophic events; (xii) escrow releases, sales of large blocks of the Resulting Issuer Shares; (xiii) departures of key employees or members of management; or (xiv) an adverse impact on Khiron from any of the other risks cited herein.

No History of Payment of Cash Dividends

Khiron has never declared or paid cash dividends on the Khiron Shares. Upon Completion of the Qualifying Transaction, Khiron intends to retain future earnings to finance the operation, development and expansion of the business. Khiron does not anticipate paying cash dividends on the Resulting Issuer Shares in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of the Board and will depend on the Resulting Issuer's financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that the Board considers relevant.

Reporting Issuer Status

From the date of incorporation to the date of this report, Khiron has not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the TSXV. As a reporting issuer, the Resulting Issuer will be subject to reporting requirements under applicable securities law and stock exchange policies. Khiron is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to Khiron's financial management control systems to manage its obligations as a subsidiary of a public company. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on existing systems and resources. Among other things, the Resulting Issuer will be required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Resulting Issuer's business and results of operations. The Resulting Issuer may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses. Management of Khiron expects that being a reporting issuer will make it more expensive to maintain director and officer liability insurance. This factor could also make it more difficult for the Resulting Issuer to retain qualified directors and executive officers.

Tax Issues

There may be income tax consequences in relation to the Resulting Issuer Shares, which will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

Completion of the Qualifying Transaction is Subject to Conditions Precedent

The Completion of the Qualifying Transaction is subject to a number of conditions precedent, including the approval by the TSXV, Khiron shareholders and regulatory authorities. Certain of such conditions precedent are outside the control of either or both of Adent and Khiron, and there can be no assurance that these conditions will be satisfied.

Termination of the Definitive Agreement

The Definitive Agreement specifies that the parties' obligation to effect the Qualifying Transaction is conditional upon the satisfaction of a number of conditions, including receipt of all required regulatory approvals. If any of these conditions are not satisfied or waived, the Amalgamation may not be completed. Each of Adent and Khiron has the right, in certain circumstances, in addition to termination rights relating to the failure to satisfy the conditions of Closing, to terminate the Definitive Agreement. Accordingly, Adent or Khiron cannot provide any assurance, that the Definitive Agreement will not be terminated by either of Adent or Khiron prior to the completion of the Amalgamation.

Potential Undisclosed Liabilities Associated with the Amalgamation

Upon completion of the Amalgamation, Khiron will be a direct and indirect wholly-owned subsidiary of the Resulting Issuer and will continue to have the liabilities that existed prior to completion of the Amalgamation. There may be liabilities of Khiron that Adent failed to discover or was unable to accurately assess or quantify in its due diligence.

Subsequent Events

1) January 12, 2018, Adnet and Khiron, further the press release dated November 7, 2017, completed a revised offering of subscription receipts pursuant to an agency agreement dated January 12, 2018, with the agents including Canaccord and Eight Capital. Under the terms of the revised offering, Khiron issued 11.23 million subscription receipts at a price of $1 per subscription receipt for gross proceeds of $11.23 million. Each subscription receipt entitles the holder to receive, upon satisfaction of the escrow release conditions on or before the escrow release deadline, and without payment of additional consideration, one unit in the capital of Khiron.

   Each unit consists of one common share and one common share purchase warrant of Khiron, which units shall be exchanged, without further consideration, for one unit in the capital of Adent upon the completion of the proposed transaction. Following the exchange for units of the resulting issuer, each warrant shall entitle the holder thereof to acquire one common share of the resulting issuer at a price of $1.20 for a period of 24 months following the listing of the resulting issuer shares, subject to adjustment and acceleration.

   The gross proceeds of the offering, net of the agents' expenses, 50 per cent of the agents' commission and fees, and an aggregate of $200,000 released from the offering proceeds to Khiron at the time of closing, are being held in escrow pursuant to the terms of a subscription receipt agreement dated Jan. 12, 2018, between Khiron, Adent, the lead agent and TSX Trust Co., as registrar and transfer agent for the subscription receipts and as escrow agent for the escrowed money. Upon satisfaction or waiver of the escrow release conditions including, among other things, the satisfaction or waiver of all conditions precedent to the completion of the proposed transaction, each subscription receipt will automatically convert without any further action on the part of the holder into units of the resulting issuer, and the escrowed money, together with any interest earned thereon, will be released to the resulting issuer

(and the agents in respect of the remaining agents' commission and fees) in accordance with the terms set out in the subscription receipt agreement.

In addition, Khiron issued to the agents an aggregate of 785,830 compensation options. Each compensation option is exercisable into one unit at the offering price for a period of 24 months following the listing date, with each unit being comprised of one common share and one common share purchase warrant. Each compensation warrant is exercisable into one common share at $1.20 per share for a period of 24 months following the listing date. The compensation options shall be exchanged for compensation options of the resulting issuer on an equivalent basis upon completion of the proposed transaction.

2) On March 28, 2017, Khiron completed a non-brokered private placement offering of 905,000 at a price of $1.00 per unit for aggregate gross proceeds of $905,000. Each unit consists of one common share and one common share purchase warrant of Khiron. Each warrant shall entitle the holder thereof to acquire one common share of Khiron at a price of $1.20 for a period of 24 months following the listing of Khiron, subject to adjustment and acceleration. No commissions were paid in connection with the offering. Funds will be used to further develop the business of Khiron and for general working capital purposes.

3) In March 2018, an additional 1,325,542 common shares were issued to subscribers pursuant to rights issued under the Company's March 2017 and August 2017 financings, respectively. Pursuant to a provision in the March 2017 financing, the Company was required to issue common shares equal to 10% of the subscribers' initial subscription in the event the Company's common shares were not listed by March 28, 2018. With respect to the August 2017 financing, a provision in the financing required the Company to issue common shares equal to 15% of the subscribers' initial subscription in the event the Company's common shares were not listed by March 24, 2018.

In April 2018, an additional 115,000 common shares were issued to subscribers under the Company's April 2017 financing pursuant to a provision in the financing that required the Company to issue common shares equal to 10% of the subscribers' initial subscription in the event the Company's common shares were not listed by April 12, 2018.

SCHEDULE E

Resulting Issuer unaudited pro forma statement of financial condition as at February 28, 2018 to give effect to the Amalgamation as if it had taken place as of February 28, 2018

APPENDIX "ABC"
KHIRON LIFE SCIENCES CORP.
PRO FORMA CONSOLIDATED
STATEMENT OF FINANCIAL POSITION OF THE RESULTING ISSUER
(UNAUDITED)

Khiron Life Sciences Corp.

Pro Forma Consolidated Statement of Financial Position
As at February 28, 2018
(unaudited)

	Khiron Life Sciences Corp.	Adent Capital Corp.	Note Ref.	Pro Forma Adjustments	Pro Forma Consolidated
	$ CDN	$ CDN		$ CDN	$ CDN
	As at December 31, 2017	*As at February 28, 2018*			
Assets					
Current assets:					
Cash	1,809,645	134,627	2b)	11,230,000	
			2c)	(786,100)	
			2d)	(300,000)	
			2e)	905,000	12,993,172
Accounts recieveable	286,923				286,923
Prepaid expenses	558,409				558,409
Total current assets	**2,654,977**	**134,627**	**-**	**11,048,900**	**13,838,504**
Non-current assets					
Capital assets	242,563				242,563
Total non-current assets	**242,563**	-	-	-	**242,563**
Total assets	**2,897,540**	**134,627**	**-**	**11,048,900**	**14,081,067**
Liabilities and shareholders' equity					
Current liabilities					
Accounts payable and accrued liabilities	704,263	62,558			766,821
Total current liabilities	**704,263**	**62,558**	-	-	**766,821**
Shareholders' equity					
Share capital	4,291,289	623,744	2b)	9,990,523	
			2c)	(786,100)	
			2c)	(521,422)	
			2e)	805,113	
			2f)	(623,744)	
			2f)	628,300	14,407,702
Warrant and option reserve	1,085,422		2b)	1,239,477	
			2c)	521,422	
			2e)	99,887	2,946,208
Share based payments	626,111				626,111
Contributed surplus		34,849	2f)	(34,849)	-
Deficit	(3,809,545)	(586,524)	2d)	(300,000)	
			2f)	586,524	
			2f)	(556,231)	(4,665,776)
Total shareholders' equity	**2,193,277**	**72,069**		**11,048,900**	**13,314,246**
Total liabilities and shareholders' equity	**2,897,540**	**134,627**		**11,048,900**	**14,081,067**

1. Basis of Presentation

The accompanying unaudited pro forma consolidated statement of financial position of Adent Capital Corp. ("**Adent**") has been prepared by management to reflect a three cornered amalgamation under the federal laws of Canada (the "**Transaction**"), whereby 10546534 Canada Ltd., a wholly-owned subsidiary of Adent, will amalgamate with and into Khiron Life Sciences Corp., a Canadian entity that holds all the issued and outstanding share capital of Khiron Colombia SAS ("**Khiron**") (the "**Amalgamation**"), with Khiron surviving as a wholly-owned subsidiary of Adent. Prior to the completion of the Transaction, Adent will change its name to "Khiron Life Sciences Corp.", and following completion of the Transaction, the resulting issuer will conduct its business under the new name.

The Transaction will constitute Adent's "Qualifying Transaction" pursuant to TSXV Policy 2.4. The resulting issuer from the Transaction (the "**Resulting Issuer**") will operate as a medical cannabis company with its core operations in Colombia continuing the business of Khiron. The pro forma consolidated statement of financial position gives effect to the Transaction had it occurred on February 28, 2018.

The Transaction has been accounted for in accordance with IFRS 3. Upon completion of the transaction, the former shareholders of Khiron will become the controlling shareholders of Adent. This type of share exchange, referred to as a reverse take-over ("RTO"), deems Khiron to be the acquirer for accounting purpose. Accordingly, Khiron's balances are accounted for at cost and Adent's balances are accounted for at fair value. Since the consideration given is the acquirer's own equity, the fair value to be used is based on the most recent financing of Khiron (see note 2e).

The Transaction has been accounted for in the unaudited pro forma consolidated statement of financial position as a continuation of the financial statements of Khiron, together with a deemed issuance of shares, equivalent to the shares held by the former shareholders of Adent and a re-capitalization of the equity of Khiron.

The unaudited pro forma statement of financial position has been prepared from information derived from and should be read in conjunction with the following:

1. The audited financial statements of Khiron Life Sciences Corp. for the period ended December 31, 2017.
2. The unaudited condensed interim financial statements of Adent Capital Corp. for the period ended February 28, 2018.
3. Unless otherwise noted, the unaudited pro forma consolidated statement of financial position and its accompanying notes are presented in Canadian Dollars.

The unaudited pro forma consolidated statement of financial position has been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), and, in the opinion of management, includes all adjustments necessary for fair presentation. No adjustments have been made to reflect additional costs or cost savings that could result from the combination of the operations of Adent and Khiron.

The unaudited pro forma consolidated statement of financial position has been prepared for illustration purposes only and may not be indicative of the financial position had the Transaction been in effect at the date indicated.

2. Pro Forma Assumptions and Adjustments

Pursuant to the Definitive Agreement (the "**Agreement**") dated December 22, 2017, between Adent and Khiron, Adent will acquire 100% of the issued and outstanding share capital of Khiron, through a three-cornered amalgamation, whereby the shareholders of Khiron will receive post consolidated shares of Adnet in exchange for their shares of Khiron.

The unaudited pro forma consolidated statement of financial position gives effect to the following assumptions and adjustments as set forth in the Agreement.

a) Pursuant to the Agreement, Adent will consolidate its issued and outstanding common shares on a 8:1 basis and will have 706,250 common shares issued and outstanding post consolidation, such that each Adent shareholder will receive one (1) post consolidated common share for each (8) pre consolidation common shares of Adent. Post consolidation, Adent will issue Khiron shareholders one (1) Adent post consolidated common share for every one (1) common share of Khiron for a total issuance of 32,570,281 post consolidated common shares of Adent to the shareholders of Khiron. The fair value of consideration to Adent shareholders is set forth in Note 2(e).

b) On January 12, 2018, Khiron issued 11,230,000 subscription receipts at a price of $1.00 per subscription receipt for total proceeds of $11,230,000. Each subscription receipt will automatically convert, for no additional consideration into 11,230,000 units upon satisfaction of certain conditions relating to the Khiron's completion of the Transaction. Each unit consists of one common share and one common share purchase warrant. Each full warrant entitles the holder to purchase one common share of Khiron at a price of $1.20 per share for a period of two years from date of listing, subject to acceleration provisions. Each full warrant is valued at a price of $0.11 using the Black-Sholes options pricing model and assumptions below. Cash has been increased by $11,230,000 and share capital increased by $9,990,523 and warrant and option reserve increased by $1,239,477 for pro forma purposes.

Stock price	$0.89
Exercise price	$1.20
Time to maturity	0.16
Risk-free rate	1.17%
Volatility	140.7%

c) Cash finders' fees of $786,100 and 786,100 brokers' warrants will be payable upon closing of the Transaction. Each full brokers' warrant is valued at a price of $0.663 using the Black-Sholes options pricing model and the following assumptions:

Unit price	$1.00
Exercise price	$1.00
Time to maturity	2.13
Risk-free rate	1.76%
Volatility	130.0%

Cash has been reduced by $786,100, share capital reduced by $1,307,522 and warrant and option reserve increased by $521,422 for pro forma purposes.

d) Other listing costs are estimated to be $300,000 for the Transaction, resulting in a pro forma reduction of cash by $300,000 and deficit by an equal amount.

2. Pro Forma Assumptions and Adjustments (Continued)

e) On March 28, 2018, Khiron issued 905,000 units at a price of $1.00 per unit for total proceeds of $905,000. Each unit consists of one common share and one common share purchase warrant. Each full warrant entitles the holder to purchase one common share of Khiron at a price of $1.20 per share for a period of two years from date of listing, subject to acceleration provisions. Each full warrant is valued at a price of $0.11 using the Black-Sholes options pricing model and assumptions below. Cash has been increased by $905,000 and share capital increased by $805,113 and warrant and option reserve increased by $99,887 for pro forma purposes.

Stock price	$0.89
Exercise price	$1.20
Time to maturity	0.16
Risk-free rate	1.17%
Volatility	140.7%

f) Share capital, contributed surplus and deficit of Adent are eliminated

Since Adent is a capital pool corporation without active business operations, the consideration transferred by Khiron will be allocated to the net assets acquired and transaction costs will be expensed. Fair value of the RTO was determined using the current share price of Khiron on the most recent financing on January 12, 2018. The preliminary purchase price of $628,300 has been allocated as following:

Deemed issuance price of common shares issued to former shareholders of Adent	$0.89
Deemed issuance of common shares of former shareholders of Adent	706,250
Fair value of consideration	$628,300
Cash	$134,627
Accounts payable	(62,558)
Listing costs expensed	556,231
Value attributed to Next Gen shares issued	$628,300

g) In March 2018, an additional 1,325,542 common shares were issued to subscribers pursuant to rights issued under the Company's March 2017 and August 2017 financings, respectively. Pursuant to a provision in the March 2017 financing, the Company was required to issue common shares equal to 10% of the subscribers' initial subscription in the event the Company's common shares were not listed by March 28, 2018. With respect to the August 2017 financing, a provision in the financing required the Company to issue common shares equal to 15% of the subscribers' initial subscription in the event the Company's common shares were not listed by March 24, 2018.

In April 2018, an additional 115,000 common shares were issued to subscribers under the Company's April 2017 financing pursuant to a provision in the financing that required the Company to issue common shares equal to 10% of the subscribers' initial subscription in the event the Company's common shares were not listed by April 12, 2018.

2. Pro Forma Assumptions and Adjustments (Continued)

h) The pro forma effective income tax rate applicable to the operations will be approximately 26%.

3. Pro Forma Share Capital

	Number	Amount $	Notes
Khiron issued and outstanding common shares as at December 31, 2017	32,570,281	4,291,289	2a)
Khiron brokered unit private placement of subscription receipts	11,230,000	9,990,523	2b)
Share issue costs related to brokered private placements		(1,307,522)	2c)
Khiron brokered unit private placement of units	905,000	805,113	2e)
Deemed issuance of shares to former Adent shareholders	706,250	628,300	2f)
Penalty shares associated with private placements	1,440,542	-	2g)
Total	**46,852,073**	**14,407,072**	

SCHEDULE F

Resulting Issuer Option Plan

KHIRON LIFE SCIENCES CORP.
STOCK OPTION PLAN

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

For the purposes of this Plan, the following terms have the following meanings:

1.1.1 "**Applicable Laws**" means, at any time, with respect to any Person, property, transaction or event, all applicable laws, statutes, regulations, treaties, judgments and decrees and (whether or not having the force of law) all applicable official directives, rules, consents, approvals, by-laws, permits, authorizations and orders of any Governmental Authority having authority over that Person, property, transaction or event.

1.1.2 "**Blackout Period**" means the period during which designated Persons cannot trade Shares pursuant to the Corporation's policy, if any, respecting restrictions on trading which is in effect at that time.

1.1.3 "**Board**" means the board of directors of the Corporation.

1.1.4 "**Business Day**" means any day excluding a Saturday, Sunday or statutory holiday in the Province of Ontario, and also excluding any day on which the principal chartered banks located in the City of Toronto are not open for business during normal banking hours.

1.1.5 "**Change of Control Transaction**" means:

1.1.5.1 the acquisition of a sufficient number of voting securities in the capital of the Corporation so that the acquiror, together with Persons acting jointly or in concert with the acquiror, becomes entitled, directly or indirectly, to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Corporation (provided that, prior to the acquisition, the acquiror was not entitled to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Corporation);

1.1.5.2 the completion of a consolidation, merger, arrangement or amalgamation of the Corporation with or into any other entity whereby the voting securityholders of the Corporation immediately prior to the consolidation, merger, arrangement or amalgamation receive less than 50% of the voting rights attaching to the outstanding voting securities of the consolidated, merged, arranged or amalgamated entity; or

1.1.5.3 the completion of a sale whereby all or substantially all of the Corporation's undertakings and assets become the property of any other entity and the voting securityholders of the Corporation immediately prior to the sale hold less than 50% of the voting rights attaching to the outstanding voting securities of that other entity immediately following that sale.

1.1.6 "**Consultant**" means a Person, or an individual employed by a Person, other than an Employee or a Director, that:

1.1.6.1 is engaged to provide on an ongoing bona fide basis consulting, technical, management or other services to the Corporation or to a Subsidiary, other than services provided in relation to a distribution of securities;

1.1.6.2 provides the services under a written contract with the Corporation or a Subsidiary;

1.1.6.3 in the reasonable opinion of the Board, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or a Subsidiary; and

1.1.6.4 has a relationship with the Corporation or a Subsidiary that enables the individual to be knowledgeable about the business and affairs of the Corporation.

1.1.7 "**Corporation**" means Khiron Life Sciences Corp.

1.1.8 "**Director**" means a director or senior officer of the Corporation or any Subsidiary.

1.1.9 "**Disability**" means a physical or mental incapacity or disability that prevents the Eligible Person from performing the essential duties of the Eligible Person's employment or service with the Corporation or any Subsidiary, and which cannot be accommodated under applicable human rights laws without imposing undue hardship on the Corporation or the Subsidiary employing or engaging the Eligible Person, as determined by the Board for the purposes of this Plan.

1.1.10 "**Early Expiry Date**" is defined in Section 4.10.1.2.

1.1.11 "**Eligible Person**" means any Employee, Director or Consultant.

1.1.12 "**Employee**" means:

1.1.12.1 an individual who is considered an employee of the Corporation or any Subsidiary under the *Income Tax Act* (Canada) (and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source);

1.1.12.2 an individual who works full-time for the Corporation or any Subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the relevant Subsidiary over the details and methods of work as an employee of the Corporation or the relevant Subsidiary, but for whom income tax deductions are not made at source; or

1.1.12.3 an individual who works for the Corporation or any Subsidiary on a continuing and regular basis for at least 20 hours per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the relevant Subsidiary over the details and methods of work as an employee of the Corporation or the relevant Subsidiary, but for whom income tax deductions are not made at source.

1.1.13 "**Exchange**" means the TSX Venture Exchange.

1.1.14 "**Governmental Authority**" means:

1.1.14.1 any federal, provincial, state, local, municipal, regional, territorial, aboriginal or other government, any governmental or public department, branch or ministry, or any court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of any of them exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory, or taxing authority or power of any nature; and

1.1.14.2 any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of them, and any subdivision of any of them.

1.1.15 "**Grant Date**" means, for any Option, the date on which that Option is granted.

1.1.16 "**Insider**" means "Insider" as defined in the TSX Venture Exchange Corporate Finance Manual (as amended at any time).

1.1.17 "**Investor Relations Activities**" means "Investor Relations Activities" as defined in the TSX Venture Exchange Corporate Finance Manual (as amended at any time).

1.1.18 "**Investor Relations Participant**" means a Consultant that performs Investor Relations Activities or an Employee or Director whose roles and duties primarily consist of Investor Relations Activities.

1.1.19 "**Option**" means an option to purchase Shares granted to an Eligible Person under the terms of this Plan.

1.1.20 "**Option Agreement**" means the option agreement evidencing an Option issued pursuant to this Plan.

1.1.21 "**Option Exercise Price**" is defined in Section 4.3.

1.1.22 "**Option Expiry Date**" is defined in Section 4.4.

1.1.23 "**Participant**" means an Eligible Person to whom an Option has been granted.

1.1.24 **"Person**" will be broadly interpreted and includes:

1.1.24.1 a natural person, whether acting in his or her own capacity, or in his or her capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person;

1.1.24.2 a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and

1.1.24.3 a Governmental Authority.

1.1.25 "**Plan**" means this stock option plan of the Corporation.

1.1.26 "**Remittance Amount**" is defined in Section 4.9.1.1.

1.1.27 "**Restricted Person**" is defined in Section 2.3.6.2.

1.1.28 "**Retirement**" means retirement from active employment or service with the Corporation or a Subsidiary:

1.1.28.1 at or after age 65; or

1.1.28.2 with the consent of any officer of the Corporation as may be designated for the purposes of this Plan by the Board, at or after any earlier age and on the completion of any number of years of service as the Board may specify.

1.1.29 "**Share Compensation Arrangement**" means any stock option plan of the Corporation (other than this Plan), including the Corporation's restricted share unit plan, and any stock option granted by the Corporation outside of this Plan.

1.1.30 "**Shares**" means common shares in the capital of the Corporation.

1.1.31 "**Subsidiary**" means a body corporate that is controlled by the Corporation and, for the purposes of this definition, a body corporate will be deemed to be controlled by the Corporation if the Corporation, directly or indirectly, has the power to direct the management and policies of the body corporate by virtue of ownership of, or direction over, voting securities in the body corporate.

1.1.32 "**Termination Date**" means the date on which a Participant ceases to be an Eligible Person and, in the case of an Employee, means the date on which the Employee ceases to actively perform services for the Corporation or any Subsidiary (excluding any notice period which may extend beyond the date on which active services cease).

1.2 Certain Rules of Interpretation

1.2.1 In this Plan, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the words "**including**" or "**includes**" in this Plan is to be construed as meaning "including, without limitation" or "includes, without limitation", respectively.

1.2.2 The division of this Plan into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Plan.

1.2.3 References in this Plan to an Article or Section are to be construed as references to an Article or Section of or to this Plan unless otherwise specified.

1.2.4 Unless otherwise specified in this Plan, time periods within which or following which any calculation or payment is to be made, or action is to be taken, will be calculated by excluding the day on which the period begins and including the day on which the period ends. If the last day of a time period is not a Business Day, the time period will end on the next Business Day. Unless otherwise determined by the Board, if an Option would, under the terms of this Plan or the Option Agreement, otherwise expire or terminate on a day which is not a Business Day, the Option will expire or terminate on the next Business Day.

1.2.5 Unless otherwise specified, any reference in this Plan to any statute, rule or policy includes all regulations and subordinate legislation made under or in connection with that statute at any time, and is to be construed as a reference to that statute, rule or policy as amended, modified, restated, supplemented, extended, re-enacted, replaced or superseded at any time.

1.3 Governing Law

This Plan and each Option Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in that Province.

ARTICLE 2
ESTABLISHMENT OF PLAN

2.1 Purpose

2.1.1 The Corporation establishes this Plan to govern the grant, administration and exercise of Options which may be granted to bona fide Eligible Persons.

2.1.2 The principal purposes of this Plan are to provide the Corporation with the advantages of the incentive inherent in equity ownership on the part of Eligible Persons who are responsible for the continued success of the Corporation; to create in those Eligible Persons a proprietary interest in, and a greater concern for, the welfare and success of the Corporation; to encourage Eligible Persons to remain with the Corporation and any Subsidiaries; and to attract new Employees, Directors and Consultants.

2.1.3 This Plan is expected to benefit shareholders by enabling the Corporation to attract and retain personnel of the highest calibre by offering them an opportunity to share in any increase in value of the Shares resulting from their efforts.

2.2 Shares Reserved and Plan Limits

2.2.1 The number of Shares that may be reserved for issuance under this Plan and under any other Share Compensation Arrangement will not exceed, in the aggregate, 9,370,414 Shares.

2.2.2 The Corporation will at all times during the term of this Plan reserve and keep available the number of Shares necessary to satisfy the requirements of this Plan.

2.3 Limits on Certain Grants

2.3.1 An Option may only be granted to a Consultant under this Plan if the number of Shares reserved for issuance under that Option, when combined with the number of Shares reserved for issuance under all options granted within the one-year period before the Grant Date by the Corporation to Consultants, does not exceed, in aggregate, 2% of the outstanding Shares on the Grant Date (with the outstanding Shares being calculated on a non-diluted basis, and excluding Shares issued to Consultants within the previous one-year period pursuant to the exercise of options).

2.3.2 An Option may only be granted to an Investor Relations Participant under this Plan if the number of Shares reserved for issuance under that Option, when combined with the number of Shares reserved for issuance under all options granted within the one-year period before the Grant Date by the Corporation to Investor Relations Participants, does not exceed, in aggregate, 2% of the outstanding Shares on the Grant Date (with the outstanding Shares being calculated on a non-diluted basis, and excluding Shares issued to Investor Relations Participants within the previous one-year period pursuant to the exercise of options). Further, Options issued to an Investor Relations Participant under this plan shall vest in stages over a period of not less than 12 months with not more than 1/4 of the Options vesting in any three (3) month period.

2.3.3 An Option may only be granted to a Person under this Plan if the number of Shares reserved for issuance under that Option, when combined with the number of Shares reserved for issuance under all options granted within the one-year period before the Grant Date by the Corporation to that Person, does not exceed, in aggregate, 5% of the outstanding Shares on the Grant Date (with the outstanding Shares being calculated on a non-diluted basis, and excluding Shares issued to that Person within the previous one-year period pursuant to the exercise of options), unless any disinterested shareholder approval required by the Exchange has been obtained.

2.3.4 Unless disinterested shareholder approval is obtained, the number of Shares that may be reserved for issuance to Insiders under this Plan and under any other Share Compensation Arrangement will not exceed, in the aggregate, 10% of the outstanding Shares (on a non-diluted basis) at any point in time.

2.3.5 Unless disinterested shareholder approval is obtained, an Option may only be granted to an Insider under this Plan if the number of Shares reserved for issuance under that Option, when combined with the number of Shares reserved for issuance under all options granted within the one-year period before the Grant Date by the Corporation to Insiders, does not exceed, in aggregate, 10% of the outstanding Shares on the Grant Date (with the outstanding Shares being calculated on a non-diluted basis, and excluding Shares issued to Insiders within the previous one-year period pursuant to the exercise of options).

2.3.6 For the purposes of calculating the limits in this Section 2.3:

2.3.6.1 the number of Shares reserved for issuance under an option means the number of Shares which were originally reserved for issuance upon the date of grant of the option (except for the purposes of calculating the limit in Section 2.3.4, in which case the number of Shares reserved for issuance means the number of Shares reserved for issuance at the time of the calculation); and

2.3.6.2 any options granted within the relevant time but prior to the grantee becoming a Consultant, Investor Relations Participant or Insider, as applicable (a "**Restricted Person**"), and any Shares reserved or issued under those grants, will be included in the number of options granted to those Restricted Persons, in the number of Shares reserved for issuance to those Restricted Persons, and in the number of Shares issued to those Restricted Persons, if the grantee becomes a Restricted Person on or before the date the calculation is made.

2.4 Expired or Terminated Options

If and to the extent any Option granted under this Plan expires or is terminated without having been exercised in whole or in part, the number of Shares then subject to that Option will be considered to be part of the pool of Shares available for Options under this Plan.

2.5 Non-Exclusivity

Nothing contained in this Plan will prevent the Board from adopting other or additional incentive compensation arrangements, whether Share Compensation Arrangements or otherwise.

2.6 Effective Date

This Plan will be effective as of ●, 2018.

ARTICLE 3
ADMINISTRATION OF PLAN

3.1 Administration of the Plan

3.1.1 Subject to the provisions of this Plan, Applicable Laws, and the applicable rules and policies of the Exchange (or any other stock exchange or market on which the Shares are listed), the Board will have full power and authority to:

3.1.1.1 administer this Plan in accordance with its express terms;

3.1.1.2 determine all questions arising in connection with the administration, interpretation, and application of this Plan;

3.1.1.3 prescribe, amend, and rescind rules and regulations relating to the administration of this Plan; and

3.1.1.4 make all other determinations necessary or advisable for the administration of this Plan.

All determinations made in good faith on the matters referred to in this Section 3.1.1 will be final, conclusive, and binding on the Corporation and the relevant Participant.

3.1.2 Subject to Applicable Laws, and the applicable rules and policies of the Exchange (or any other stock exchange or market on which the Shares are listed), the Board may, by resolution, at any time:

3.1.2.1 delegate any of its powers, rights and obligations under Section 3.1.1 to any committee of the Board; and

3.1.2.2 amend or rescind the delegation of any of its rights, powers and obligations effected under Section 3.1.2.1.

3.2 Record Keeping

The Corporation will maintain a register in which will be recorded:

3.2.1 with respect to each Option granted to a Participant:

3.2.1.1 the name and address of the Participant;

3.2.1.2 the Grant Date;

3.2.1.3 the number of Shares issuable under the Option as of the Grant Date;

3.2.1.4 the Option Exercise Price;

3.2.1.5 any vesting conditions;

3.2.1.6 the number of Shares issued under the Option (and the dates of issuance); and

3.2.1.7 the Option Expiry Date; and

3.2.2 the aggregate number of Shares subject to Options.

3.3 Adjustments to Options

3.3.1 If any material change in the outstanding Shares occurs by reason of any stock dividend, split, recapitalization, amalgamation, merger, consolidation, combination or exchange of shares or other similar corporate change, the Board may make any proportionate adjustments to this Plan and any outstanding Options that the Board deems equitable and appropriate to reflect that change. Any adjustment under this Section 3.3.1 will be made in the sole discretion of the Board, and will be conclusive and binding for all purposes of this Plan.

3.3.2 No fractional Shares will be issued on the exercise of an Option. If, as a result of any adjustment as provided in this Section 3.3, a Participant would be entitled to a fractional Share, the Participant will have the right to purchase only the number of full Shares that is calculated under that adjustment, and no payment or other adjustment will be made with respect to that fractional Share.

3.4 Termination of the Plan

The Board may terminate this Plan at any time in its absolute discretion (without shareholder approval). If this Plan is terminated, no further Options will be granted but the Options then outstanding will continue in full force and effect in accordance with the provisions of this Plan, until the time they are exercised or terminated or expire under the terms of this Plan and the applicable Option Agreements.

3.5 General

The existence of any Option will not affect, in any way, the right or power of the Corporation to:

3.5.1 make or authorize any recapitalization, reorganization or other change in the Corporation’s capital structure or business;

3.5.2 participate in any amalgamation, combination, merger or consolidation;

3.5.3 create or issue any securities or change the rights and conditions attaching to any of its securities;

3.5.4 effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business; or

3.5.5 effect any other corporate act or proceeding, whether of similar character or otherwise.

3.6 Compliance with Applicable Laws

3.6.1 This Plan, the grant and exercise of Options, the Corporation's obligation to issue Shares on the exercise of Options, and all other actions taken under this Plan will be subject to Applicable Laws, to the applicable rules and policies of the Exchange (or any other stock exchange or market on which the Shares are listed) and to any approvals by any Governmental Authority which, in the opinion of counsel to the Corporation, are necessary or advisable.

3.6.2 No Option will be granted and no Shares issued under this Plan if that grant or issue would require registration of this Plan or of Shares under the securities laws of any foreign jurisdiction. Any purported grant of any Option or issue of Shares under this Plan in violation of this Section 3.6.2 will be void.

3.6.3 Shares issued to Participants pursuant to the exercise of Options may be subject to limitations on sale or resale under Applicable Laws.

ARTICLE 4
TERMS OF OPTIONS

4.1 Grants

4.1.1 Subject to the provisions of this Plan, the Board will have the authority to grant Options to Eligible Persons, and to determine the terms and conditions applicable to the exercise of those Options, including, for each Option:

4.1.1.1 the number of Shares issuable under the Option;

4.1.1.2 the Option Exercise Price;

4.1.1.3 the Option Expiry Date;

4.1.1.4 the vesting conditions, if any;

4.1.1.5 the nature and duration of the restrictions, if any, to be imposed on the sale or other disposition of Shares acquired on the exercise of the Option; and

4.1.1.6 the events, if any, that could give rise to a termination of the Participant's rights under the Option, and the period in which such a termination can occur.

4.1.2 Each Option must be confirmed by an Option Agreement executed by the Corporation and by the Participant to whom that Option is granted. Subject to specific variations approved by

the Board in respect of any Option, those variations not to be inconsistent with the provisions of this Plan, all terms and conditions set out in this Plan will be incorporated by reference into and form part of each Option Agreement.

4.1.3 If an Option is to be granted to an Employee or a Consultant, the Corporation and the Person to whom that Option is proposed to be granted are responsible for ensuring and confirming that the Person is a bona fide Employee or Consultant.

4.2 Multiple Grants

An Eligible Person may be granted Options on more than one occasion under this Plan and be granted separate Options on any one occasion.

4.3 Option Exercise Price

The Board will set the option exercise price (the "**Option Exercise Price**") in respect of each Share issuable under an Option granted to a Participant. The Option Exercise Price will not be less than the fair market value of a Share on the Grant Date and, if the Shares are listed on the Exchange, will be subject to the minimum Option Exercise Price permitted by the Exchange. For the purposes of this Section 4.3, "**fair market value**" means:

4.3.1 if the Shares are listed on the Exchange, the last closing price of the Shares on the Exchange before the grant of the Option;

4.3.2 if the Shares are not then listed on the Exchange, but are listed on another stock exchange or market, the last closing price of the Shares on the stock exchange or market before the grant of the Option; or

4.3.3 if Sections 4.3.1 and 4.3.2 do not apply, the value of a Share determined by the Board, taking into account any considerations which it determines to be appropriate at the relevant time.

4.4 Option Expiry Date

The Board will, on the Grant Date, set the option expiry date (the "**Option Expiry Date**") of each Option granted to a Participant. The Option Expiry Date set under this Section 4.4 will be no later than ten (10) years after the Grant Date, and will be subject to earlier expiry in accordance with Section 4.10 and Section 4.11, and later expiry in accordance with Section 4.7.

4.5 Vesting of Options

4.5.1 Subject to Section 4.5.3, and unless accelerated by the Board under Section 4.5.2 or Section 4.11 or otherwise specified in the relevant Option Agreement, an Option will vest and become exercisable as to 1/3 of the Shares issuable under the Option on each of the following dates:

4.5.1.1 the Grant Date;

4.5.1.2 the first anniversary of the Grant Date; and

4.5.1.3 the second anniversary of the Grant Date.

4.5.2 Subject to Section 4.5.3, the Board may, at any time, accelerate the date on which any Option will vest and become exercisable.

4.5.3 An Option granted to an Investor Relations Participant will vest over a period of not less than 12 months from the Grant Date, and as to no more than 1/4 of the Shares issuable under the Option in any three-month period.

4.6 Exercise of Options

4.6.1 An Option will be exercisable until 5:00 p.m. (Toronto time) on the Option Expiry Date, but only to the extent that it has vested and has not expired or been terminated.

4.6.2 Subject to the provisions of this Plan and the related Option Agreement, an Option may be exercised, in whole or in part, at any time by delivery to the Corporation of a written notice of exercise, substantially in the form to be included with the Option Agreement, specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full of the Option Exercise Price of the Shares to be purchased. Payment of the Option Exercise Price must be made by cash, bank draft or certified cheque.

4.7 Blackout Periods

No Option may be exercised during a Blackout Period, if the Participant is then restricted from trading in Shares pursuant to any policy of the Corporation or Applicable Laws. If an Option Expiry Date set under Section 4.4 falls on a date within a Blackout Period or within nine (9) Business Days following the expiration of a Blackout Period, the expiry date for that Option will be automatically extended, without any further act or formality, to that date which is the tenth Business Day after the end of the Blackout Period. This Section 4.7 will not extend any termination or expiry date determined under Section 4.10 or 4.11.

4.8 Amendments to Plan or Options

The Board may amend this Plan or any Option, other than to re-price an Option which shall not be permitted under this Plan, at any time, subject to the requirements of the Exchange (or any other stock exchange or market on which the Shares are listed), including any shareholder approval requirements, provided that if an amendment materially impairs an Option or is materially adverse to its holder, the amendment will not take effect in respect of that Option until the consent of the Participant holding the Option has been obtained.

4.9 Withholding of Tax

4.9.1 The Corporation and any Subsidiary may take reasonable steps for the withholding of any taxes or other source deductions that it is required by Applicable Laws or the requirements of any Governmental Authority to remit in connection with this Plan, any Option or any issuance of Shares upon the exercise of an Option, including:

4.9.1.1 deducting and withholding the amount required to be remitted (the "**Remittance Amount**") from any cash remuneration or any other amount payable to a Participant, whether or not related to the Plan, the exercise of any Options or the issue of any Shares;

4.9.1.2 permitting the Participant to make a cash payment to the Corporation equal to the Remittance Amount; or

4.9.1.3 selling, or causing a broker engaged by the Corporation to sell, on behalf of any Participant, that number of Shares issued to the Participant pursuant to an exercise of Options, such that the amount received by the Corporation or Subsidiary from the proceeds of the sale will be sufficient to satisfy the obligation to remit the Remittance Amount (and to fund any commissions payable to the broker and other costs and expenses of the transaction).

4.9.2 Any Shares of a Participant that are sold by the Corporation, or by a broker engaged by the Corporation, to fund a Remittance Amount will be sold as soon as practicable, and, if applicable, in transactions effected on the exchange on which the Shares are then listed for trading. In effecting the sale of any Shares, the Corporation or the broker will exercise its sole judgment as to the timing and manner of sale and will not be obligated to seek or obtain a minimum price. Neither the Corporation nor the broker will be liable for any loss arising out of any sale of Shares, including any loss relating to the manner or timing of any sale, the prices at which the Shares are sold, or otherwise. In addition, neither the Corporation nor the broker will be liable for any loss arising from a delay in transferring any Shares to a Participant. The sale price of Shares sold on behalf of Participants will fluctuate with the market price of the Shares and no assurance can be given that any particular price will be received upon any sale.

4.10 Termination of Employment or Service

4.10.1 Unless otherwise determined by the Board under Section 4.11 or otherwise specified in the relevant Option Agreement, if a Participant ceases to be an Eligible Person:

4.10.1.1 any unvested portion of any Option held by that Participant will immediately expire as of the Termination Date; and

4.10.1.2 any vested portion of any Option held by that Participant will expire on the earlier of the Option Expiry Date set by the Board under Section 4.4 (without including any extended expiry terms determined under Section 4.7) and:

4.10.1.2.1 in the case of termination of employment by the Corporation or a Subsidiary without cause, or the failure of a Director standing for election to be re-elected, or the failure by the Corporation or a Subsidiary to renew a contract for services at the end of its term, the date which is 90 days after the Termination Date;

4.10.1.2.2 in the case of the death of the Participant, the date which is one year after the death;

4.10.1.2.3 in the case of the Disability or Retirement of the Participant, the date which is 180 days after the Termination Date; and

4.10.1.2.4 in all other cases, the Termination Date,

(the date determined under Sections 4.10.1.2.1 to 4.10.1.2.4, the "**Early Expiry Date**").

4.10.2 Unless otherwise determined by the Board, Options will not be affected by any change of employment or provision of services within or among the Corporation or any Subsidiaries, so long as the Participant continues to be an Eligible Person.

4.10.3 The Early Expiry Date will be determined based on the first of the events described in Sections 4.10.1.2.1 to 4.10.1.2.4 to occur.

4.10.4 Options granted under this Plan are not part of a Participant's regular employment or consulting compensation, and no value will be attributed to any Options as part of calculating any Participant's damages for wrongful dismissal, or any amount due to a Participant with respect to reasonable notice, notice of termination, severance or termination pay, or compensation in lieu of notice.

4.11 Change of Control

4.11.1 Despite any other provision of this Plan or any Option Agreement, in the event of an actual or potential Change of Control Transaction, the Board has the right, in its sole discretion and on the terms it sees fit, without any action or consent required on the part of any Participant, to deal with any Options (or any portion of any Options) in the manner it deems equitable and appropriate in the circumstances, including the right to:

4.11.1.1 determine that any Options (or any portion of any Options) will remain in full force and effect in accordance with their terms after the Change of Control Transaction;

4.11.1.2 cause any Options (or any portion of any Options) to be converted or exchanged for options to acquire shares of another entity involved in the Change of Control Transaction, having the same value and terms and conditions as the Options;

4.11.1.3 accelerate the vesting of any unvested Options;

4.11.1.4 provide Participants with the right to surrender any Options (or any portion of any Options) for an amount per underlying Share equal to the positive difference, if any, between the fair market value of the Share on the date of surrender and the Option Exercise Price; and

4.11.1.5 accelerate the date by which any Options (or any portion of any Options) must be exercised.

4.11.2 The Corporation will use its best efforts to give the affected Participants written notice of any determination made by the Board under Section 4.11.1 at least 14 days before the effective date of the Change of Control Transaction.

4.12 Transferability

4.12.1 Subject to Section 4.12.2, the Options and all benefits and rights accruing to a Participant in accordance with the terms and conditions of this Plan are not directly or indirectly transferable and cannot be assigned, charged, pledged or hypothecated, or otherwise alienated, by a Participant, whether voluntarily, involuntarily, by operation of law or otherwise.

4.12.2 On a Participant's death, vested Options, benefits and rights may pass by the Participant's will or the laws of descent and distribution to the legal representative of the Participant's estate or any other Person who acquires the Participant's vested Options by bequest or inheritance. No transfer of a vested Option by will or by the laws of descent and distribution will be effective to bind the Corporation until the Corporation has been furnished with any evidence that the Corporation may deem necessary to establish the validity of the transfer

and the acceptance by the transferee of the terms and conditions of this Plan and the relevant Option Agreement.

ARTICLE 5
MISCELLANEOUS PROVISIONS

5.1 No Rights as Shareholder

The holder of an Option will not have any rights as a shareholder of the Corporation with respect to any of the Shares issuable on exercise of that Option until that holder has exercised that Option in accordance with the terms of this Plan and has been issued the Shares.

5.2 No Employment Rights

Nothing in this Plan or any Option will confer on a Participant any right to continue in the employment or service of the Corporation or any Subsidiary or affect in any way the right of the Corporation or any Subsidiary to terminate the Participant's employment or service at any time; nor will anything in this Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Subsidiary to extend the employment or service of any Participant beyond the date on which the Participant's relationship with the Corporation or any Subsidiary would otherwise be terminated due to Retirement or pursuant to the provisions of any employment, consulting or other contract for services with the Corporation or any Subsidiary.

5.3 No Undertaking or Representation

The Participants, by participating in this Plan, will be deemed to have accepted all risks associated with acquiring Shares pursuant to this Plan. Each Participant acknowledges that the Shares are subject to, and may be required to be held indefinitely under, applicable securities laws. The Corporation and the Subsidiaries make no undertaking, representation, warranty or guarantee as to the future value or price, or as to the listing on any stock exchange or other market, of any Shares issued under this Plan, and will not be liable to any Participant for any loss resulting from that Participant's participation in this Plan or as a result of the amendment, suspension or termination of this Plan or any Option in accordance with its terms.

5.4 Hold Period

The Options issued under this Plan, and the Shares issuable upon exercise of the Options, may, in certain circumstances be subject to a 4 month hold period, or other resale restriction, commencing on the Grant Date of the Option in accordance with the polices of the Exchange and/or applicable securities laws.

5.5 Notices

All written notices to be given by a Participant to the Corporation will be delivered personally or by registered mail, postage prepaid, addressed as follows:

Khiron Life Sciences Corp.
c/o Gowling WLG (Canada) LLP
1600,100 King Street West

Toronto, ON M5X 1G5

Attn: Darren Collins

Any notice given by a Participant pursuant to the terms of an Option will not be effective until actually received by the Corporation at the above address.

5.6 Further Assurances

Each Participant will, when requested to do so by the Corporation, sign and deliver all documents relating to the granting or exercise of Options deemed necessary or desirable by the Corporation. Each Participant will provide the Corporation with all information (including personal information) which is necessary for the administration of this Plan, and each Participant consents to the collection, use and disclosure of information by the Corporation necessary for the administration of this Plan.

5.7 Submission to Jurisdiction

The Corporation and each Participant irrevocably and unconditionally submits and attorns to the exclusive jurisdiction of the courts of the Province of Ontario to determine all issues, whether at law or in equity, arising from this Plan and each Option Agreement. To the extent permitted by Applicable Laws, the Corporation and each Participant:

5.7.1 irrevocably waives any objection, including any claim of inconvenient forum, that it may now or in the future have to the venue of any legal proceeding arising out of or relating to this Plan or any Option Agreement in the courts of that Province, or that the subject matter of this Plan or any Option Agreement may not be enforced in those courts;

5.7.2 irrevocably agrees not to seek, and waives any right to, judicial review by any court which may be called on to enforce the judgment of the courts referred to in this Section 5.7, of the substantive merits of any suit, action or proceeding; and

5.7.3 to the extent the Corporation or any Participant has or may acquire any immunity from the jurisdiction of any court or from any legal process, whether through service or notice, attachment before judgment, attachment in aid of execution, execution or otherwise, with respect to itself or its property, that Person irrevocably waives that immunity in respect of its obligations under this Plan and any Option Agreement.

SCHEDULE G

Resulting Issuer RSU Plan

KHIRON LIFE SCIENCES CORP.

RESTRICTED SHARE UNIT PLAN

ARTICLE I
DEFINITIONS AND INTERPRETATION

1.1 Definitions

For purposes of this Plan:

(a) **"Account"** means an account maintained by the Corporation for each Participant and which will be credited with RSUs in accordance with the terms of this Plan;

(b) **"Award Date"** means the date or dates on which an award of RSUs is made to a Participant in accordance with Section 4.1;

(c) **"Award Value"** means, with respect to any RSUs, an amount equal to the number of RSUs, as such number may be adjusted in accordance with the terms of this Plan, multiplied by the Fair Market Value of the Shares;

(d) **"Black-Out Period"** means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any Participant that holds an RSU;

(e) **"Board"** means the board of directors of the Corporation as constituted from time to time;

(f) "**Change of Control**" means:

(i) a successful takeover bid; or

(ii) (A) any change in the beneficial ownership or control of the outstanding securities or other interests of the Corporation which results in:

(1) a person or group of persons "acting jointly or in concert" (within the meaning of MI 62-104); or

(2) an affiliate or associate of such person or group of persons;

holding, owning or controlling, directly or indirectly, more than 50% of the outstanding voting securities or interests of the Corporation; and

(B) members of the Board who are members of the Board immediately prior to the earlier of such change and the first public announcement of such change cease to constitute a majority of the Board at any time within sixty days of such change; or

(iii) Incumbent Directors no longer constituting a majority of the Board; or

(iv) the winding up of the Corporation or the sale, lease or transfer of all or substantially all of the assets to any other person or persons (other than pursuant to an internal reorganization or in circumstances where the business of the

Corporation is continued and where the shareholdings or other securityholdings, as the case may be, in the continuing entity and the constitution of the board of directors or similar body of the continuing entity is such that the transaction would not be considered a "Change of Control" if paragraph 1.1(f)(ii)) above was applicable to the transaction); or

(v) any determination by a majority of the Board that a Change of Control has occurred or is about to occur and any such determination shall be binding and conclusive for all purposes of this Plan;

(g) **"Code"** means the U.S. Internal Revenue Code of 1986, as amended;

(h) **"Committee"** has the meaning ascribed thereto in Section 2.4;

(i) **"Corporation"** means Khiron Life Sciences Corp., and includes any successor corporation thereof;

(j) **"Dividend Equivalent"** has the meaning ascribed thereto in Section 4.2;

(k) **"Dividend Market Value"** means the Fair Market Value per Share on the dividend record date;

(l) **"Exchange"** means the TSXV or, if the Shares are not then listed and posted for trading on the TSXV, such stock exchange on which such Shares are listed and posted for trading as may be selected for such purpose by the Board;

(m) **"Expiry Date"** means, with respect to a RSU, December 15th of the third year following the year in which the services giving rise to the RSU grant were rendered, or such earlier expiry date as may be determined by the Board, in its sole discretion, and set out in the applicable RSU Agreement;

(n) **"Fair Market Value"** with respect to a Share, as at any date, means the volume weighted average of the prices at which the Shares traded on the TSXV (or, if the Shares are not then listed and posted for trading on the TSXV or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the majority of the trading volume and value of the Shares occurs) for the three (3) trading days on which the Shares traded on the said exchange immediately preceding such date. In the event that the Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value of the Shares as determined by the Board in its sole discretion, acting reasonably and in good faith;

(o) **"Forfeiture Date"** means the date that is the earlier of: (i) the effective date of the Participant's termination or resignation, as the case may be; and (ii) the date that the Participant ceases to be in the active performance of the usual and customary day-to-day duties of the Participant's position or job, regardless of whether adequate or proper advance notice of termination or resignation shall have been provided in respect of such cessation of being a Participant;

(p) **"Incumbent Directors"** means any member of the Board who was a member of the Board at the effective date of this Plan and any successor to an Incumbent Director who was recommended or elected or appointed to succeed any Incumbent Director by the affirmative vote of the Board, including a majority of the Incumbent Directors then on the

Board, prior to the occurrence of the transaction, transactions, elections or appointments giving rise to a Change of Control;

(q) **"Insider", "associate"** and **"affiliate"** each have the meaning ascribed thereto in the TSX Venture Exchange Corporate Finance Manual, as amended from time to time;

(r) **"Khiron Group"** means, collectively, the Corporation, any entity that is a Subsidiary of the Corporation from time to time, and any other entity designated by the Board from time to time as a member of the Khiron Group for the purposes of this Plan (and, for greater certainty, including any successor entity of any of the aforementioned entities);

(s) **"MI 62-104"** means Multilateral Instrument 62-104 — *Take-Over Bids and Issuer Bids,* as amended from time to time;

(t) "**Outside Payment Date**", in respect of a RSU, means December 31 of the calendar year in which the Expiry Date occurs;

(u) **"Participant"** means any director, officer, employee or consultant of, or a person or company engaged by, one or more of the entities comprising the Khiron Group to provide services for an initial, renewable or extended period, determined to be eligible to participate in this Plan in accordance with Section 3.1 and, where applicable, a former Participant deemed eligible to continue to participate in this Plan in accordance with Section 4.5;

(v) **"Plan"** means this Restricted Share Unit Plan;

(w) **"RSU"** means a unit equivalent in value to a Share credited by means of a bookkeeping entry in the Participants' Accounts;

(x) **"RSU Agreement"** has the meaning set forth in Section 3.2;

(y) **"Security Based Compensation Arrangements"** means any incentive plan of the Corporation (other than this Plan), including the Corporation's stock option plan, and any incentive options granted by the Corporation outside of this Plan;

(z) **"Share"** means a common share of the Corporation;

(aa) **"Subsidiary"** has the meaning ascribed thereto in the *Securities Act* (Ontario);

(bb) **"Successor"** has the meaning ascribed thereto in Section 5.2;

(cc) **"takeover bid"** means a "take-over bid" as defined in MI 62-104 pursuant to which the "offeror" would as a result of such takeover bid, if successful, beneficially own, directly or indirectly, in excess of 50% of the outstanding Shares;

(dd) **"TSXV"** means the TSX Venture Exchange Inc.; and

(ee) "**U.S. Participant"** means a Participant who is a citizen or resident of the United States (including its territories, possessions and all areas subject to the jurisdiction);

(ff) **"Vesting Date"** means, with respect to any RSU, the date upon which the Award Value to which the Participant is entitled pursuant to such RSU shall irrevocably vest and become irrevocably payable by the Corporation to the Participant in accordance with the terms hereof.

1.2 Interpretation

Words in the singular include the plural and words in the plural include the singular. Words importing male persons include female persons, corporations or other entities, as applicable. The headings in this document are for convenience and reference only and shall not be deemed to alter or affect any provision hereof. The words “hereto”, “herein”, “hereby”, “hereunder”, “hereof” and similar expressions mean or refer to this document as a whole and not to any particular Article, Section, paragraph or other part hereof.

ARTICLE II
PURPOSE AND ADMINISTRATION OF THE PLAN

2.1 Purpose

The purpose of this Plan is to: (a) aid in attracting, retaining and motivating the officers, employees and other eligible Participants of the Khiron Group in the growth and development of the Khiron Group by providing them with the opportunity through RSUs to acquire an increased proprietary interest in the Corporation; (b) more closely align their interests with those of the Corporation’s shareholders; (c) focus such Participants on operating and financial performance and long-term shareholder value; and (d) motivate and reward for their performance and contributions to the Corporation’s long-term success.

2.2 Administration of the Plan

Subject to Section 2.4, this Plan shall be administered by the Board.

2.3 Authority of the Board

The Board shall have the full power to administer this Plan, including, but not limited to, the authority to:

(a) interpret and construe any provision hereof and decide all questions of fact arising in their interpretation;

(b) adopt, amend, suspend and rescind such rules and regulations for administration of this Plan as the Board may deem necessary in order to comply with the requirements of this Plan, or in order to conform to any law or regulation or to any change in any laws or regulations applicable thereto;

(c) determine the individuals or companies to whom RSUs may be awarded;

(d) award such RSUs on such terms and conditions as it determines including, without limitation: the time or times at which RSUs may be awarded; the time or times when each RSU shall vest and the term of each RSU; whether restrictions or limitations are to be imposed on the Shares the Corporation may elect to issue in settlement of all or a portion of the Award Value of vested RSUs and the nature of such restrictions or limitations, if any; any acceleration or waiver of termination or forfeiture regarding any RSU; in each case, based on such factors as the Board may determine appropriate, in its sole discretion;

(e) take any and all actions permitted by this Plan; and

(f) make any other determinations and take such other action in connection with the administration of this Plan that it deems necessary or advisable.

2.4 Delegation of Authority

To the extent permitted by applicable law, the Board may, from time to time, delegate to a committee (the **"Committee"**) of the Board all or any of the powers conferred on the Board under this Plan. In such event, the Committee will exercise the powers delegated to it by the Board in the manner and on the terms authorized by the Board. Any decision made or action taken by the Committee arising out of or in connection with the administration or interpretation of this Plan in this context is final and conclusive.

The Board or the Committee may delegate or sub-delegate to any director or officer of the Corporation the whole or any part of the administration of this Plan and shall determine the scope of such delegation or sub-delegation in its sole discretion.

2.5 Discretionary Relief

Notwithstanding any other provision hereof, the Board may, in its sole discretion, waive any condition set out herein if it determines that specific individual circumstances warrant such waiver.

2.6 Amendment or Discontinuance of the Plan

(a) The Board may amend this Plan in any way, or discontinue this Plan altogether, and may amend, in any way, any RSU granted under this Plan at any time without the consent of a Participant, provided that such amendment shall not adversely alter or impair any RSU previously granted under the Plan or any related RSU Agreement, except as otherwise permitted hereunder and further provided that no amendment will cause the Plan or any RSU to cease to comply with paragraph (k) of the definition of "salary deferral arrangement" in subsection 248(1) of the *Income Tax Act* (Canada). In addition, the Board may, by resolution, make any amendment to this Plan or any RSU granted under it (together with any related RSU Agreement) without shareholder approval, provided however, that the Board will not be entitled to amend this Plan or any RSU granted under it without shareholder (disinterested shareholder approval if applicable) and, if applicable, TSXV approval, in order to: (i) increase the maximum number of Shares issuable pursuant to this Plan; (ii) cancel an RSU and subsequently issue to the holder of such RSU a new RSU in replacement thereof; (iii) extend the term of an RSU, but not beyond the Expiry Date; (iv) permit the assignment or transfer of an RSU other than as provided for in this Plan; (v) add to the categories of persons eligible to participate in this Plan; (vi) remove or amend Section 4.4(d), Section 4.4(e) or Section 4.4(f) of this Plan; (vii) remove or amend this Section 2.6(a); or (viii) in any other circumstances where TSXV and shareholder approval is required by the TSXV. Any renewal of this plan will be subject to disinterested shareholder approval, and TSXV approval as applicable.

(b) Without limitation of Section 2.6(a), the Board may correct any defect or supply any omission or reconcile any inconsistency in this Plan in the manner and to the extent deemed necessary or desirable, may establish, amend, and rescind any rules and regulations relating to this Plan, and may make such determinations as it deems necessary or desirable for the administration of this Plan.

(c) On termination of this Plan, any outstanding awards of RSUs under this Plan shall immediately vest and the Award Value underlying the RSUs shall be paid to the Participants in accordance with and upon compliance with Section 4.6. This Plan will finally cease to operate for all purposes when (i) the last remaining Participant receives payment in respect of the Award Value underlying all RSUs credited to the Participant's

Account, or (ii) all unvested RSUs expire in accordance with the terms of this Plan and the relevant RSU Agreements.

2.7 Final Determination

Any determination or decision by, or opinion of, the Board, the Committee or a director or officer of the Corporation made or held pursuant to the terms set out herein shall be made or held reasonably and shall be final, conclusive and binding on all parties concerned, including, but not limited to, the Corporation, the Participants and their beneficiaries and legal representatives.

Subject to Section 2.5, all rights, entitlements and obligations of Participants under this Plan are set forth in the terms hereof and cannot be modified by any other documents, statements or communications, except by amendment to the terms set out herein referred to in Section 2.6.

2.8 Withholding Taxes

When a Participant or other person becomes entitled to receive a payment in respect of any RSUs, the Corporation or a member of the Khiron Group shall have the right to require the Participant or such other person to remit to the Corporation or to a member of the Khiron Group, as the case may be, an amount sufficient to satisfy any withholding tax requirements relating thereto. Unless otherwise prohibited by the Committee or by applicable law, satisfaction of the withholding tax obligation may be accomplished by any of the following methods or by a combination of such methods:

(a) the tendering by the Participant of a cash payment to the Corporation, or a member of the Khiron Group, as the case may be;

(b) where the Corporation has elected to issue Shares to the Participant, the withholding by the Corporation or a member of the Khiron Group, as the case may be, from the Shares otherwise deliverable to the Participant such number of Shares as it determines are required to be sold by the Corporation, or a member of the Khiron Group, as the case may be, as agent for and on behalf of the Participant, to satisfy the total withholding tax obligation (net of selling costs, which shall be paid by the Participant). The Participant consents to such sale and grants to the Corporation, or a member of the Khiron Group, as the case may be, an irrevocable power of attorney to effect the sale of such Shares and acknowledges and agrees that neither the Corporation nor any member of the Khiron Group accepts any responsibility for the price obtained on the sale of such Shares; or

(c) the withholding by the Corporation or a member of the Khiron Group, as the case may be, from any cash payment otherwise due to the Participant;.

provided, however, that the sum of any cash so paid or withheld and the Fair Market Value of any Shares so withheld is sufficient to satisfy the total withholding tax obligation. Any reference in this Plan to the Award Value or payment of cash or issuance of Shares in settlement thereof is expressly subject to this Section 2.8.

2.9 Taxes

Participants (or their beneficiaries) shall be responsible for reporting and paying all taxes with respect to any RSUs under the Plan, whether arising as a result of the grant or vesting of RSUs or otherwise. Neither the Corporation nor the Board make any guarantees to any person regarding the tax treatment of an RSU or payments made under the Plan and none of the Corporation or any of its employees or representatives shall have any liability to a Participant with respect thereto. The Corporation will provide each Participant with (or cause each Participant to be provided with) a T4 slip

or such information return as may be required by applicable law to report income, if any, arising upon the grant or vesting of rights under this Plan by a Participant for income tax purposes.

2.10 Information

Each Participant shall provide the Corporation with all of the information (including personal information) that it requires in order to administer this Plan.

2.11 Account Information

Information pertaining to the RSUs in Participants' Accounts will be made available to the Participants at least annually in such manner as the Corporation may determine and shall include such matters as the Board or the Committee may determine from time to time or as otherwise may be required by law.

2.12 Indemnification

Each member of the Board or Committee is indemnified and held harmless by the Corporation against any cost or expense (including any sum paid in settlement of a claim with the approval of the Corporation) arising out of any act or omission to act in connection with the terms hereof to the extent permitted by applicable law. This indemnification is in addition to any rights of indemnification a Board or Committee member may have as director or otherwise under the by-laws of the Corporation, any agreement, any vote of shareholders, or disinterested directors, or otherwise.

ARTICLE III
ELIGIBILITY AND PARTICIPATION IN THE PLAN

3.1 Participation

The Board, in its sole discretion, shall determine, or shall delegate to the Committee the authority to determine, which Participants will participate in this Plan.

3.2 RSU Agreement

A Participant shall confirm acknowledgement of an award of RSUs made to such Participant in such form as determined by the Board from time to time (the **"RSU Agreement"),** within such time period and in such manner as specified by the Board. If acknowledgement of an award of RSUs is not confirmed by a Participant within the time specified, the Corporation reserves the right to revoke the crediting of RSUs to the Participant's Account.

3.3 Participant's Agreement to be Bound

Participation in this Plan by any Participant shall be construed as irrevocable acceptance by the Participant of the terms and conditions set out herein and all rules and procedures adopted hereunder and as amended from time to time.

ARTICLE IV
TERMS OF THE PLAN

4.1 Grant of RSUs

Subject to Section 3.2, an award of RSUs pursuant to this Plan will be made and the number of such RSUs awarded will be credited to each Participant's Account, effective as of the Award Date. The

number of RSUs to be credited to each Participant's Account shall be determined by the Board, or the Committee delegated by the Board to do so, each in its sole discretion.

4.2 Credits for Dividends

Following the declaration and payment of dividends on the Shares, the Board may, in its absolute discretion, determine to make a cash payment to a Participant in respect of outstanding RSUs credited to the Participant's Account (a "**Dividend Equivalent**"). Such Dividend Equivalent, if any, shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Share by the number of RSUs recorded in the Participant's Account on the record date for the payment of such dividend, by (b) the Dividend Market Value, with fractions computed to three decimal places. Payment of any such Dividend Equivalent will be made forthwith following any such determination by the Board and in any event within thirty (30) days of such determination.

4.3 Vesting

The Board or the Committee may, in its sole discretion, determine the time during which RSUs shall vest (except that no RSU, or portion thereof, may vest after the Expiry Date) and whether there shall be any other conditions or performance criteria to vesting. In the absence of any determination by the Board or the Committee to the contrary, RSUs will vest and be payable as to one third (1/3) of the total number of RSUs granted on each of the first, second and third anniversaries of the Award Date (computed in each case to the nearest whole RSU), provided that in all cases payment in satisfaction of a RSU shall occur prior to the Outside Payment Date. Notwithstanding the foregoing, the Committee may, at its sole discretion at any time or in the RSU Agreement in respect of any RSUs granted, accelerate or provide for the acceleration of vesting in whole or in part of RSUs previously granted. The Award Value of any RSU shall be determined as of the applicable Vesting Date.

4.4 Limits on Issuances

Notwithstanding any other provision of this Plan:

(a) the maximum number of Shares issuable pursuant to RSUs under this Plan shall be limited to 9,370,414 Shares, less the number of Shares issuable pursuant to all other Security Based Compensation Arrangements;

(b) the number of Shares reserved for issuance to Participants retained to provide Investor Relations Activities under all Security Based Compensation Arrangements in any 12 month period shall not exceed 2% of the issued and outstanding Shares;

(c) the number of Shares reserved for issuance to any one Participant under all Security Based Compensation Arrangements in any 12 month period will not exceed 5% of the issued and outstanding Shares;

(d) unless the Corporation has received disinterested shareholder approval to do so the number of Shares issuable to Insiders, at any time, under all Security Based Compensation Arrangements, shall not exceed 10.0% of the issued and outstanding Shares;

(e) unless the Corporation has received disinterested shareholder approval to do so the number of Shares issued to Insiders, within any one year period, under all Security Based Compensation Arrangements, shall not exceed 10.0% of the issued and outstanding Shares; and

(f) RSUs may not be awarded to directors of the Corporation who are not officers or employees of the Corporation or another member of the Khiron Group.

For the purposes of this Section 4.4, any increase in the issued and outstanding Shares (whether as a result of the issue of Shares from treasury in settlement of the Award Value underlying vested RSUs or otherwise) will not increase the number of Shares that may be issued pursuant to this Plan. Shares issued from treasury in settlement of an Award Value underlying vested RSUs will not become available for grant under this Plan.

RSUs (or the Award Value thereof) that are cancelled, surrendered, terminated or that expire prior to the final Vesting Date or in respect of which the Corporation has not elected to issue Shares from treasury in respect thereof shall result in such Shares that were reserved for issuance thereunder being available to be issued, at the election of Corporation, in respect of a subsequent grant of RSUs pursuant to this Plan to the extent of any Shares which have not been issued from treasury in respect of any such RSU.

For purposes of the calculations in this Section 4.5 only, it shall be assumed that all issued and outstanding RSUs will be settled by the issuance of Shares from treasury, notwithstanding the Corporation's right pursuant to Section 4.6 to settle the Award Value underlying vested RSUs in cash or by purchasing Shares on the open market.

In addition to the terms set out herein, the administration and limitations of this Plan will be subject to the provisions of TSXV Policy 4.4 – *Incentive Stock Options*, as applicable.

4.5 RSU Terms

The term during which a RSU may be outstanding shall, subject to the provisions of this Plan requiring or permitting the acceleration or the extension of the term, be such period as may be determined from time to time by the Board or the Committee, but subject to the rules of any stock exchange or other regulatory body having jurisdiction (but in no case shall the term of an RSU extend beyond the Expiry Date).

In addition, unless otherwise determined by the Board or the Committee, or unless the Corporation and a Participant agree otherwise in an RSU Agreement or other written agreement (including an employment or consulting agreement), each RSU shall provide that if a Participant shall cease to be a director or officer of or be in the employ of, or a consultant or other Participant to, any of the entities comprising the Khiron Group for any reason whatsoever including, without limitation, retirement, resignation or involuntary termination (with or without cause), as determined by the Board in its sole discretion, before all of the awards respecting RSUs credited to the Participant's Account have vested or are forfeited pursuant to any other provision hereof, (i) such Participant shall cease to be a Participant as of the Forfeiture Date, (ii) the former Participant shall forfeit all unvested awards respecting RSUs credited to the Participant's Account effective as at the Forfeiture Date, (iii) any Award Value corresponding to any vested RSUs remaining unpaid as of the Forfeiture Date shall be paid to the former Participant in accordance with Section 4.6, and (iv) the former Participant shall not be entitled to any further payment from this Plan.

Notwithstanding the preceding paragraph or anything else contained in this Plan to the contrary, unless otherwise determined by the Board or the Committee, or unless the Corporation and a Participant agree otherwise in an RSU Agreement or other written agreement (including an employment or consulting agreement), if a Participant shall cease to be a director or officer of or be in the employ of, or a consultant or other Participant to, any of the entities comprising the Khiron Group due to the death of the Participant, any unvested RSUs in the deceased Participant's Account effective as at the time of the Participant's death shall be deemed to have vested immediately prior to the Forfeiture Date with the

result that the deceased Participant shall not forfeit any unvested RSUs and the Award Value corresponding to all RSUs credited to such Participant's Account shall be paid to the legal representative of the deceased former Participant's estate in accordance with Section 4.6 after receipt of satisfactory evidence of the Participant's death from the authorized legal representative of the deceased Participant.

Where a Vesting Date occurs on a date when a Participant is subject to a Black-Out Period, such Vesting Date shall be extended to a date which is within (10) ten business days following the end of such Black-Out Period, and further provided that (i) if any such extension would cause the Vesting Date or Vesting Dates to extend beyond the Expiry Date, the amounts to be paid on such Vesting Date or Vesting Dates shall be paid on the Expiry Date notwithstanding the Black-out Period, and (ii) if a Forfeiture Date occurs in respect of a Participant after the original Vesting Date then any unvested RSUs credited to the Participant's Account effective as of the Forfeiture Date that would have vested as of the original Vesting Date but for the Black-Out Period, shall be deemed to have vested immediately prior to the Forfeiture Date, but, subject to subparagraph (i), the Award Value of any such-vested RSUs shall be determined as of the Vesting Date as so extended by the provisions above, and any payment thereof shall be made only after such determination. If the Expiry Date occurs and as a result of the previous sentence of this paragraph the Vesting Date will occur while a Black-Out Period is still in effect, then the Corporation shall pay the Participant the entire Award Value of the vested RSUs in cash (and not Shares) and, for greater certainty, the Corporation shall not have any right to pay the Award Value in whole or in part in Shares notwithstanding any other provision of this Plan or any RSU Agreement.

This Plan does not confer upon a Participant any right with respect to continuation of employment by or service provision to any of the entities comprising the Khiron Group, nor does it interfere in any way with the right of the Participant or any of the entities comprising the Khiron Group to terminate the Participant's employment or service provision at any time.

4.6 Payment in Respect of RSUs

On the Vesting Date, the Corporation, at its sole and absolute discretion, shall have the option of settling the Award Value payable in respect of an RSU by any of the following methods or by a combination of such methods:

(a) payment in cash;

(b) payment in Shares acquired by the Corporation on the Exchange; or

(c) payment in Shares issued from the treasury of the Corporation.

The Corporation shall not determine whether the payment method shall take the form of cash or Shares until the Vesting Date, or some reasonable time prior thereto. A holder of RSUs shall not have any right to demand, be paid in, or receive Shares in respect of the Award Value underlying any RSU at any time. Notwithstanding any election by the Corporation to settle the Award Value of any vested RSUs, or portion thereof, in Shares, the Corporation reserves the right to change its election in respect thereof at any time up until payment is actually made, and the holder of such vested RSUs shall not have the right, at any time to enforce settlement in the form of Shares of the Corporation.

Any amount payable to a Participant in respect of vested RSUs shall be paid to the Participant as soon as practicable following the Vesting Date and in any event within thirty (30) days of the Vesting Date and prior to the Outside Payment Date (provided that any amount payable with respect to a Vesting Date that occurs after the Forfeiture, but before the RSU has terminated in accordance with an applicable provision of Section 4.6, must occur not later than the Expiry Date).

Where the Corporation elects to pay any amounts pursuant to vested RSUs by issuing Shares, and the determination of the number of Shares to be delivered to a Participant in respect of a particular Vesting Date would result in the issuance of a fractional Share, the number of Shares deliverable on the Vesting Date shall be rounded down to the next whole number of Shares. No certificates representing fractional Shares shall be delivered pursuant to this Plan nor shall any cash amount be paid at any time in lieu of any such fractional interest.

ARTICLE V
EFFECT OF CORPORATE EVENTS

5.1 Alterations in Shares

In the event:

(a) of any change in the Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; or

(b) that any rights are granted to all or substantially all shareholders to purchase Shares at prices substantially below Fair Market Value; or

(c) that, as a result of any recapitalization, merger, consolidation or other transaction, the Shares are converted into or exchangeable for any other securities or property;

then the Board may make such adjustments to this Plan, to any RSUs and to any RSU Agreements outstanding under this Plan as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of amounts to be paid to Participants hereunder.

5.2 Merger and Sale, etc.

Except in the case of a transaction that is a Change of Control and to which Section 5.3 applies, if the Corporation enters into any transaction or series of transactions whereby the Corporation or all or substantially all of the assets would become the property of any other trust, body corporate, partnership or other person (a **"Successor"**), whether by way of takeover bid, acquisition, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, prior to or contemporaneously with the consummation of such transaction the Corporation and the Successor will execute such instruments and do such things as the Board or the Committee may determine are necessary to establish that upon the consummation of such transaction the Successor will assume the covenants and obligations of the Corporation under this Plan and the RSU Agreements outstanding on consummation of such transaction. Any such Successor shall succeed to, and be substituted for, and may exercise every right and power of the Corporation under this Plan and RSU Agreements with the same effect as though the Successor had been named as the Corporation herein and therein and thereafter, the Corporation shall be relieved of all obligations and covenants under this Plan and such RSU Agreements and the obligation of the Corporation to the Participants in respect of the RSUs shall terminate and be at an end and the Participants shall cease to have any further rights in respect thereof including, without limitation, any right to acquire Shares upon vesting of the RSUs.

5.3 Change of Control

Notwithstanding any other provision in this Plan but subject to any provision to the contrary contained in an RSU Agreement or other written agreement (such as an agreement of employment) between the Corporation and a Participant, if there takes place a Change of Control, all issued and outstanding RSUs shall vest (whether or not then vested) and the Vesting Date shall be the date which is immediately prior to the time such Change of Control takes place, or at such earlier time as may be

established by the Board or the Committee, in its absolute discretion, prior to the time such Change of Control takes place.

ARTICLE VI
GENERAL

6.1 Compliance with Laws

The Corporation, in its sole discretion, may postpone the issuance or delivery of any Shares that it elects to issue pursuant to any RSU to such date as the Committee may consider appropriate, and may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Shares in compliance with applicable laws, rules and regulations, except that in no event may the issuance of such Shares in respect of a RSU occur after the Outside Payment Date. The Corporation shall not be required to qualify for resale pursuant to a prospectus or similar document any Shares that it elects to issue pursuant to the Plan, provided that, if required, the Corporation shall notify the Exchange and any other appropriate regulatory bodies in Canada and the United States of the existence of the Plan and the granting of RSUs hereunder in accordance with any such requirements.

6.2 General Restrictions and Assignment

Except as required by law, the rights of a Participant hereunder are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant.

The rights and obligations hereunder may be assigned by the Corporation to a Successor to the business of the Corporation.

6.3 Market Fluctuations

No amount will be paid to, or in respect of, a Participant under this Plan to compensate for a downward fluctuation in the price of Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose. The Plan will be unfunded.

The Corporation makes no representations or warranties to Participants with respect to this Plan or the RSUs whatsoever. Participants are expressly advised that the value of any RSUs and Shares under this Plan will fluctuate as the trading price of Shares fluctuates.

In seeking the benefits of participation in this Plan, a Participant agrees to exclusively accept all risks associated with a decline in the market price of Shares and all other risks associated with the holding of RSUs.

6.4 No Shareholder Rights

Until Shares have actually been issued and delivered should the Corporation elect to so issue Shares in accordance with the terms of the Plan, a Participant to whom RSUs have been granted shall not possess any incidents of ownership of such Shares including, for greater certainty and without limitation, the right to receive dividends, if any, on such Shares and the right to exercise voting rights in respect of such Shares.

6.5 Section 409A

This Plan, the RSUs and payments made to U.S. Participants pursuant to this Plan are intended to comply with, or qualify for an exemption from, the requirements of Section 409A of the Code and shall be construed consistently therewith and shall be interpreted in a manner consistent with that intention. Terms defined in this Plan shall have the meanings given to such terms under Section 409A of the Code if and to the extent required to comply with Section 409A. Notwithstanding any other provision of this Plan, the Corporation reserves the right, to the extent it deems necessary or advisable, in its sole discretion, to unilaterally amend the Plan to ensure that all RSUs issued to U.S. Participants are awarded in a manner that qualifies for exemption from, or complies with, Section 409A, provided, however, that the Corporation makes no undertaking to preclude Section 409A from applying to an award of RSUs, and the U.S. Participant or his or her estate, as the case may be, is and shall at all times be solely responsible for the payment of all taxes and penalties under Section 409A. The Corporation, its affiliates, directors, officers and agents shall have no liability to a U.S. Participant, or any other party, if an RSU that is intended to be exempt from, or compliant with, Section 409A is not so exempt or compliant, or for any action taken by the Committee.

6.6 Governing Law

The validity, construction and effect of this Plan and any actions taken or relating to this Plan shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

6.7 Currency

All amounts paid or values to be determined under this Plan shall be in Canadian dollars.

6.8 Severability

The invalidity or unenforceability of any provision of this document shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from this document.

6.9 Effective Time

This Plan shall be effective as of ●, 2018.