VALUATION OF ASSETS TO BE TRANSFERRED OR ESTABLISHED PURSUANT TO BUSINESS SEPARATION AGREEMENTS AS OF FEBRUARY 17, 2014

PREPARED BY:

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MNP LLP

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AS OF FEBRUARY 17, 2014

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PRIVATE & CONFIDENTIAL

February 17, 2014

Paladin Labs Inc.
100 Alexis Nihon Boulevard
Suite 600
Ville Saint-Laurent, Quebec
H4M 2P21A6

V I A E - M A I L

ATTENTION: Ms. Samira Sakhia, Chief Financial Officer

Gentlemen:

RE: Valuation of Assets to be transferred or established pursuant to Business Separation Agreements Valuation Date: February 17, 2014

1. ASSIGNMENT

You have requested our opinion ("Opinion"), as independent Chartered Professional Accountants experienced in business and securities valuation, of the estimated Fair Market Values as at February 17, 2014 (the "Valuation Date") of the following assets (the "Therapeutic Assets") owned directly or indirectly by Paladin Labs Inc. ("Paladin") or that will exist after giving effect to the Business Separation Agreements:

(a) the Impavido intellectual property rights ("Impavido IP");[1]

(b) the priority review voucher[2] ("Voucher") to be issued by the United States Food and Drug Administration ("FDA") on and subject to its approval of Impavido for sale in the United States, which will be beneficially owned by Paladin Labs (Barbados) Inc. ("Barbco") and issued in the name of Paladin Therapeutics, Inc. ("Delco");[3]

(1) A description of Impavido and the Impavido IP is included in Section 7.

(2) Defined at Tab B, Section B.1.

(3) Or, should the Voucher not be issued by the Valuation Date, it would be the right to be issued the Voucher.

(c) the issued and outstanding shares of Delco (the “Delco Shares”);

(d) the rights of Barbco, under the license agreement dated January 1, 2012 between Barbco and Delco, pursuant to which Barbco granted a license to Delco to make, market and sell Impavido in the U.S. (the “Barbco License”);

(e) the respective rights of each of Knight Therapeutics (Barbados) Inc. (“Knight Barbco”), a wholly-owned subsidiary of Knight, and Barbco, pursuant to the License and Distribution Agreement[4] whereby:

   a. Knight Barbco will receive a 22.5% royalty[5] (“Royalty”) on Barbco’s worldwide sales, excluding those in the United States, of Impavido for the period March 1, 2014 to December 31, 2023 (the “Projection Period”); and

   b. Barbco will receive the net income less the Royalty paid to Knight Barbco on the worldwide sales of Impavido, excluding those in the U.S., during the Projection Period.

You have also requested that we determine the Fair Market Value of the issued and outstanding shares (the “Knight Shares”) of Knight Therapeutics Inc. (“Knight”) after giving effect to the above-noted transfers.

We understand that you are requesting this Comprehensive Valuation Report[6] (“Report”) in connection with the Business Separation Agreements to be entered into by Paladin and Knight pursuant to the Arrangement Agreement between Endo Health Solutions Inc. *et al* (“Endo”) and Paladin, dated November 5, 2013 (the “Arrangement Agreement”).

The following organization chart graphically depicts Knight’s interoperate relationships immediately prior to and immediately following the completion of the transactions contemplated by the Arrangement Agreement:

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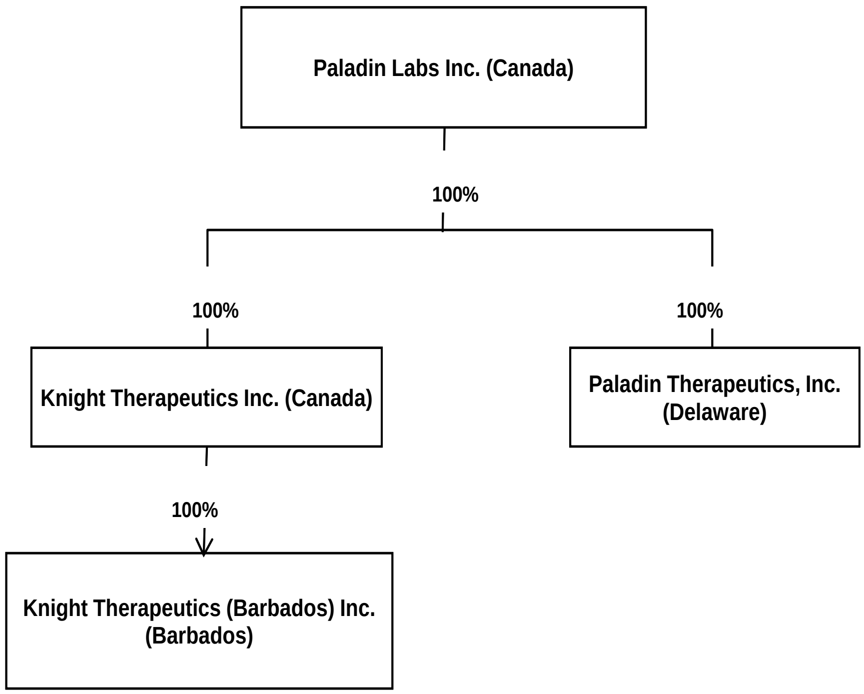
(4) License and Distribution Agreement to be entered into between Knight Barbco and Barbco granting Barbco exclusive commercialization rights to Impavido for the World excluding the U.S. (the “License and Distribution Agreement”).

(5) Defined in Tab E, Section E.1.1.

(6) As defined in Practice Standard No. 110 of The Canadian Institute of Chartered Business Valuators (“CICBV”).

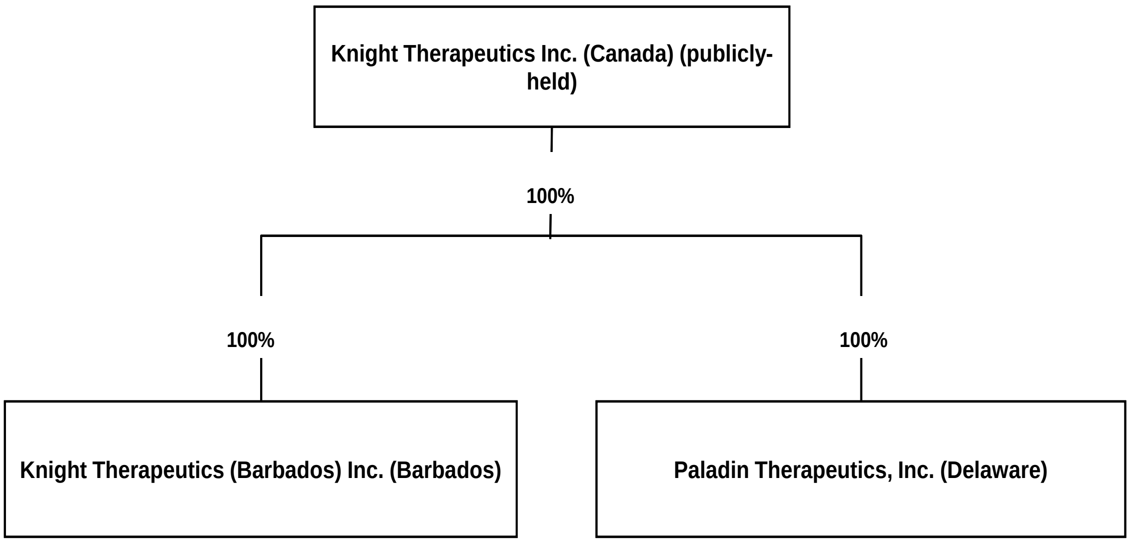
ORGANIZATION CHART

IMMEDIATELY PRIOR TO COMPLETION OF ARRANGEMENT AGREEMENT TRANSACTIONS



ORGANIZATION CHART

IMMEDIATELY FOLLOWING COMPLETION OF ARRANGEMENT AGREEMENT TRANSACTIONS



1.1 Fair Market Value

For purposes of our Opinion, Fair Market Value is defined as “the highest price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm’s length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts”.[7]

As we had not exposed the Therapeutic Assets or the Knight Shares for sale in the open market on or about the Valuation Date, our Opinion relates to the “intrinsic value” thereof, which we define as a notional value that would prevail based upon rates of return required by potential purchasers, given economic, market and business conditions existing at that time, without consideration of possible synergistic benefits

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(7) *International Glossary of Business Valuation Terms*, June 2001, developed jointly by the American Institute of Certified Public Accountants, American Society of Appraisers, The Canadian Institute of Chartered Business Valuators, National Association of Certified Valuation Analysts and the Institute of Business Appraisers.

and/or strategic advantages that might enure in differing degrees to arm's-length purchasers (see comments in Section 3, **THE MARKET FOR THE THERAPEUTIC ASSETS AND THE KNIGHT SHARES**).

1.2 Credentials of MNP's Montreal Valuation Practice

MNP LLP ("**MNP**") is one of the largest public accountancy firms in Canada (www.mnp.ca). Its Montreal Valuation Practice ("Practice") has been engaged exclusively in the valuation of businesses, business interests, securities and intangible assets, in connection with business combinations, distributions of listed and unlisted securities, private placements, exchanges of shares, corporate and financial reorganisations, going-private transactions, shareholder dissent and oppression, leveraged buy-outs, fair value measurement for financial reporting purposes and valuations for various other purposes such as income tax and transfer pricing, financing and financial structuring. Our firm, which has been serving as independent valuation consultant to business and the Canadian government for over thirty years, has performed an extensive number of valuations of public and private enterprises throughout Canada and in the United States.

The Practice, which has been serving as an independent valuation consultant to businesses and various federal and provincial government branches for over thirty years, has performed more than 3,000 valuations of public and private companies throughout Canada and in the United States, and its professionals have been recognised as valuation experts by the Canadian and U.S. courts in more than 200 financial valuation-related cases.

Our professionals have provided valuation and related services [public information] for, or for shareholders/stakeholders of, among others, Abitibi-Consolidated Inc., Air Canada, Alliance Film Corporation, Bank of Montreal, Bank of Nova Scotia, BASF, Bell Canada, Boralex Inc., BP America (U.S.A.), Canadian Pacific Ltd., Chiron (U.S.A.), Cossette Communication Group, CSX (U.S.A.), Domtar, Fraser Companies, Gainers Inc., General Instrument (U.S.A.), George Weston Limited, Gildan Activewear, Global Communications, Guarantee Company of North America, Honeywell, Hunter Douglas, Ivaco Inc., Keeprite Inc., Kruger Inc., Lloyds of London (U.K.), Loblaw Companies, Maple Leaf Gardens Limited, Merck, Michelin Tire, National Sea Products, Quebecor, Radio Shack, Southam Publishing, Télémedia Inc., Toronto-Dominion Bank, Ultramar, West Edmonton Mall, Westfair Foods, Xerox Financial Corp., among others.

Our professionals have been appointed as independent experts by courts and arbitration panels and have been retained as Business Valuation/Financial Experts by various government ministries, including Justice Canada, Canada Revenue Agency, Department of Foreign Affairs and International Trade, Competition Bureau, Industry Canada, the Canadian Radio-television Telecommunications Commission, the Quebec Financial Markets Authority, Revenu Québec, City of Quebec, as well as by the provinces of New Brunswick, Québec, Ontario, Saskatchewan and British Columbia. Our professionals have also been retained as valuation experts by the Attorney General of Ontario, the Public Trustee of Ontario, the Commissioner of Competition and the Toronto Area Transit Operating Authority.

The Practice has acted for clients in the United States, England, Germany, Switzerland, British Virgin Islands, Turks & Caicos, Israel, the Bahamas, Bermuda, Brazil, Ukraine, Germany, Poland, Serbia, South Africa and Saudi Arabia.

Our professionals have contributed comprehensive, technical chapters that are published in a number of authoritative books in Canada and the United States on business valuation, including those of the American Institute of Certified Public Accountants;[8] McGraw-Hill;[9] Irving Library of Investment and Finance;[10] John Wiley & Sons;[11] Warren, Gorham & Lamont;[12] Aspen Law & Business;[13] and Carswell,[14] have been regular columnists in and/or technical advisors for professional journals in Canada[15] and the U.S.,[16] and have authored/co-authored books on business valuation[17] and litigation support. We have

(8) *Income Reconstruction: A Guide to Discovering Unreported Income* (New York: 1999).

(9) *The Handbook of Business Valuation and Intellectual Property Analysis* (New York: 2004).

(10) *The Handbook of Advanced Business Valuation* (New York: 1999).

(11) *Handbook of Business Valuation*, First Edition (1992) and Second Edition (New York: 1999).

(12) *Financial Valuation: Businesses and Business Interests* (New York: 1997).

(13) *Valuing Professional Practices and Licenses*, Third Edition (New York: 1999).

(14) *Critical Changes in the Playing Field Affecting Valuation,* Ed. J. Horvath, Deloitte (Toronto: 2010).

(15) *CA Magazine*, Canadian Institute of Chartered Accountants, Toronto.

(16) *Business Valuation Review*, quarterly publication of the Business Valuation Committee of the American Society of Appraisers; *Financial Valuation and Litigation Expert* (Ed.: James R. Hitchner, CPA/ABV, ASA) and *Dunn on Damages — The Economic Damages Report for Litigators and Experts* (Ed.: Robert L. Dunn), Valuation Products and Services, www.valuationproducts.com.

(17) *Guide to Canadian Business Valuations*, Thomson Carswell, 3 volumes (loose-leaf service).

been requested by authors and publications to review (and edit) manuscripts intended for publication in leading, authoritative business valuation textbooks.[18]

We have presented more than 200 technical papers on valuation and financial analysis at professional conferences of lawyers, professional accountants and business valuators across Canada and the United States.

Our professionals have also been playing an active role in the Canadian and U.S. professional societies of which they are accredited members, including membership on governing boards and practice-standards committees.

The Practice's senior members are accredited by one or more of the major professional valuation societies in both Canada and the United States, including The CICBV, the American Society of Appraisers ("ASA"), the National Association of Certified Valuators and Analysts ("NACVA"), the Institute of Business Appraisers ("IBA"), the Royal Institution of Chartered Surveyors ("RICS") and the CFA Institute.

Messrs. Richard M. Wise, FCPA, FCA, FCBV, FASA, FRICS, MCBA, CVA, C.Arb, and Gerald S. Blackman, CPA, CA, CBA, CVA, Partners of our firm, were responsible for the preparation of this Report. Their professional résumés are appended hereto.

1.3 Independence and Objectivity of MNP LLP

MNP is not is not an insider, associate or affiliate of Paladin, Endo, Barbco, Delco, or Knight Barbco (collectively, the Companies") or any of their affiliates or associates (collectively, the "Interested Parties"). **MNP** does not currently have any agreements, commitments, or undertakings in respect of any future

(18) S.P. Pratt and R.J. Grabowski, *Cost of Capital — Applications and Examples*, Fifth Edition, Wiley (in print); S.P. Pratt and R.J. Grabowski, *Cost of Capital — Workbook and Technical Supplement,* Fifth Edition, Wiley (in print); S.P. Pratt and R.J. Grabowski, *Cost of Capital — Applications and Examples*, Fourth Edition, Wiley (2011); S.P. Pratt and R.J. Grabowski, *Cost of Capital — Workbook and Technical Supplement,* Fourth Edition, Wiley (2011); S.P. Pratt and R.J. Grabowski, *Cost of Capital in Litigation — Applications and Examples*, John Wiley & Sons Inc. (2011); S.P. Pratt, *The Lawyer's Business Valuation Handbook: Understanding Financial Statements, Appraisal Reports, and Expert Testimony*, Second Edition, Section of Family Law, American Bar Association (2010); S.P. Pratt and R.J. Grabowski, *Cost of Capital — Applications and Examples*, Third Edition, Wiley (2008); S.P. Pratt, *Valuing a Business: The Analysis and Appraisal of Closely-Held Companies*, Fifth Edition, McGraw-Hill (New York: 2008); Judge D. Laro and Dr. S.P. Pratt, *Business Valuation and Taxes: Procedure, Law, and Perspective,* John Wiley & Sons Inc. (Hoboken, NJ: 2005); F.C. Evans and D.M. Bishop, *Valuation of M&A: Building Value in Private Companies*, John Wiley & Sons Inc. (New York: 2001); S.P. Pratt, R.F. Reilly and R.P. Schweihs, *Valuing a Business: The Analysis and Appraisal of Closely-Held Companies*, Fourth Edition, McGraw-Hill (New York: 2000); and Z.C. Mercer, *Quantifying Marketability Discounts*, Peabody Publishing (Memphis, TN: 1997).

business involving any of the Interested Parties. However, **MNP** may, from time to time in the future, provide professional services to one or more of the Interested Parties.

MNP's professional fees for services rendered in preparing this Report were not contingent, in whole or in part, on the conclusions reached herein and were based strictly on the professional time expended on the engagement at our standard hourly rates. **MNP** acted independently and objectively in forming this Opinion.

2. VALUATION OPINION

In our Opinion, based upon the information and documents reviewed, the explanations provided to us, and subject to the restrictions, assumptions and qualifications noted herein, the estimated Fair Market Values as of or about the Valuation Date, are as follows. If asked to be more specific, we would suggest the respective mid-points of the ranges:

		Fair Market Value Range		
	Report Reference	**High ($)**	**Low ($)**	**Mid-Point ($)**
Impavido IP	Tab A	2,656,000	2,431,000	2,544,000
Voucher	Tab B	15,000,000	5,000,000	10,000,000
Delco Shares	Tab C	10,000	5,000	8,000
Barbco License	Tab D	13,564,000	3,564,000	8,564,000
Knight Barbco Rights	Tab E (1)	1,600,000	1,548,000	1,575,000
Barbco Rights	Tab E (2)	1,677,000	1,607,000	1,642,000
Knight Shares	Tab F	16,989,000	6,830,000	11,910,000

This Report has been prepared in conformity with the Practice Standards promulgated by the CICBV.

All amounts herein are expressed in Canadian dollars, unless stated otherwise.

A description of our methodology and findings leading to our Opinion is contained in the remainder of this Report.

Technical, financial and valuation terms used throughout this Report, which begin with upper-case letters, are defined at Tab G, "**GLOSSARY OF VALUATION AND FINANCIAL TERMS**"**,** and elsewhere in this Report.

2.1 Restriction and Disclaimer

Paladin alone contracted for, and is the intended beneficiaries of, this Opinion. It is delivered to Paladin subject to the scope of mandate, conditions, assumptions, limitations, qualifications and understandings set forth herein.

Neither our draft nor final Opinion will be intended for general circulation or publication, nor is it to be reproduced or used for any purpose without our prior written permission in each specific instance, except that our Opinion may be reproduced, in whole or in part, or summarized, for purposes of any regulatory or other filings in connection with the Arrangement Agreement. We shall not assume any responsibility or liability for losses occasioned to any of the Companies, its directors, and shareholders, or to any other parties as a result of the circulation, publication, reproduction or use of our draft or final Opinion contrary to the provisions of this paragraph.

We have, subject to the exercise of our professional judgment, relied upon and assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice and representations provided to us by Paladin's management ("Management"), or obtained by us from public sources, concerning the industry in which the Companies operate, and our Opinion is conditional upon such completeness, accuracy and fairness.

We believe that our analyses must be considered as a whole, and that selecting portions thereof and of any factors considered by us, without considering all factors and analyses together, could create an incomplete view of the process underlying our valuation. The preparation of an Opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to partially analyze or summarily describe could lead to undue emphasis on any particular factor or analysis.

We reserve the right (but will be under no obligation) to review all calculations included or referred to herein and, if we consider it necessary, to revise our Opinion in light of any facts, trends or changing conditions existing at the Valuation Date which become known to us subsequent to the date hereof. However, we do not assume any responsibility hereafter to update or revise our Opinion, if and to the extent such conditions may change subsequent to the date hereof.

Nothing contained in this report is to be construed as a legal interpretation of, or an opinion on, any contract or document, legal or otherwise. Our Opinion is neither a recommendation to invest or divest, nor to be used in whole or in part as a substitute for the independent investigation, due diligence and other reviews and analyses that should be performed by any prudent investor or interested party.

2.2 Assumptions and Limitations

Our Opinion was prepared on the basis of economic, industry, financial, market and other conditions as they existed and can be evaluated as at the Valuation Date, and the prospects, financial and otherwise, for the Therapeutic Assets, as reflected in the information and documents reviewed by us and as discussed with Management.

We have, subject to the exercise of our professional judgment, relied upon and assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice and representations provided to us by Management, or obtained by us from public sources, concerning the Pharmaceutical industry in general and our valuation is conditional upon such completeness, accuracy and fairness.

In preparing our Opinion, we considered, among other things, the detailed financial projections for Impavido IP (the "Projections") and the variations thereof prepared by Management for the Projection Period, which are based on Management's best estimates of future events and circumstances. The assumptions on which the Projections are based are those which Management believe are significant to the Projections or are key factors upon which the financial results to be derived from the sale of Impavido IP depend. Some assumptions may not materialize and unanticipated events and circumstances (both favourable and unfavourable) may occur during the Projection Periods. Therefore, the actual results to be achieved during the Projection Period may vary from what was initially established, and such variations may be material.

In arriving at our Opinion, and as discussed with Management, we made the following assumptions and/or considered that, as of the Valuation Date:

- there were no identifiable Special Purchasers[19] for any of the Therapeutic Assets or the Knight Shares;
- the Companies had good and valid title in and to all respective rights, interests, agreements and properties relating to the Therapeutic Assets (if any);
- the Projections represented Management's best estimate of the anticipated financial results to be derived from the sale of Impavido world-wide, viewed prospectively as of the Valuation Date, and were based on Management's knowledge of the pharmaceutical industry (the "Industry"), including Impavido's potential competitors;

(19) Defined at Tab G, Section G.10.

- there were no contracts or agreements in effect or being negotiated, other than those noted herein, that would otherwise have a bearing on our Opinion;
- there were no material intervening events between the Valuation Date and the date hereof that have not been noted herein;
- there were no arm's length, *bona fide* offers received for any of the Therapeutic Assets within the twenty-four months immediately preceding the Valuation Date;
- there were no legal actions, proceedings or claims by or against the Companies that could materially affect our Opinion, which have not been noted herein;
- there were no unusual contractual obligations or substantial commitments, other than in the ordinary course of business, or litigation pending or threatened, that may have an impact on the prospects for, or value of, the Therapeutic Assets or the Knight Shares at the Valuation Date; and
- Management have no information or knowledge of any facts which have not been disclosed herein which could reasonably be expected to materially affect our Opinion.

In addition, we have obtained a letter from Management as to certain representations made and warranties given to us, as detailed in Section 4.3 below.

3. THE MARKET FOR THE THERAPEUTIC ASSETS AND THE KNIGHT SHARES

In arriving at our Opinion, we considered the *market* for the Therapeutic Assets and the Knight Shares and comment as follows:

There are, in essence, as many "prices" for a business, a business interest or an asset as there are purchasers; and each purchaser for a particular "pool of assets", be it represented by the overlying shares or the assets themselves, can likely pay a unique price because of the ability to utilize the assets in a manner particular to it. In an open market transaction, a purchaser will review a potential acquisition in relation to what perceived synergies (e.g., economies of scale, assured sources of supply and/or customers, reduction of competition, etc.) and/or strategic advantages may be available following acquisition. Theoretically, each purchaser can be presumed to be able to enjoy such economies of scale and/or strategic advantages in differing degrees and can therefore pay a different price for a particular pool of assets than can each other purchaser.

We believe that it is only in negotiation with a purchaser that such synergies and/or strategic advantages can be quantified and, in such a case, the purchaser is generally in a far better position to quantify the value to it of these perceived post-acquisition benefits than is the vendor.

Since the purchaser has a greater ability to recognize or identify the particular uses of the underlying assets, and to quantify them than the vendor, and as the Therapeutic Assets were not exposed by us for sale in the marketplace on or about the Valuation Date, it was not possible for us to attach any specific or finite value to possible post-acquisition synergies and/or strategic advantages, if such were to be applicable. Therefore, our Opinion does not include a special purchaser or strategic buyer premium, if such premium were to be appropriate.

4. SCOPE OF REVIEW

In forming our Opinion, we reviewed and relied upon, as considered appropriate by us, information and data gleaned from documents and information provided to us by Management and/or obtained by us from public sources with respect to Knight and the Therapeutic Assets and the Knight Shares as enumerated hereinbelow and in the Scope of Review sections at Tabs A and B.

4.1 Publicly-Available Documents

- Appendix “F”, to the Management Information Circular of Paladin, dated January 21, 2013 (Information concerning Knight Therapeutics and the Knight Shares);
- Schedule E, to the Arrangement Agreement, (Business Separation Term Sheet for Business Separation Agreements);
- Various extracts from the Arrangement Agreement;
- “Impavido, Drug to treat Parasitic Disease Leishmaniasis, Back by FDA Panel”, *Huffpost Healthy Living*;
- www.medscape.com, FDA Panel Endorses Miltefosine for Leishmaniasis., October 21, 2013;

- Impavido, 2013 Business Review & 2014 Forecast, Paladin, November 8, 2013;
- "Global Prospects and Policies", *International Monetary Fund,* October 2013;
- Todd R. Nelson and Arijit Mukherji, "Valuing Biotechnology Assets", *Nature Biotechnology,* Vol. 16, June 1998, pp. 525-528;
- Timothy D. Maio, ASA, and William F. Pittock, CFA, "Valuing Early Stage Life Sciences and Biotechnology Companies", *The Journal of Business Valuation*, Proceedings of the Fifth Joint Conference of The Canadian Institute of Chartered Business Valuators and American Society of Appraisers (Orlando, Florida: October 24-26, 2002), p. 193;
- Global Biopharmaceutical Royalty Rates & Deal Terms Survey, *Licensing Executives Society International,* December 2012;
- Ben McClure, Using DCF in Biotech Valuation, July 22, 2012, www.ivestopedia.com;
- Early Stage Life Sciences Technology Valuations, Journal of Commercial Biotechnology, *Macmillan Publishers Ltd*., Vol. 16.2 pp. 120-134.
- D. Larry, Smith, "Valuation of Life Sciences Companies — An Empirical and Scientific Approach", Hambrecht & Quist Monograph, January 4; 1994 and
- Mary Tanner, "Financing Biotechnology Companies", Association of Biotechnology Companies, NYC, September, 1991.

4.2 Interviews

We had discussions and various e-mail exchanges with Messrs. Jonathan R. Goodman, BA, LL.B, MBA, Chairman; Mark H. Nawacki, MBA, CA, Executive Vice-President of Business, Corporate and Product Development; and Ms. Samira Sakhia, MBA, CPA, CA, Chief Financial Officer of Paladin, regarding the Therapeutic Assets. We also held discussions with Paladin's legal counsel, Maitres Hillel W. Rosen and Brian Bloom, partners of Davies Ward Phillips & Vineberg LLP.

4.3 Letter of Representation

We have obtained a letter from Management wherein they have confirmed to the best of their knowledge certain representations made and warranties given to us, including a general representation that they:

- have reviewed this Report in draft and have discussed same fully with us;
- are satisfied with our explanations of the valuation concepts and approaches adopted by us and as set out herein;
- considers the assumptions made in our Report to be reasonable for purposes of our valuation;
- are not aware of any significant contingent assets or liabilities, unusual contractual obligations or substantial commitments, other than in the ordinary course of business, or litigation pending or threatened, which could affect our Opinion;
- have no information or knowledge of any facts not disclosed in this Report which could reasonably be expected to materially affect the valuation conclusions arrived at herein as of the Valuation Date;
- believe, to the best of their knowledge and ability, that the Projections prepared by them and the underlying assumptions with respect thereto are considered fair and reasonably achievable during the Projection Period;
- are not aware of any Special Purchasers in the marketplace on or about the Valuation Date; and
- are not aware of any significant factors or matters that bear on the Fair Market Value of the Therapeutic Assets and the Knight Shares at the Valuation Date that we have not considered in forming our Opinion.

5. ECONOMIC SUMMARY[20]

Our review of the world economic outlook at, or proximate to, the Valuation Date may be summarized as follows:

(20) "Global Prospects and Policies", *International Monetary Fund,* October 2013.

Global growth was still weak, its underlying dynamics were changing, and the risks to the forecast remained to the downside. As a result, new policy challenges were arising and policy spillovers could pose greater concern Notwithstanding there is no direct effect with respect to the price/value of Therapeutic Assets.

6. THE DISEASES TARGETED BY IMPAVIDO [21],[22]

6.1 General

Leishmaniasis (the "Disease") comes in three forms caused by a group of parasites known as Leishmania, which are spread by the bite of a female sand fly. According to the World Health Organization ("WHO"), the Disease affects an estimated 12 million people globally, with an estimated one to two million new cases occurring each year.

Leishmaniasis is rare in developed countries. Typically, it is found most often in the tropics, subtropics and southern Europe. In the U.S., people most often at risk include those immigrating or travelling from countries where the Disease is prevalent, military personnel as well as people with compromised immune systems.

6.2 Visceral Leishmaniasis ("VL")

VL, an infection of the liver, spleen, and bone marrow, affects approximately half a million people, primarily in the Indian subcontinent and East Africa. It is fatal if untreated. Current treatment includes intravenous or intramuscular amphotericin B antimony-resistant cases. These treatments have high rates of adverse effects.

6.3 Cutaneous ("CL") and Mucosal Leishmaniasis ("ML")

There are approximately 1.5 million cases worldwide of CL, an infection of the macrophages of the skin. Although routine cases self-heal in 3 to 15 months, CL can metastasize to ML, a progressive destruction

(21) "Impavido, Drug to treat Parasitic Disease Leishmaniasis, Back by FDA Panel", *Huffpost Healthy Living.*

(22) www.medscape.com, FDA Panel Endorses Miltefosine for Leishmaniasis., October 21, 2013.

of the mucosa and the cartilage and bones of the nose, pharynx, and larynx that does not usually self-heal.

7. IMPAVIDO

7.1 General

In March 2008, Paladin purchased all rights related to the manufacture, production, distribution, marketing, sale and/or use of miltefosine from Aeterna Zentaris Inc. and subsequently assigned all of its rights to Barbco. Miltefosine, sold under the brand name Impavido® throughout the world, recorded revenues of approximately $3.7 million in 2007. Miltefosine is a phosphocholine analogue currently marketed under the brand name Impavido®, the first oral drug for the treatment of visceral and cutaneous Leishmaniasis. Impavido® has been proven to be highly effective and less toxic than currently available treatments. Other currently available treatments are liposomal amphotericin (Ambisome®) and Paromomycin.

The Impavido IP, pursuant to the Business Separation Term Sheet, states:

> "...any or all of the following and all rights, arising out of or associated therewith: (a) all patents and applications therefor and all reissues, divisions, renewals, extensions, provisionals continuations and continuations-in-part thereof; (b) all inventions (whether patentable or not), invention disclosures, improvements, proprietary information, know-how, technology, technical data and customer lists, and all documentation relating to any of the foregoing; (c) all copyrights, copyright registrations and applications therefor, and all other rights corresponding thereto; (d) all industrial designs and any registrations and applications therefor; (e) all internet uniform resource locators, domain names, trade names, logos, slogans, designs, common law trademarks and service marks, trademark and service mark registrations and applications therefor and all goodwill associated therewith; (f) all software, databases and data collections and all rights therein; (g) all moral and economic rights of authors and inventors, however denominated; and (h) any similar or equivalent rights to any of the foregoing"

Historical sales and channels for Impavido are set out on Table 1 below:

Table 1

HISTORICAL SALES ($000)

	2010	2011	2012
Government tenders	1,736	2,041	0
Europe	1,192	1,035	1,011
Veterinary use	700	662	530
Others	137	772	536
Total	3,765	4,510	2,077

Impavido is currently listed as one of the five therapies for the Disease on the WHO's Essential Medicines list. It is currently approved in certain countries in Europe, the Indian subcontinent, and Central and South America as specified in Section 7.4 below.

Impavido has been granted priority review by the FDA, a status that reduces the review time to six months from the standard ten months. Priority review is typically given to experimental-products that address an unmet medical need or represent a major advancement over current treatment. We understand that, if approved, Paladin would receive a Voucher from the FDA giving it the right to receive a priority review of a future product that might not otherwise qualify for such a review.

7.2 Market for Impavido [23]

As noted above, the major markets for Impavido are the Indian subcontinent and southern Europe. Other potential markets are Central and South America and the U.S. where Impavido is expected to receive FDA approval in early 2014.

Leishmaniasis occurs in 98 countries, with 350 million people who are at risk. VL affects poor populations living in remote areas of over 80 countries across Asia, East Africa, South America and the Mediterranean Region. The seven most affected countries are:

(23) Impavido, 2013 Business Review & 2014 Forecast, Paladin, November 8, 2013.

- Bangladesh
- Brazil
- India
- Ethiopia
- Kenya
- Nepal
- Sudan

These countries represent over 90% of new cases. CL has a wider geographic range, with the majority of cases occurring in:

- Afghanistan
- Algeria
- Brazil
- Columbia
- Costa Rica
- Ethiopia
- Iran
- Sudan
- Peru
- Sudan

7.3 Customers

The main channels of distribution by Paladin for Impavido are:

- Government Tenders — These types of sales are made in India, Nepal, Bangladesh, through key partners;
- European Sales — These sales are made through a distributor in the European market;
- Veterinary Sales — These are worldwide sales of active ingredients for manufacture for the veterinarian market; and
- Others — These are sales channelled through the European distributor acting as wholesaler as well as miscellaneous non-repeat customers.

7.4 Product Registration

Impavido is registered for CL and VL in fourteen countries worldwide as follows:

- North America:
  - Mexico
- Central America:
  - Guatemala
  - Honduras
- South America:
  - Columbia
  - Ecuador
  - Peru
  - Bolivia
  - Paraguay
  - Argentina
- Europe:
  - Germany
- Indian subcontinent
  - Bangladesh
  - Nepal
  - India
  - Pakistan

7.5 Competitors

Management believes that Paladin is the only known company producing an oral Miltefosine based product for the treatment of CL or VL. Although new companies in India and China have recently commenced to market Miltefosine based products with the same indication, alternative treatments to Impavido are:

- Amphotericin B — Used intravenously, it is an antifungal drug, widely used to treat CL;
- Paromomycin — Used intravenously, it is an antibiotic that was demonstrated to be effective against CL in clinical studies in the USSR in the 1960s, and in trials with VL in the early 1990s.

8. VALUATION METHODOLOGY

8.1 General

The value of an asset is derived from its future benefits. Therefore, values are continually changing as those future benefits increase or decrease with the passage of time. However, these benefits cannot be measured with certainty, as there are different risks and earnings characteristics applicable to each asset. As no single formula can be used to determine the value of every asset (product) in every situation, different concepts, approaches and methods have evolved for estimating future benefits and asset values.

There are three "concepts" that are the basis for "valuation approaches" and "valuation methods" applied when valuing intellectual property (such as Impavido IP):

- Cost concept;
- Income concept; and
- Market concept.

In certain cases, a combination of the foregoing three concepts or approaches or other industry benchmarks, may be appropriate.

8.2 Valuation Concepts and Approaches

8.2.1 Cost Concept

The Cost Concept assumes that an asset's value is indicated by the cost of reproducing or replacing it, less an allowance for physical deterioration and obsolescence. The concept is commonly used for assets that are not sold on an active market, such as land improvements and special purpose equipment. For valuations of business ownership interests and securities, the concept generally applies to companies with little value beyond the current value of their tangible assets, such as holding companies. It is also used when valuing individual components of a business enterprise.

8.2.1.1 Cost-Based/Asset-Based Approach — General

The Cost-Based Approach is a general way of measuring the future benefits of ownership by quantifying the amount of money that would be required to replace the future service capability of the subject property. This approach contemplates that the cost to purchase or develop new property is commensurate with the economic value of the service that the property can provide during its life. It assumes that economic benefits exist and are of sufficient amount and duration to justify the expenditures. Under this approach, the current cost of obtaining an unused replica of the subject property or the cost of obtaining a property of equivalent utility are determined. Physical depreciation is deducted from the cost to reflect elements of functional obsolescence.

Although not intended to reflect Fair Market Value, the Cost-Based Approach is sometimes the only appropriate valuation method for newly-developed intellectual property. Although anticipating the future market share the new technology or product will capture may be entirely speculative, it would be inappropriate to label it as valueless. The key elements to consider in applying this approach are transferability, reasonableness and commercial potential.

In the event that there is strong evidence of technological and commercial potential, the Cost-Based Approach may not provide an indication of the highest price obtainable on the open market. This is because potential purchasers, in light of the subject's commercial potential, may be willing to pay a premium over the cost they would incur in attempting to replicate the property, and to become the proprietor of a novel product in a timely fashion. This premium may be measured by profits foregone throughout the design, development and initial market research processes.

8.2.2 Income Concept

The term "income" does not refer to income in the accounting sense, but to the future benefits accruing to the owner. Under the Income Concept, the future ownership benefits are estimated and discounted to present value using a rate of return commensurate with the risks associated with realizing those benefits.

8.2.2.1 Income Approach — General

The Income Approach is a general way of determining a value indication of an asset, using one or more methods wherein a value is determined by converting anticipated benefits into a capital sum. This approach contemplates the continuation of the business or commercial operations.

These anticipated benefits are expressed in monetary terms. Depending on the nature of the intellectual property, anticipated benefits may be reasonably represented by such items as Net Cash Flow, cost savings, royalties, licensing fees, and various forms of earnings.

The benefits are estimated considering such items as:

- The nature of the property and the manner in which it will be exploited;
- The economic and legal life of the property;
- Historical financial benefits derived from the exploitation of the property;
- Anticipated benefits which can be derived by alternative uses;
- Industry trends impacting on the exploitation and commercial potential of the intellectual property; and
- Economic factors.

Anticipated benefits are converted to value using procedures which consider the expected growth and timing, the risk profile of the benefits stream and the time-value of money. The conversion to value normally requires the determination of a Capitalization Rate and/or Discount Rate. In determining the appropriate rate, the valuator considers such factors as interest rates, rates of return expected by investors on relevant investments, the risk characteristics of the anticipated benefits, etc. Typically, the rate of return or Discount Rate used is consistent with the types of anticipated benefits used.[24]

Once the income associated with the property has been isolated, the more common methods or techniques applied under the Income Approach are:

- Capitalizing operating earnings or Cash Flow, applying either the Earnings Method or the Cash Flow Method; and
- Discounting the future stream of benefits, applying either the Discounted Cash Flow ("DCF") Method or the Discounted Future Earnings ("DFE") Method.

8.2.2.1.1 Earnings Method — General

The Earnings Method is a technique applied under the Income Approach. It is a two-variable process, requiring (a) an estimate of the subject's earning power and (b) the development of an appropriate Capitalization Rate to apply thereto. To value an asset applying the Earnings Method, the reported (i.e., accounting) profits, usually for the last three to five years, are analyzed and, where necessary, adjusted or "normalized" for valuation purposes to arrive at a representative level of likely, future maintainable earnings ("indicated earnings"), which represents the earning power of the asset.

8.2.2.1.2 Cash Flow Method — General

A variation of the Earnings Method is the "Cash Flow Method". Using this latter technique, Cash Flows (derived from the elimination of non-cash expenses such as depreciation and amortization) are substituted for earnings. The Cash Flow Method also assumes a minimum level of recurring (annual) capital reinvestment to sustain operations at existing levels.[25] As a notional purchaser in the marketplace is interested in the cash in-flows and out-flows of the asset, capitalizing the Net Cash Flow can often be more reliable than capitalizing earnings in valuing a going-concern, particularly when there have been substantial non-cash expenses booked in arriving at net earnings for accounting purposes.

(24) For example, pre-tax rates of return are used with pre-tax benefits; common equity rates of return are used with common equity benefits; and Net Cash Flow rates of return are used with Net Cash Flow benefits.

(25) Referred to as "ongoing capital maintenance" or "sustaining capital reinvestment". Defined at Tab G, Section G.11.

Where there is a definite trend in the subject's sales patterns and adjusted Cash Flows, the normalized (maintainable) Cash Flows are generally weighted (in order to place more emphasis on the most recent or indicative years) to arrive at a likely trend of annual, future (indicated) Cash Flow.

These adjusted Cash Flows are then capitalized by a price/Cash Flow multiple, to which result the Tax Shield[26] is added, in order to arrive at the Going-Concern Value of the asset.

8.2.2.1.3 Discounted Cash Flow Method — General

In situations where (a) future capital investments are required, (b) the specific timing of the revenues/cash in-flows and expenses/cash out-flows is particularly significant (e.g., the launching of new products, initial market penetration, a new venture, expansion of capacity, etc.) and/or (c) future expected results are either known or reasonably predictable, the DCF Method or a variation thereof such as the DFE Method is often appropriate.

This method is widely used by the venture capital market and persons transacting in this type of property as it is perceived to be the most appropriate basis on which to determine the value of intellectual property where the market debut is imminent.

Applying such method, projected future Cash Flows or earnings are discounted by a rate of return which considers a number of internal and external factors relating to the asset. When valuing an asset using a DCF approach, growth is already embedded in the projected Cash Flows, and consequently is not a component of the Discount Rate. Rather, greater emphasis in the choice of a Discount Rate is placed on:

- Business risk associated with the projected Cash Flows, including the risk that the end-product will function as expected, risks related to the extent of market acceptance and the risks that the demand for the product will be sustained as projected; and
- Illiquidity risk related to the ability to find a willing buyer or investor for the asset within a short period of time.

The development of an appropriate Discount Rate in valuing a product or service (such as Impavido IP) considers a number of the following factors:

(26) Defined at Tab G, Section G.12.

(a) Credibility and track record of management to measure the risks concerning the product's technical validity and commercial potential;

(b) Cash requirements and impact on the product or service being developed and market penetration (i.e., how far the cash requirements go toward launching the product or service);

(c) Level of funds already invested in the product or service as a measure of the faith that entrepreneurs have placed in the asset;

(d) Proprietary rights and novelty of the product or service being offered;

(e) Credibility of the management and marketing teams on which the successful commercialization of the product or service depends (experience, track record in the industry, etc.);

(f) Length of time projected before market penetration;

(g) Anticipated market reaction and acceptance of the product or service;

(h) Appropriateness of sales channels envisaged;

(i) Likelihood of (and/or degree of) competition; and

(j) Soundness and credibility of the company's business plan.

8.2.3 Market Concept

The Market Concept assumes that value can be estimated from analyzing recent sales of comparable assets. Applying a valuation methodology under this concept requires a thorough search for comparable assets and thorough analysis and adjustments of the comparative data, both public and private.

8.2.3.1 Market Approach — General

The Market Approach to valuation is a general way of determining a value indication of an asset or an interest therein or the value using one or more methods that compare the subject to similar assets, business ownership interests and securities that have been sold. Examples of methods applied under this approach include, as appropriate, (a) the Guideline Public Company Method, (b) the Guideline Transactions Method, as well as (c) analyses of prior transactions of ownership interests in the subject asset.

8.2.3.1.1 Guideline Public Company Method — General

The Guideline Public Company Method is a method whereby market multiples are derived from market prices of stocks of companies that are engaged in the sale of the same or similar assets and that are actively-traded on a free and open market. Under this method, guideline company data are gathered in order to develop value measures that can be applied to the subject company and analyzed in order to reach an indication of value for the subject intangible assets. This is affected by analyzing the prices of shares of reasonably comparable publicly-traded companies that distribute/sell assets similar to the asset being valued.

8.2.3.1.2 Guideline Transactions Method — General

Applying this method, Valuation Ratios[27] are derived from open-market transactions of the asset or similar assets.

The factors considered in judging a reasonable basis for comparing the subject to similar assets that have been sold in the open market include:

- the length of time the asset was exposed for sale in the marketplace;
- extent and verifiability of data known about the similar asset;
- whether or not the price of the similar asset was obtained in an arm's length transaction, as a result of a forced or distressed sale, or other fact situation that may not provide evidence of Fair Market Value; and
- the relevance of market conditions existing at the transaction date and those at or proximate to the valuation date for purposes of the subject valuation.

8.2.3.1.3 Prior Transactions of Shares of the Subject Asset — General

This valuation method under the Market Approach includes the analysis of any prior transactions in the ownership of the subject asset within a meaningful timeframe. In this regard, an analysis is made to determine, among other things, whether:

(27) Defined at Tab G, Section G.13.

(a) the transaction was at arm's length;

(b) the transaction was the result of a forced or distressed sale (or purchase);

(c) the transaction represented a fractional interest in the assets;

(d) the transaction was pursuant to the terms of a buy/sell agreement or put option; and

(e) the market conditions at the time of the transaction were consistent with those at the valuation date with respect to the subject valuation.

8.2.4 Combination of Approaches — General

In certain circumstances, a composite figure is determined (based upon a combination of valuation approaches as outlined hereinabove) where the values calculated under each approach are considered in arriving at the composite value of the asset. While there is no precise formula for determining the relative weights to be assigned to each approach, the results are usually weighted according to the reliability and significance of each, if and when this composite approach is considered appropriate.

8.3 Valuation Methodology Adopted

Having considered the generally-accepted approaches to valuation in the light of industry trends, the documents and information noted in Section 4, **SCOPE OF REVIEW,** and based on our discussions and interviews with Management, the approaches that we adopted are described in Tabs A to C.

9. CONCLUSION

In our Opinion, as set forth in Section 2 of this Report, the respective estimated Fair Market Values of the Therapeutic Assets and the Knight Shares as of the Valuation Date are as follows. (If asked to be more specific, we would suggest the mid-points of the ranges.)

		Fair Market Value Range		
	Report Reference	**High ($)**	**Low ($)**	**Mid-Point ($)**
Impavido IP	Tab A	2,656,000	2,431,000	2,544,000
Voucher	Tab B	15,000,000	5,000,000	10,000,000
Delco Shares	Tab C	10,000	5,000	8,000
Barbco License	Tab D	13,564,000	3,564,000	8,564,000
Knight Barbco Rights	Tab E (1)	1,600,000	1,548,000	1,575,000
Barbco Rights	Tab E (2)	1,677,000	1,607,000	1,642,000
Knight Shares	Tab F	16,989,000	6,830,000	11,910,000

Trusting the foregoing will be of assistance to you, we remain,

Yours very truly,

MNP LLP

Richard M. Wise

Per: Richard M. Wise, FCPA, FCA, FCBV, FASA, FRICS, MCBA, CVA, C.Arb

Per: Gerald S. Blackman, CPA, CA, CBA,CVA

MNP LLP

TAB A

IMPAVIDO IP

TAB A — VALUATION OF IMPAVIDO IP

A.1 Scope of Review

In forming our Opinion, we reviewed and relied upon, as considered appropriate by us, the following information and data gleaned from documents and information provided to us by Management or obtained by us from public sources, as detailed below:

- The Projections;
- Schedule E (Business Separation Term Sheet), Business Separation Agreements, Summary of Terms and Conditions;
- License and Distribution Agreement;
- Impavido 2013 Business Review & 2014 Forecast, Paladin, November 8, 2013;
- Impavido actual financial results for the five years ended December 31, 2012;
- Bank of Canada Website;
- *Ibbotson SBBI 2013 Valuation Yearbook*, Morningstar, Inc. (Chicago: 2013); and
- *Risk Premium Report 2012*, Duff & Phelps, LLC (Chicago) ("Duff & Phelps").

A.2 Application of DCF Method

We applied the DCF Method (under the Income Approach), using Management's Projections. In our application of the DCF Method, we:

(a) reviewed, with Management, the Projections, including the underlying assumptions and calculations on which they were based. To satisfy ourselves as to the reasonableness of the assumptions underlying the Projections, we corroborated same (whenever possible) with information gathered from independent sources;

(b) deducted estimated income taxes, to arrive at the Net Cash Flow for each year in the Projection Period;

(c) developed an appropriate Discount Rate to apply to the Net Cash Flow as calculated in (b) in each of the years in the Projection Period, having regard to the internal and external factors impacting Impavido IP (including rates of return on alternative investments, the degree of risk attached in achieving the indicated level of Net Cash Flow, future prospects, etc.);

(d) determined the present value of the Net Cash Flow at the Valuation Date for each of the years in the Projection Period arrived at in (b) by applying the Discount Rate developed in (c);

(e) determined the residual (terminal) value of the Impavido IP at the end of the Projection Period (year 2023) by capitalizing the last year's Net Cash Flow by an appropriate rate of return. Our development of the Capitalization Rate considered the factors referred to in (c). The capitalized Net Cash Flow for 2023 was discounted back to the Valuation Date; and

(f) aggregated the present value of the Net Cash Flow in (d) and the present value of the terminal value in (e) to arrive at the estimated Fair Market Value of Impavido IP as at the Valuation Date.

A.3 Approaches Considered But Rejected

A.3.1 Asset-Based Approach

We rejected the Asset-Based Approach in valuing Impavido IP, as the prime determinant of the Impavido IP's value was its ability to generate future Net Cash Flow. At the Valuation Date, Impavido was developed and had achieved sales as noted on Table 1, "Historical Sales", in Section 7.1. The benefits of these factors far outweighed the costs to reproduce Impavido. Consequently, in our view, a notional purchaser would be prepared to pay a premium over the costs to reproduce Impavido. Such premium would be a function of the earning potential of Impavido. Consequently, we considered the Income Approach to be appropriate in the circumstances.

A.3.2 Market Approach

As we were unable to identify any publicly-traded Guideline Companies, or any open-market transactions of significant interests in similar types of companies during the past twenty-four months, (i.e., marketing the same or similar products to Impavido), that may have provided meaningful empirical data for valuation purposes, the Market Approach (Section 8.2.3.1) was not considered to be appropriate in the circumstances.

A.4 The Projections

A.4.1 Projected Sales

Management has prepared the following sales projections based on historical sales as well as their understanding of Impavido's market as of the Valuation Date.

Table A-1

Projected Sales

	2014	2015	2016	2017-2023
Government tenders	$ -	$ -	$ -	$ -
Europe	1,089	1,092	1,091	1,100
Veterinary use	126	402	541	600
Others	68	66	66	70
New U.S.	-	30	30	30
New Latin America	-	-	-	-
	$1,283	$1,590	$1,728	$1,800

Management believe that, going forward, Government tender sales are uncertain as new competitors have entered the tender market, which may reduce the likelihood of winning new tenders in the future.. They believe that sales of active ingredients for veterinary use in 2014 will be lower than historical sales because of the significant sales made in 2013 which will reduce the demand in 2014. Minimal sales have been forecasted for the U.S. commencing in 2015, as this will be a new market for Impavido. In addition, Latin America is a potential market, which has not been exploited as of the Valuation Date.

Management believe that 2017 sales represents the level of sales that Impavido will achieve in the years subsequent to 2017.

A.4.2 Gross Profit

Our review of historical results shows that the lowest gross profit is achieved on Government tender sales followed by active ingredient sales for veterinary use with the highest being European sales. Accordingly, volatility in the gross profit margins results from the sales mix in these different markets. Historically, the average gross profit achieved during the period 2008 to 2014 was 75.3%. The projected gross profit considering the historical gross profit mix would be as follows:

Table A-2

Projected Gross Profit %

	2014	2015	2016	2017
Gross Profit	61.0	93.8	92.6	75.0

A.4.3 Expenses

Management estimated the indirect expenses to be as follows, based on the levels and nature of the projected sales:

Table A-3

Projected Expenses

	2014	2015	2016	2017
Indirect Expenses	$408,817	$437,177	$454,455	$225,000

A.4.4 Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

Projected EBITDA for each of the years of Projection Period is set out on Schedule A-3.

A.4.5 Net Cash Flow

From the projected EBITDA, we deducted estimated Barbadian income taxes of 2.5% for international business companies, yielding the Net Cash Flow for each of the years in the Projection Period.

A.5 Discount Rate

A.5.1 General

As the DCF Method considers that the Net Cash Flow would be received over a number of future years, we applied present-value factors (i.e., discount factors) thereto, discounting each year's Net Cash Flow during the Projection Period back to the Valuation Date. To develop the Discount Rate (rate of return) we applied the Build-Up Method (outlined in Section A.5.4), which also considered prevailing Rates of Return on alternative investments (set out in Section A.5.3).

A.5.2 Risk Factors

An acceptable rate of return will change with time and situation. However, the factors to be considered in the determination thereof are generally constant and include a number of positive and negative risk factors having a bearing on Impavido IP.

- *Positive Factors*
    - Paladin has a successful track record in the marketing of Impavido in the world markets;
    - Impavido has achieved success in its target markets;
    - Impavido is superior to competitive drugs in the treatment of CL and VL;
    - Impavido is registered for sale in fourteen countries;
    - FDA approval in the U.S. is expected in early 2014; and
    - The Disease occurs in 98 countries and affects 350 million people.

- *Negative Factors*
    - While Impavido is registered in 14 countries, it only sells mainly in two;
    - There is increasing competition from the Indian Sub-Content and China;
    - There are significant pricing discrepancies depending on the sales channel;
    - New generic products entering the market;
    - Competitors can enter the tendering business; and
    - There are no long-term sales contracts.

A.5.3 Rates of Return on Alternative Investments

The following approximate rates of return prevailed on or about the Valuation Date:[28]

Table A-4
RATES OF RETURN ON ALTERNATIVE CANADIAN INVESTMENTS
JANUARY 31, 2014

Selected Government of Canada benchmark bond yields:	
➢ 5 years	1.57%
➢ 7 years	1.84%
➢ 10 years	2.36%
➢ Long-term	2.94%
Canadian chartered bank prime lending rate for business loans	3.00%
Conventional mortgage lending rates, 5 years	5.24%

SOURCE: Rates and Statistics, Bank of Canada Website.

A.5.4 Application of Build-Up Method

The primary technique for developing a Discount Rate[29] (rate of return) to apply to a stream of Net Cash Flow is the Build-Up Method. The Build-Up Method is based on the principle that a business' cost of capital comprises a number of identifiable risk factors which, when added together, result in the total return required on the purchase of an asset or a business.

The Build-Up Method incorporates a multi-step process in "building-up" the average market return. The first step is to determine the risk-free rate as at the Valuation Date. To this rate is added (a) an equity risk premium (applicable to public companies) that an equity investor would require in order to receive a market rate of return on equity, and (b) an investment-specific risk premium (or discount) pertaining to the risk perceived by the particular acquiree relating to the subject asset (including size) being acquired.

Discount factors first consider the "risk-free" rate of return, such as the yield on Government of Canada benchmark long-term bond yields (2.94% at the Valuation Date). Adjustments are made thereto for valuation purposes in respect of other internal and external factors impacting the future prospects of the

(28) Used only for purposes of arriving at a hypothetical value, assuming that these rates would be applicable on February 17, 2014.

(29) The difference between a Discount Rate and a Capitalization Rate is that the former excludes growth, which is already considered in the financial projections. Definition of each is at Tab G, Sections G.1 and G.3.

asset or business. Respective weights are applied to each factor for purposes of arriving at an appropriate rate of return. That is, in valuing Impavido IP, we estimated the rate of return that a notional purchaser of Impavido IP would require, considering the various factors bearing on the future prospects of Impavido IP (as of the Valuation Date), when a risk-free return on a “non-growth” security generating interest income (Government of Canada benchmark long-term bonds) was, at the time, 2.94%.[30]

The next step in the application of the Build-Up Method is to add an equity risk premium, which is the additional return sought by an equity investor in excess of the risk-free rate of return. We used an equity risk premium of 3.45%.[31]

Adding the risk-free rate of 2.94% and equity risk premium of 3.45% resulted in an average market equity rate of return of 6.39% (on large-capitalization equities).

As the 6.39% market rate on equities was calculated by reference to freely-traded equity shares, we applied a discount for lack of Liquidity (Illiquidity Discount), as Impavido IP is not liquid (as are publicly-listed shares). Applying an Illiquidity Discount of 10.00% yielded a rate of return of 7.10% before considering the factors specific to Impavido IP, with respect to which we made adjustments for the following:

- *Size* — As an additional return is sought by equity investors to compensate for the (small) size of a business compared to large, publicly-traded companies, we applied a size premium of 8.38%.[32]
- We then adjusted the result in respect of certain factors specific to Impavido IP such as Industry trends, (the Net Cash Flow to be generated); dependence on key customers; risk of delays in approval of Impavido by the FDA; patent protection; government regulation; competition and market share; level and trends of profitability; etc. (such factors resulting in an estimated net risk premium of 6.30%).

The Net Cash Flow Discount Rate applicable to Impavido IP was determined by aggregating the average market rate of return of 7.10%, size premium of 8.38%, and the specific risk premium of 6.30% applicable to Impavido IP. This resulted in a Net Cash Flow Discount Rate in the range of 21.24% to 22.33%, applicable to Impavido IP.

(30) Bank of Canada.

(31) *Ibbotson SBBI 2012 Valuation Year Book*, Morningstar, Inc.

(32) Duff & Phelps, Chicago.

A.5.5 Public Market Multiples

The price/earnings multiples in the public market generally vary with a host of factors, including interest rates, money markets, stock market trends, industry trends, economic and political factors, anticipated growth, etc. It was not possible to make direct comparisons between Impavido IP and an appropriate rate of return for same and the rate of return implicit in transactions of a similar nature or regarding similar licensing rights; nor with respect to trading values of publicly-traded shares at the Valuation Date, as there were no public companies marketing the same or similar products of which we are aware.

A.5.6 Present Value Summary

Applying the Discount Rate of 21.24% and 22.33% to each year's Net Cash Flow during Impavido IP Projection Period, we arrived at the present value thereof at the Valuation Date, being in the range of $1,699,000 to $1,818,000 (Schedule A-1).

A.6 Terminal Value

The DCF Method includes, in the calculation of Fair Market Value, the present value (as of the Valuation Date) of the terminal value of Impavido IP at the end of the Projection Period. To determine such terminal value, we used the Net Cash Flow for the year ending December 31, 2023, as it was Management's view that such Net Cash Flow would be the level achievable in the future. We accordingly used the Net Cash Flow of $971,100.

A.6.1 Capitalization Rate, Terminal Year

In developing the Capitalization Rate (price/cash flow multiple) to apply to the projected Net Cash Flow for the terminal year (2023), we considered the rates of return on alternative investments, as well as the risk factors referred to in Section A.5.2 above.

Based on our review and analysis of the factors referred to hereinabove, we considered an appropriate Capitalization Rate to be in the range of 18.91% to 19.88%. The inverse thereof is a price/Net Cash Flow multiple of 5.0 to 5.3.

A.6.2 Summary

Capitalizing the Net Cash Flow of $971,100 for the year ending December 31, 2023 (Schedule A-2) at a multiple of between 5.0 and 5.3 times yielded the capitalized Net Cash Flow value of the Impavido IP at the end of the Projection Period (December 31, 2023), $4,885,000 to $5,136,000. Applying a present-value factor (Discount Rate) of 21.24% to 22.33% thereto resulted in a terminal value range of $732,000 to $838,000 as of the Valuation Date (Schedule A-2).

A.7 Conclusion

We aggregated the present value of the Net Cash Flow (Section A.5.6 above) and the present value of the terminal value (Section A.6) yielding the Fair Market Value of Impavido IP as of the Valuation Date, being in the range of $2,431,000 to $2,656,000 (Schedule A).

Schedule A

PALADIN LABS (BARBADOS) INC.

VALUATION OF IMPAVIDO INTELLECTUAL PROPERTY

SUMMARY

AS AT FEBRUARY 17, 2014

	RANGE		
	High		**Low**
Present value of Net Cash Flow (Schedule A-1)	$ 1,818,000		$ 1,699,000
Present value of Terminal Value (Schedule A-2)	838,000		732,000
Estimated Fair Market Value of Impavido IP	**$ 2,656,000**		**$ 2,431,000**
Mid-point, rounded		**$ 2,544,000**	

NOTE: This schedule forms part of, and should be read in conjunction with, the accompanying report.

Schedule A-1

PALADIN LABS (BARBADOS) INC.

VALUATION OF IMPAVIDO INTELLECTUAL PROPERTY

PRESENT VALUE OF NET CASH FLOW

AS AT FEBRUARY 17, 2014

		FOR THE YEARS ENDING DECEMBER 31									
		2014*	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Net Cash Flow (loss) (Schedule A-3)		$ (1,588,248)	$ 752,885	$ 932,646	$ 971,100	$ 971,100	$ 971,100	$ 971,100	$ 971,100	$ 971,100	$ 971,100
Discounting period		0.417	1.417	2.417	3.417	4.417	5.417	6.417	7.417	8.417	9.417
Present value factor at Discount Rate of	21.24%	0.9229	0.7612	0.6279	0.5179	0.4272	0.3524	0.2906	0.2397	0.1977	0.1631
Present value of Net Cash Flow (loss)		$ (1,465,789)	$ 573,124	$ 585,604	$ 502,942	$ 414,844	$ 342,178	$ 282,241	$ 232,802	$ 192,023	$ 158,387
Total (rounded)		**$ 1,818,000**									
Present value factor at Discount Rate of	22.33%	0.9195	0.7517	0.6145	0.5023	0.4106	0.3357	0.2744	0.2243	0.1834	0.1499
Present value of Net Cash Flow (loss)		$ (1,460,337)	$ 565,909	$ 573,084	$ 487,808	$ 398,779	$ 325,998	$ 266,501	$ 217,862	$ 178,101	$ 145,596
Total (rounded)		**$ 1,699,000**									

* For the ten-month period March 1 to December 31, 2014 (10/12 of ($1,905,898))

Schedule A-2

PALADIN LABS (BARBADOS) INC.

VALUATION OF IMPAVIDO INTELLECTUAL PROPERTY

TERMINAL VALUE

AS AT FEBRUARY 17, 2014

Net Cash Flow — 2023 (Schedule A-1)					$ 971,100	
					RANGE	
				High		**Low**
Capitalized at:						
18.91%	(	5.3	times)	$ 5,135,900		$ -
19.88%	(	5.0	times)	-		4,885,300
Terminal Value at December 31, 2023				5,136,000		4,885,000
Discount factors at						
21.24%				0.1631		-
22.33%				-		0.1499
Terminal Value at February 28, 2014 (rounded)				**$ 838,000**		**$ 732,000**

NOTE: This schedule forms part of, and should be read in conjunction with, the accompanying report.

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Schedule A-3

PALADIN LABS (BARBADOS) INC.

VALUATION OF IMPAVIDO INTELLECTUAL PROPERTY

PROJECTED STATEMENTS OF CASH FLOW

FOR THE YEARS ENDING DECEMBER 31

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	$ 1,283,338	$ 1,590,215	$ 1,728,436	$ 1,800,000	$ 1,800,000	$ 1,800,000	$ 1,800,000	$ 1,800,000	$ 1,800,000	$ 1,800,000
Cost of sales	500,534	98,795	127,150	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Gross profit	782,804	1,491,420	1,601,286	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000
Direct expenses										
Royalties	18,459	22,832	24,801	27,000	27,000	27,000	27,000	27,000	27,000	27,000
Distribution	16,340	11,361	11,830	72,000	72,000	72,000	72,000	72,000	72,000	72,000
Selling	40,000	20,000	10,000	-	-	-	-	-	-	-
Research and development direct	2,253,955	227,860	143,640	30,000	30,000	30,000	30,000	30,000	30,000	30,000
	2,328,754	282,053	190,271	129,000	129,000	129,000	129,000	129,000	129,000	129,000
"Contribution margin"	(1,545,950)	1,209,367	1,411,015	1,221,000	1,221,000	1,221,000	1,221,000	1,221,000	1,221,000	1,221,000
Indirect expenses	408,817	437,177	454,455	225,000	225,000	225,000	225,000	225,000	225,000	225,000
EBITDA margin (loss)	(1,954,767)	772,190	956,560	996,000	996,000	996,000	996,000	996,000	996,000	996,000
LESS: Estimated income taxes @ 2.5%	48,869	(19,305)	(23,914)	(24,900)	(24,900)	(24,900)	(24,900)	(24,900)	(24,900)	(24,900)
Net Cash Flow (loss)	$ (1,905,898)	$ 752,885	$ 932,646	$ 971,100	$ 971,100	$ 971,100	$ 971,100	$ 971,100	$ 971,100	$ 971,100

SOURCE: Paladin's Projections.

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Schedule A-4

PALADIN LABS (BARBADOS) INC.

VALUATION OF IMPAVIDO INTELLECTUAL PROPERTY

PROJECTED REVENUE

(000s)

	Actual — Years Ended December 31			Projections — Years Ending December 31										
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Government tenders	$ 1,736	$ 2,041	$ -	$ 1,270	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Europe	1,192	1,035	1,011	1,255	1,089	1,092	1,091	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Veterinary sales	700	662	530	641	126	402	541	600	600	600	600	600	600	600
Others	137	772	536	84	68	66	66	70	70	70	70	70	70	70
New USA	-	-	-	-	-	30	30	30	30	30	30	30	30	30
	$ 3,765	**$ 4,510**	**$ 2,077**	**$ 3,250**	**$ 1,283**	**$ 1,590**	**$ 1,728**	**$ 1,800**	**$ 1,800**	**$ 1,800**	**$ 1,800**	**$ 1,800**	**$ 1,800**	**$ 1,800**

SOURCE: Paladin's Projections.

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Schedule A-5

PALADIN LABS (BARBADOS) INC.

VALUATION OF IMPAVIDO INTELLECTUAL PROPERTY

COMPARATIVE STATEMENTS OF INCOME (LOSS) — ACTUAL
FOR THE YEARS ENDED DECEMBER 31

	2008	2009	2010	2011	2012
Revenue	$ 1,437,440	$ 4,174,170	$ 3,765,358	$ 4,510,291	$ 2,076,671
Cost of sales	428,657	851,150	781,640	674,521	566,553
Gross profit	1,008,783	3,323,020	2,983,718	3,835,770	1,510,118
Direct Expenses					
Royalties	44,599	55,613	234,355	78,666	29,787
Distribution	192,112	265,307	65,806	81,658	28,258
Marketing	3,810	305,413	164,784	251,816	-
Trace allowance	-	-	2,430	6,329	14,493
Research and development	584,413	535,363	351,504	1,269,065	1,331,207
	824,934	1,161,696	818,879	1,687,534	1,403,745
"Contribution margin"	183,849	2,161,324	2,164,839	2,148,236	106,373
Indirect Expenses					
Marketing administration	44,514	166,929	111,690	136,635	49,840
Indirect selling	10,771	36,617	12,900	9,665	2,284
General and administrative	24,913	27,802	28,794	20,670	10,383
Indirect brand support	188,921	379,479	265,140	333,632	187,440
Business development	98,228	253,137	132,621	190,811	122,368
Research and development	52,898	63,046	70,895	125,238	30,942
	420,245	927,010	622,040	816,651	403,257
EBITDA margin (loss)	(236,396)	1,234,314	1,542,799	1,331,585	(296,884)
LESS: Amortization	653,918	2,016,246	2,992,675	2,992,675	-
EBIT margin (loss)	$ (890,314)	$ (781,932)	$ (1,449,876)	$ (1,661,090)	$ (296,884)

SOURCE: Barbco's Statement of Income and Loss.

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TAB B

VALUATION OF THE VOUCHER

TAB B — VALUATION OF THE VOUCHER

B.1 THE VOUCHER

The FDA, a U.S. government agency, is responsible for regulating and overseeing the process surrounding the commercialization of all new drugs in the U.S. The FDA regulates and approves the packaging, manufacturing and testing of new medical products and their utilization.

The Voucher program, currently administered by the FDA, was passed into law in 2007 as a mechanism to help promote research and development for new medicines targeting neglected tropical diseases (“NTD”), malaria and tuberculosis. Under this law, companies that receive FDA approval for a novel drug or vaccine targeting one of the 16 tropical diseases are awarded a transferable Voucher. The Voucher can be sold to a second organization or can be redeemed to grant the bearer six-month priority review by the FDA for a future medicine of their choosing. The standard review period has decreased from nineteen months in 1993 to approximate ten months in 2011.[33] As a result the Voucher could potentially allow drugs to reach the market up to four months earlier.

The Voucher program as implemented carries restrictions that make earning or using a Voucher difficult or impractical, such as a requirement that developers provide notice to the FDA at least one year prior to the use of a Voucher (often before clinical trials have concluded) as well as paying a non-refundable priority review fee, which was set at $2,325,000 for 2014. Further the Voucher has not resulted in demonstrated value for any company to date.

Novartis AG (“Novartis”) was the first company to have received a Voucher (on April 7, 2009), which they used in 2011 to accelerate the review of a supplemental new drug application (“NDA”) for their drug Ilaris. The FDA conducted a six-month priority review but ultimately denied approval citing the need for further data to assess the overall safety profile.[34]

In 2012 Johnson & Johnson Inc. (“J & J”) received the second issued Voucher for its tuberculosis drug, which it can use for the review of some other product of its choosing.[35]

(33) Innovative Drug Approvals, page 6.

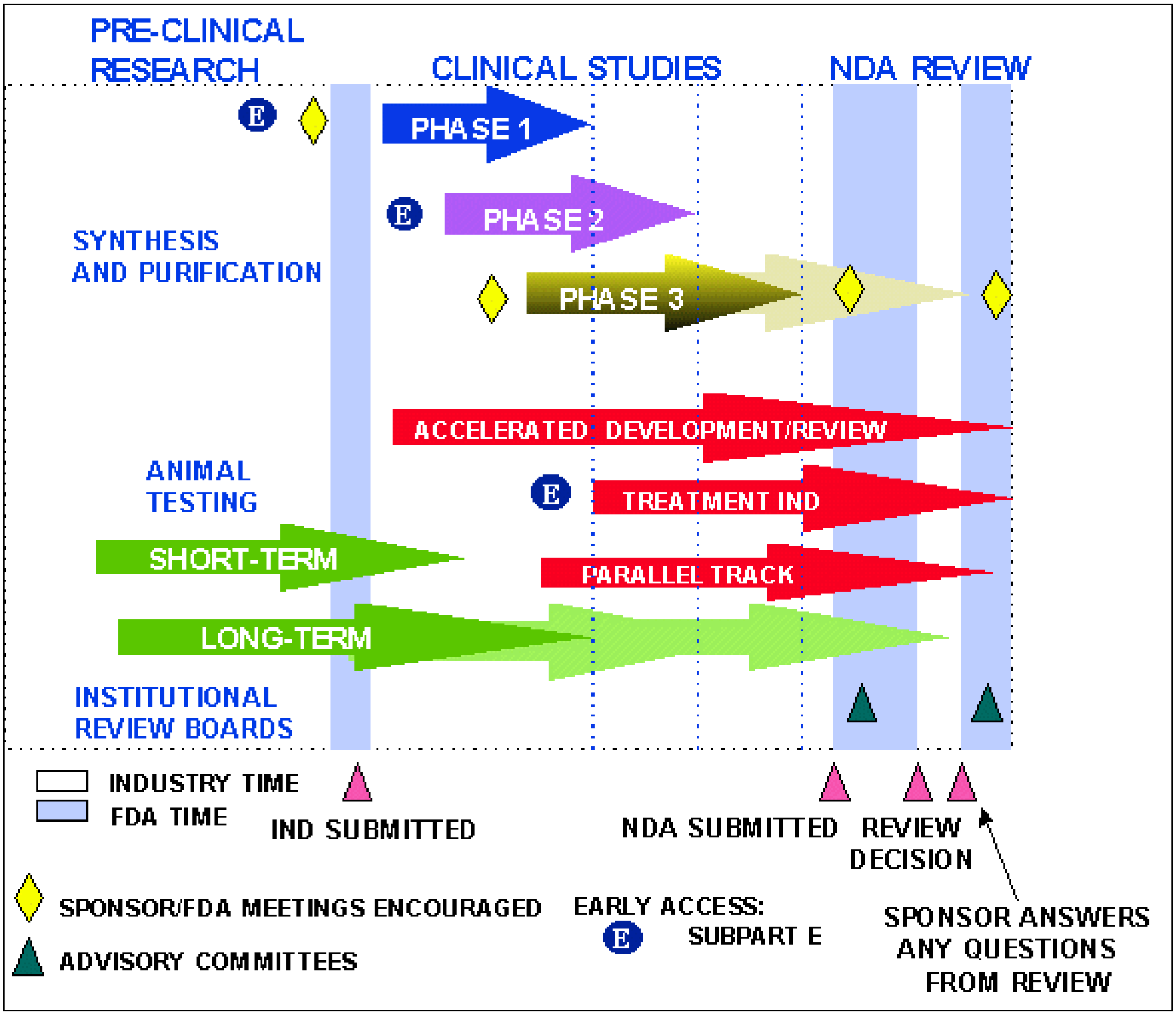
(34) Waseem Noor, “Placing Value on FDA’s Priority Review Vouchers”, *IN VIVO: The Business & Medicine Report*, Vol. 27, No. 8, September 2009.

(35) Laura Helbling, “J &J TB Drug Shows Priority Review Vouchers and Accelerated Approvals Can Peacefully Coexist”, *Essential Insight for the Healthcare Industry,* January 4, 2013.

B.2 Drug Approval Process

A new drug in the U.S. must go through various stages of development prior to commercialization.

The different stages leading to approval of a new medical product are presented in the following diagram:[36]



(36) *The New Drug Development Process*, http://www.fda.gov/cder//handbook/develop.htm.

The FDA estimates that eight and one-half years of studies and tests are typically required before a new drug can gain approval for commercialization. The following discussion summarizes the most important stages towards commercialization.

B.2.1 Pre-Clinical Research

At this stage, the drug sponsor must initially demonstrate that the drug is reasonably safe for small-scale clinical studies. During this stage, the sponsor examines the drug's toxic and pharmacologic effects through *in vitro* and *in vivo* animal testing conducted in a laboratory. The sponsor can also compile available data from previous clinical testing or marketing of the drug or from non-clinical *in vitro* laboratory or animal studies to satisfy this requirement.

B.2.2 Investigational New Drug ("IND")

IND Application is the stage at which the sponsor demonstrates the success of the pre-clinical research. This application, if approved, will enable the sponsor to commence clinical studies on humans.

As the objective of the IND Application is to establish if the new drug is reasonably safe for initial use in humans, this process is oriented towards collection of sufficient data and information to determine whether the product will expose humans to unreasonable risks when used in limited, early-stage clinical studies. Such data and information relate to three general categories: (a) clinical protocols and investigative qualifications; (b) animal pharmacology and toxicology studies; and (c) information concerning the composition, manufacturer, control process and stability of the drug product.

The two types of IND Applications are (a) commercial INDs, filed by companies having the ultimate objective of obtaining marketing approval for a new drug, and (b) non-commercial INDs, which are filed for purposes of non-commercial research.

B.2.3 Phase I Clinical Studies

Phase I marks the first introduction of the drug into humans. It enables the sponsor to identify the metabolic and pharmacologic actions of the drug in humans and, in some cases, the side-effects and efficiency of the drug when increased doses are administered to subjects. Although the new drug can be given to actual patients, it is normally administered to healthy volunteers. Twenty to eighty subjects are typically included in these studies.

The goal of Phase I clinical studies is to obtain sufficient data as to the drug's pharmacological and pharmacokinetic effects in order to plan and implement scientifically valid, well-controlled Phase II studies. These objectives are accomplished by analyzing drug metabolism, structure-activity relationships and the human reaction to the drug.

The FDA's Center for Drug Evaluation and Research ("CDER") can halt a clinical trial that has commenced or prohibit a study from proceeding because of failure to adequately disclose risks of study to investigators or for reasons of patient safety.

B.2.4 Phase II Clinical Studies

Although this phase includes a sample of several hundred people, the studies are closely monitored and well-controlled, as they are typically administered to patients who are affected by diseases or conditions the drug is seeking to relieve. Phase II enables the sponsor to obtain an indication of effectiveness, as well as short-term side-effects and other risks associated with the drug. It also comprises controlled clinical studies conducted to gather preliminary data on the suitability of the drug for the treatment of particular diseases or conditions. Phase II clinical studies are intended to provide reasonable evidence as to the effectiveness of the drug prior to the expanded scope of trials to be performed in Phase III.

B.2.5 Phase III Clinical Studies

Phase III includes both controlled and uncontrolled trials. Clinical studies in this phase are performed only if the drug has satisfactorily demonstrated effectiveness in Phase II. Phase III trials are typically expanded to include several hundred to several thousand subjects.

Phase III clinical trials are designed to glean additional information as to the safety and effectiveness of the subject drug sufficient to evaluate its overall benefit-risk profile.

Phase III studies are also intended to constitute a robust sample to be used to project the results over the general population in a manner that may be meaningfully understood by physicians.

As in the case in Phases I and II, Phase III studies may be halted by CDER if the studies are deemed unsafe or if the protocol of the study is poorly designed in terms of its ability to meet intended objectives.

B.2.6 New Drug Application

The final step in the approval process is the NDA, comprising the results and relevant information obtained in all of the previous steps submitted to the FDA for approval to commence commercialization.

The requirement for an NDA for every new drug in the United States has been in place since 1938. The components of an NDA are fairly uniform in terms of context and format, and include sections that address or include:

- Chemistry, manufacturing and control;
- Samples, methods validation packaging and labelling;
- Non-clinical pharmacology and toxicology;
- Human pharmacokinetics and bioavailability;
- Microbiology;
- Clinical data;
- Safety update report;
- Statistical data;
- Case report forms;
- Case report tabulations;
- Patent information; and
- Patent certification.

B.3 Scope of Review

In forming our Opinion, we reviewed and relied upon, as considered appropriate by us, in addition to that set out hereinabove in the **Scope of Review** (Section 4, pages 8 and 9), the following information and data obtained by us from public sources:

- Waseem Noor, "Placing Value on FDA's Priority Review Vouchers", *IN VIVO: The Business & Medicine Report*, Vol. 27, No. 8, September 2009;
- Henry G. Grabowski, David B. Ridley, and Jeffrey Moe, "Encouraging Innovative Treatment Of Neglected Diseases Through Priority Review Vouchers", *Prescribing Cultures and Pharmaceuticals Policy*;
- Andrew S. Robertson, Rianna Stefanakis, Don Joseph, Melinda Moree, "The Impact of the US Priority Review Voucher on Private-Sector Investment in Global Health Research and Development", *PLOS Neglected Tropical Diseases*, Vol. 6, Issue 8, August 2012;
- Guidance for Industry Tropical Disease Priority Review Vouchers, *Federal Register*, October 2008;
- "Companies can benefit from Global Health Investment", Emory University, www.globalhealthprimer.org;
- Ask-Cato.com Contributor, "The Basics, History, and Record of the Priority Review Vouch Program", Everything You Need to Know About Priority Review Vouchers, February 12, 2013;
- Kurt R. Karst, "FDA Approves COARTERM with Priority Review Voucher; Voucher Market is Part 1 of 2 Untested and Unclear", *FDA Law Blog,* Hyman, Phelps & McNamara, P.C., April 8, 2009;
- "The right mechanism to develop drugs for neglected diseases...or corporate welfare in disguise?", *The U.S. FDA Priority Review Voucher Priority Review Vouchers* "Fact Sheet", Bio Ventures for Global Health, September 2011;
- Priority Review Voucher, Wikipedia;
- David B. Ridley, Henry G. Grabowski, and Jeffrey L. Moe, "Developing Drug For Developing Countries", *Health Affairs*, Vol. 25, No. 2, March/April 2006;
- Rianna Stefanakis, Andrew S. Robertson, Elizabeth L. Ponder, Melinda Moree, "Analysis of Neglected Tropical Disease Drug and Vaccine Development Pipelines to Predict Issuance of

FDA Priority Review Vouchers over the Next Decade", *PLOS Neglected Tropical Diseases*, Vol. 6, Issue 10, October 2012;

- Lesley Hamming, "The Promise of Priority Review Vouchers as a Legislative Tool to Encourage Drugs for Neglected Diseases", *Duke Law & Technology Review*; Vol. 11, No. 2;
- Kyle Wamstad, "Priority Review — A Piece of the Incentive Puzzle", *Virginia Journal of Law & Technology*, Vol. 14, No. 126, Summer 2009;
- Gerard F. Anderson, Spurring New Research for Neglected Diseases, *Health Affairs*, Vol. 28, No. 6, November/December 2009;
- Aaron S. Kesselheim, M.D., J.D., M.P.H., "Drug Development for Neglected Diseases — The Trouble with FDA Review Vouchers", *The New England Journal of Medicine*, November 6, 2008;
- Joel Lexchin, "One step forward, one step sideways? Expanding research capacity for neglected diseases" *BMC International Health and Human Rights*, BioMed Central, 2010;
- Alexander Gaffney, "Priority Review Voucher Fees Set to Plummet for Second Consecutive Year", *Healthcare Product Regulation in Focus*, September 2013;
- Jeffrey Moe, Ph.D., Henry Grabowski, Ph.D., David Ridley, Ph.D., "FDA Review Vouchers", *The New England Journal of Medicine,* February 19, 2009;
- *FY 2012 Innovative Drug Approvals; Bringing Life-Saving Drugs to Patients Quickly and Efficiently*, U.S. Department of Health and Human Services; U.S. Food and Drug Administration, December 2012 ("Innovative Drug Approvals");
- Robert Hecht, Paul Wilson and Amrita Palriwala, "Improving Health R&D Financing For Developing Countries: A menu of Innovative Policy Options", *Health Affairs*, Vol. 28, No. 4, July/August 2009; and
- Laura Helbling, "J&J TB Drug Shows Priority Review Vouchers and Accelerated Approvals Can Peacefully Coexist", *Essential Insight for the Healthcare Industry,* January 4, 2013.

B.4 VALUATION OF THE VOUCHER

B.4.1 General

As there have been only two Vouchers issued as of the Valuation Date and none of these has been traded in the open market, economists have estimated the value of a Voucher based on the time saved in the FDA approval process. The value of the Voucher was calculated based on the assumption that it will be used for a blockbuster drug that would not normally qualify for priority review. Saving time in the approval process allows for accelerated profits and the potential for "first-mover advantage" by helping a company bring its product to market before its competitors in a very competitive field. Value estimates based on these criteria ranged between $50 million and $500 million — amounts that could offset the substantial risk investment required for discovery and development of a new NTD product. The market value of a Voucher is increased by its transferability — a Voucher awarded by the FDA may be applied to another product of the bearer's choosing, or it may be traded or sold.[37]

B.4.2 The Value of a Voucher

In the analysis by Ridley, Grabowski, and Moe in 2006, the authors considered the corporate advantages of obtaining a Voucher. They showed that roughly half the blockbuster drugs introduced in the 1990s — that is, drugs that had $1 billion in annual sales by the fifth year after launch — received a standard rather than a priority review. But between 1992 and 2002, priority reviews were, on average, twelve months faster than standard reviews. To estimate the value lost in those twelve months, they used as their baseline the after-tax stream of income for the representative top-decile products from a comprehensive sample of new drugs introduced in the period 1990-1994 (Grabowski, Vernon, and DiMasi 2003). They found that getting such a product to market a year earlier was worth more than $300 million.[38]

The value of the Voucher decreases as the difference between the priority and standard review times decreases. In 2006 the difference in median review times was seven months, not twelve. Currently, the difference is four months. The Voucher value would be positively affected, however, if the Voucher (a)

(37) "The right mechanism to develop drugs for neglected diseases...or corporate welfare in disguise?", *The U.S. FDA Priority Review Voucher Priority Review Vouchers* "Fact Sheet", Bio Ventures for Global Health, September 2011.

(38) Henry G. Grabowski, David B. Ridley, and Jeffrey Moe, "Encouraging Innovative Treatment Of Neglected Diseases Through Priority Review Vouchers", *Prescribing Cultures and Pharmaceuticals Policy*.

increased a drug's time on the market (rather than just shifting it forward), and (b) created "early mover advantages" *vis-a-vis* a competitor.[39]

Regardless of whether the Voucher is sold directly to an organization or is put up for auction, the seller needs to determine a minimum selling price. Yet, under any sale scenario, the seller and buyer are not working from a common base of information. The seller, like sellers of many kinds of assets, is unaware of the development asset to which the Voucher will be applied, can only target a selling price for the Voucher using publicly-available information on the potential buyer's pipeline. The buyer, meanwhile, has significantly more information — information that dictates what it is willing to pay.

In this case, the buyer would likely use the Voucher on products that can generate more revenue by being reviewed faster and for which the likelihood of being granted a priority review without the Voucher is low.

The value of a Voucher is product-specific. Thus, the maximum amount a buyer would pay for a voucher would depend on the following variables:

(a) potential peak revenue;

(b) increased time on the market;

(c) likelihood of priority review without voucher;

(d) product-specific issues around entry; and

(e) overall number of Vouchers available.

The maximum price the buyer would be willing to pay for a Voucher is the difference in value between the two paths or the opportunity cost of the purchase. In other words, the maximum purchase price is equal to the net present value (NPV) of the asset under priority review with the Voucher minus the probability-weighted-average of the NPV under standard review and priority review without the Voucher.

(39) *Ibid.*

B.5 VALUATION OF THE VOUCHER

B.5.1 General

As noted above, only two Vouchers have been issued to date. The Voucher issued to Novartis was used for one of their own drugs. The other, which was issued to J & J, will in all likelihood also be used for one of their-own drugs. Accordingly, no Voucher has been traded in the open market. To date, the value of the Voucher has only been developed through economic models and has ranged from between U.S. $50 million to U.S. $300 million.[40]

A survey was conducted regarding the pre-market value of the Voucher. On average, respondents were willing to spend U.S. $94 million to obtain a Voucher. Responses from small companies (fewer than 60 full time employees ("FTEs")) indicated a willingness to spend on average U.S. $39.3 million to obtain a Voucher while larger companies (greater than 500 FTEs) indicated a willingness to spend on average a U.S. $170 million. On the other hand, companies expected to receive on average U.S. $179.6 million from the sale of a Voucher. Small companies expected to receive on average U.S. $154.2 million. While large companies expected to receive U.S. $ 216.7 million. As can be seen from the above, there is no industry consensus on the value of the Voucher.[41]

As noted in Section B.4.2, the $300 million value was based on the value lost in the twelve months because of not having a priority review, using the baseline after-tax income stream for the representative top-decile products from a comprehensive sample of new drugs introduced in the period 1990-1994 (i.e., blockbuster drugs that had $1 billion in annual sales by the fifth year after launch) . The value of the Voucher decreases as the difference between the priority and standard review times decreases. According to the FDA the average length of approval has decreased from nineteen months in 1993 to approximately ten months in 2011.[42] Hence, the difference between priority review (six months approximately) and standard review (previously nineteen months) decreased from approximately thirteen months to four months. As a result, the potential value of the Voucher could be reduced significantly. The value of the Voucher also decreases if there are a limited number of "blockbuster" drug candidates in the pipeline.

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(40) Rianna Stefanakis, Andrew S. Robertson, Elizabeth L. Ponder, Melinda Moree, "Analysis of Neglected Tropical Disease Drug and Vaccine Development Pipelines to Predict Issuance of FDA Priority Review Vouchers over the Next Decade", *PLOS Neglected Tropical Diseases*, Vol. 6, Issue 10, October 2012.

(41) Andrew S. Robertson, Rianna Stefanakis, Don Joseph, Melinda Moree, "The Impact of the US Priority Review Voucher on Private-Sector Investment in Global Health Research and Development", *PLOS Neglected Tropical Diseases*, Vol. 6, Issue 8, August 2012.

(42) *Supra*, footnote 33.

Based on our discussions with Management, our review of material relating to the Voucher's value, as well as the significant reduction in review time when the economic values were initially determined and the current review time, we are at the view that the starting point for the value of the Voucher should be at the low end of the range of the economic models above, being $50 million.

B.5.2 Risk Factors

In estimating the Fair Market Value of the Voucher, we considered the following positive and negative risk factors relating to the Voucher:

- *Positive Factors:*

    - Economic models have estimated that the worth of a Voucher could range from U.S. $50 million to U.S. $500 million, with an average value of U.S. $322 million; however, the higher range of these estimates was based on applying a hypothetical Voucher to a past "blockbuster" drug that had undergone standard review;

    - Potential advantage of a Voucher is that it allows faster time to market, which is meaningful if it delivers a "first-mover advantage" in a competitive situation;

    - A Voucher allows for a slightly longer product life cycle, that is, being on the market 6 to 12 months sooner;

    - Because a Voucher is contingent upon successful FDA approval of a neglected tropical disease drug, the sponsoring company must conduct the clinical trials required. Such trials are very expensive and the targeted diseases are generally limited to low-income countries. As a result, few companies are likely to have the resources to conduct such trials or see them as a worthwhile risk. It remains to be seen how many companies will take advantage of the Voucher incentive, thereby potentially limiting the market of Vouchers; Buyers will likely use a Voucher if their products can generate more revenue by being reviewed faster;

    - Buyers will likely use a Voucher if there is a likelihood that their new drug application would not receive a priority review without a Voucher;

- FDA committed to review and act on 90% of applications that have been granted Voucher status no later than 6 months following receipt;
- The Voucher can reduce the standard review time of approximately ten months to six months; and
- The Voucher value will benefit drugs that would not normally qualify for a priority review.

- *Negative Factors*

  - One Voucher was issued following the establishment of the voucher process in 2008 to Novartis in 2009. A second Voucher was issued to J & J in December 2012;
  - As noted above, Novartis used its Voucher in 2011 for its drug Ilaris, which was not approved by the FDA after having paid a priority voucher user fee of $5,280,000 in addition to the standard fees, without any benefit. J & J has not used their Voucher as of yet, but indications are that they will use it for one of their own drugs in the future. Accordingly, the market is thin and illiquid;
  - As no Voucher has been sold in the marketplace since the introduction of the Voucher in 2008, the value remains uncertain;
  - Given the current track record of companies developing “blockbuster” drugs, having such drugs in their pipeline is not guaranteed. Accordingly, there is doubt as to the payment of the upper ranges of the estimated values of the Voucher;
  - The inability to know how many Vouchers may be awarded in the future limits companies from predicting the potential value of a Voucher that might be earned;
  - Much of the research into neglected diseases is undertaken by small pharmaceutical companies that are unlikely to have a large enough portfolio of product to benefit from the Voucher, which may increase the supply of Vouchers in the market;
  - The value of a Voucher is specific to a product, placing the sellers at a disadvantage because they do not know how buyers intend to use them;

- The Voucher might have minimal worth if potential buyers are unsure of the increased benefits of a faster regulatory approval process or if the FDA will approve the product;
- Pharmaceutical companies would need to decide upon a review of Phase III data (on efficacy and safety of the drug for human use) whether to pursue or use a Voucher and at what price;
- Large drug companies might be unlikely to shift their research resources to account for the uncertain value of a Voucher, and small companies that do so are unlikely to have an individual need for a Voucher;
- Users of a Voucher must provide notice to the FDA at least one year prior to the use of the Voucher and, once notice is given, they are committed to pay the extra Voucher user fee (for 2014 the fee will be $2,325,000); and
- Companies might not be willing to invest as much in obtaining a Voucher if there are any doubts as to whether or not their product will be approved.

B.6 Discount Rate

Considering the positive and negative factors enumerated in Section B.5.2, the fact that there had not been any open market transaction as of the Valuation Date, having a Voucher does not guarantee FDA approval, the actual cost-savings benefits of the Voucher are unknown, and the fact that the issuance of the Voucher to Delco is conditional upon the FDA's approval of the Drug for the U.S., we are of the view that a discount factor in the range of 70% to 90% should be applied to the $50 million.

B.7 Conclusion

Applying a discount factor of 70% to 90% to the $50 million low-end of the range (Section B.5.1) yielded the Fair Market Value of the Voucher, being in the range of $5 million to $15 million, (mid-point $10 million) (Schedule B).

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Schedule B

PALADIN LABS (BARBADOS) INC.

ESTIMATED FAIR MARKET VALUE OF PRIORITY REVIEW VOUCHER

SUMMARY

AS AT FEBRUARY 17, 2014

(millions)

	RANGE		
	High		**Low**
Estimated value range in the marketplace	$ 300		$ 50
Low-end of range selected for Company's Voucher	$ 50		$ 50
Discounts to recognize net risk factors			
70%	(35)		-
90%	-		(45)
Estimated Fair Market Value of PRV	**$ 15**		**$ 5**
Mid-point, rounded		**$ 10**	

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TAB C

VALUATION OF DELCO SHARES

TAB C — VALUATION OF DELCO SHARES

C.1 Delco

Delco, incorporated under the laws of the State of Delaware, is a wholly-owned subsidiary of Paladin. Pursuant to the Barbco License, Barbco granted a license to Delco to make, market and sell Impavido in the U.S. The license was for a term of five years commencing on the date of the first commercial sale of Impavido in the U.S. and will automatically be renewed for successive two-year terms unless terminated by mutual agreement by either party, with at least 90 days prior written notice before the end of any renewal period.

C.2 The Projections

C.2.1 Sales

Management has projected U.S. sales at $30,000 per year commencing in 2015 for a ten-year period, which were extracted from the Projections. We understand that in the U.S. people who are most often at risk include those immigrating or traveling from countries where the Disease is prevalent, military personnel and people with compromised immune systems. Accordingly, management considers Impavido’s U.S. market to be very limited — hence, the $30,000 per year projected sales.

C.2.2 Cost of Sales

Pursuant to the Barbco License, the cost of the product to Delco will be 90% of revenue.

C.2.3 Expenses

We understand that the expenses would be minimal, and have been projected to equal the gross profit.

C.2.4 Net Cash Flow

After deducting estimated expense from the gross profit, Delco would have nil Cash Flow during the Projection Period (Schedule C-1).

C.3 Summary

While the Delco projections indicate a nil Cash Flow, some potential value still remains in having the Barbco License and the right to sell Impavido in the U.S. Accordingly, we have attributed a nominal value of $5,000 to $10,000 to the Delco Shares, (mid-point $8,000) (Schedule C).

Schedule C

PALADIN THERAPEUTICS, INC.

VALUATION OF ISSUED SHARES

SUMMARY

AS AT FEBRUARY 17, 2014

	RANGE		
	High		**Low**
Fair Market Value of Issued Shares	**$ -**		**$ -**
Say	**$ 10,000**		**$ 5,000**
Mid-point, rounded		**$ 8,000**	

NOTE: This schedule forms part of, and should be read in conjunction with, the accompanying report.

Schedule C-1

PALADIN THERAPEUTICS, INC.

PROJECTED CONDENSED STATEMENTS OF CASH FLOW

FOR THE YEARS ENDING DECEMBER 31

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	$ -	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000
Cost of goods sold	-	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
Gross profit	-	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Indirect expenses	-	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Pre-tax cash flow	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SOURCE: The Projections.

TAB D

BARBCO'S RIGHTS UNDER THE BARBCO LICENSE

TAB D — BARBCO'S RIGHTS UNDER THE BARBCO LICENSE

D.1 The Barbco License

The Barbco License, as noted at Tab C, Section C.1, granted a license to Delco to make, market and sell Impavido in the U.S., for which Delco was to receive 10% of the revenue generated from such sales during the term of the Barbco License.

D.2 The Barbco Projections

D.2.1 Revenue

Barbco's revenue during the term of the Barbco License would be the gross revenue generated by Delco less Delco's 10% fee, yielding projected revenues each year of $27,000 ($30,000 less 10% of $3,000).

D.2.2 Cost of Sales

According to Management, the projected cost of sales each year would be 25% of gross sales or $4.050 per year (25% of $27,000).

D.2.3 Research and Development Expenses

We have been informed that the only expenses to be incurred by Barbco would be approximately $2,000,000 in 2014 in connection with the obtaining of FDA approval in the U.S. for Impavido. FDA approval is a precondition for acquiring the Voucher.

D.2.4 Cash Flow

Schedule D-3 sets out the Cash Flow to be generated by Barbco pursuant to the Barbco License.

D.3 Present Value

Applying the Discount Rates of 21.24% and 22.33% as determined at Tab A, Section 5, to each year's projective Cash Flow, we arrived at the present value thereof to be negative $1,453,000 to negative $1,456,000.

D.4 Terminal Value

As the Barbco License could be renewed each year, indefinitely, we determined the Terminal Value thereof at the end of the Projection Period by capitalizing the terminal year's Cash Flow (December 31, 2023) of $22,950 by multiples of 5.0 to 5.3, as determined at Tab A, Section A.6.1. To the result, we applied the above-noted discount factors, yielding the Terminal Value of $17,000 to $20,000 as at the Valuation Date.

D.5 Summary

D.5.1 Present Value Summary

Aggregating the present value of the Cash Flow during the Projection Period of negative $1,453,000 to negative $1,456,000 (Section D.3) with the Terminal Value of $17,000 and $20,000 (Section D.4), yielded the present value range of negative $1,436,000 (Schedule D).

D.5.2 Voucher

Under the Barbco license, the rights to the Voucher, which may be granted by the FDA in the name of Delco, belong to Barbco. As such, the Voucher would form part of Barbco's rights under the Barbco License. Accordingly, we added to the present value in Section D.5.1 above the estimated Fair Market Value of the Voucher of $5,000,000 to $15,000,000, yielding the Fair Market Value of the Barbco License of $3,564,000 to $13,564,000, (mid-point $8,564,000) (Schedule D).

Schedule D

PALADIN LABS (BARBADOS) INC.

VALUATION OF BARBCO LICENSE

SUMMARY

AS AT FEBRUARY 17, 2014

	RANGE		
	High		**Low**
Present value of Net Cash Flow (Schedule D-1)	$ (1,456,000)		$ (1,453,000)
Present value of Terminal Value (Schedule D-2)	20,000		17,000
	(1,436,000)		(1,436,000)
ADD: Fair Market Value of PRV (Schedule B)	15,000,000		5,000,000
Fair Market Value of U.S. Licence	**$ 13,564,000**		**$ 3,564,000**
Mid-point, rounded		**$ 8,564,000**	

NOTE: This schedule forms part of, and should be read in conjunction with, the accompanying report.

Schedule D-1

PALADIN LABS (BARBADOS) INC.

VALUATION OF BARBCO LICENSE

PRESENT VALUE OF NET CASH FLOW

AS AT FEBRUARY 17, 2014

		FOR THE YEARS ENDING DECEMBER 31									
		2014*	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Net Cash Flow (loss) (Schedule D-3)		$ (1,666,667)	$ 22,950	$ 22,950	$ 22,950	$ 22,950	$ 22,950	$ 22,950	$ 22,950	$ 22,950	$ 22,950
Discounting period		0.417	1.417	2.417	3.417	4.417	5.417	6.417	7.417	8.417	9.417
Present value factor at Discount Rate of	21.24%	0.9229	0.7612	0.6279	0.5179	0.4272	0.3524	0.2906	0.2397	0.1977	0.1631
Present value of Net Cash Flow (loss)		$ (1,538,161)	$ 17,470	$ 14,410	$ 11,886	$ 9,804	$ 8,087	$ 6,670	$ 5,502	$ 4,538	$ 3,743
Total (rounded)		**$ (1,456,000)**									
Present value factor at Discount Rate of	22.33%	0.9195	0.7517	0.6145	0.5023	0.4106	0.3357	0.2744	0.2243	0.1834	0.1499
Present value of Net Cash Flow (loss)		$ (1,532,440)	$ 17,250	$ 14,102	$ 11,528	$ 9,424	$ 7,704	$ 6,298	$ 5,149	$ 4,209	$ 3,441
Total (rounded)		**$ (1,453,000)**									

* For the ten-month period March 1 to December 31, 2014 (10/12 of $2,000,000)

NOTE: This schedule forms part of, and should be read in conjunction with, the accompanying report.

MNP LLP

Schedule D-2

PALADIN LABS (BARBADOS) INC.
VALUATION OF BARBCO LICENSE
TERMINAL VALUE
AS AT FEBRUARY 17, 2014
($'000)

Net Cash Flow — 2023 (Schedule D-1) $ 22,950

	RANGE	
	High	**Low**
Capitalized at:		
18.91% (5.3 times)	$ 121,400	$ -
19.88% (5.0 times)	-	115,500
Terminal Value at December 31, 2023	121,000	116,000
Discounted @		
21.24%	0.1631	-
22.33%	-	0.1499
Terminal Value at February 28, 2014 (rounded)	**$ 20,000**	**$ 17,000**

NOTE: This schedule forms part of, and should be read in conjunction with, the accompanying report.

Schedule D-3

PALADIN LABS (BARBADOS) INC.

PROJECTED STATEMENTS OF CASH FLOW

FOR THE YEARS ENDING DECEMBER 31

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	$ -	$ 27,000	$ 27,000	$ 27,000	$ 27,000	$ 27,000	$ 27,000	$ 27,000	$ 27,000	$ 27,000
Cost of goods sold	-	4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050
Gross profit	-	22,950	22,950	22,950	22,950	22,950	22,950	22,950	22,950	22,950
R&D expenses	2,000,000	-	-	-	-	-	-	-	-	-
Pre-tax cash flow	$ (2,000,000)	$ 22,950	$ 22,950	$ 22,950	$ 22,950	$ 22,950	$ 22,950	$ 22,950	$ 22,950	$ 22,950

SOURCE: The Projections.

TAB E

RIGHTS UNDER THE DISTRIBUTION AND LICENSE AGREEMENT BETWEEN KNIGHT BARBCO AND BARBCO

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TAB E — RIGHTS UNDER THE DISTRIBUTION AND LICENSE AGREEMENT

E.1 Knight Barbco's Rights

E.1.1 The Royalty Defined

Pursuant to the Distribution and License Agreement, Knight Barbco will grant Barbco exclusive commercialization rights for Impavido for the world, other than the U.S., for a ten-year period, in consideration for which, Barbco will pay Knight Barbco a fee of 22.5% of gross sales (the "Royalty").

E.1.2 Projected Sales

For purposes herein, we have used the sales based on the Projections (excluding the U.S.), for the Projection Period, detailed on Schedule A-4.

E.1.3 Projected Royalty

Applying the 22.5% royalty rate to the projected sales during the Projection Period, yielded Royalties as detailed on Schedule E-1.2. We understand from Management that the Royalty Agreement will not be extended beyond the initial ten-year period.

E.1.4 Discount Rate

As the Royalty would be received over a number of future years, we applied present-value factors thereto, discounting each year's Royalty income during the Projection Period back to the Valuation Date. Considering the factors used to develop the Discount Rate (Tab A, Section A.5), we utilized the same Discount Rate of 21.24% to 22.33%.

E.1.5 Present Value Summary

Applying the Discount Rate of 21.24% and 22.33% to each year's Royalty income during the Projection Period, we arrived at the present value thereof as of the Valuation Date, being in the range of $1,548,000 to $1,600,000 (Schedule E-1.1).

E.1.6 Conclusion

As set out on Section E.1.5 above, the Fair Market Value of Knight Barbco's rights under the Distribution and Licence Agreement, as of the Valuation Date, was in the range of $1,548,000 to $1,600,000, mid-point $1,575,000 (Schedule E-1).

E.2 Barbco's Rights

E.2.1 Distribution and License Agreement

As noted in Section E.1, pursuant to the Distribution and License Agreement, Knight Barbco granted Barbco exclusive commercialization rights to Impavido for the world, excluding the U.S., for a ten-year term in consideration for which Barbco would pay Knight Barbco a royalty of 22.5% of sales.

E.2.2 Projections

In order to determine the Net Cash Flow attributed to Barbco, we utilized the Projections set out on Tab A, Section A.4, except that the Delco projections were deducted and the Royalty paid to Knight Barbco was included as an expense of Barbco. The detailed projections are set out on Schedule E-2.2.

E.2.3 Discount Rate

For purposes herein, we have used the same Discount Rate as developed at Tab A, Section A.5, namely, 21.24% to 22.33%.

E.2.4 Present Value Summary

Applying the Discount Rates of 21.24% to 22.33% to each year's Cash Flow during the Projection Period, we arrived at the present value thereof as of the Valuation Date, being in the range of $1,607,000 to $1,677,000 (Schedule E-2.1).

E.2.5 Summary

As set out in Section E.2.4 above, we arrived at the Fair Market Value of Barbco's rights under the Distribution and License Agreement, being in the range of $1,607,000 to $1,677,000 (mid-point, $1,642,000) (Schedule E-2).

Schedule E-1

KNIGHT (BARBADOS) INC.

VALUATION OF DISTRIBUTION AND LICENSE AGREEMENT

SUMMARY

AS AT FEBRUARY 17, 2014

	RANGE		
	High		**Low**
Fair Market Value of Royalty Income (Schedule E-1.1)	$ 1,600,000		$ 1,548,000
Mid-point, rounded		$ 1,575,000	

NOTE: This schedule forms part of, and should be read in conjunction with, the accompanying report.

Schedule E-1.1

KNIGHT (BARBADOS) INC.

VALUATION OF DISTRIBUTION AND LICENSE AGREEMENT

PRESENT VALUE OF ROYALTY INCOME

AS AT FEBRUARY 17, 2014

		FOR THE YEARS ENDING DECEMBER 31									
		2014*	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Royalty income (Schedule E-1.2)		$ 240,563	$ 351,000	$ 382,050	$ 398,250	$ 398,250	$ 398,250	$ 398,250	$ 398,250	$ 398,250	$ 398,250
Discounting period		0.417	1.417	2.417	3.417	4.417	5.417	6.417	7.417	8.417	9.417
Present value factor at Discount Rate of	21.24%	0.9229	0.7612	0.6279	0.5179	0.4272	0.3524	0.2907	0.2397	0.1977	0.1631
Present value of Royalty Income		$ 222,015	$ 267,197	$ 239,891	$ 206,263	$ 170,134	$ 140,333	$ 115,753	$ 95,478	$ 78,754	$ 64,959
Total (rounded)		**$ 1,600,000**									
Present value factor at Discount Rate of	22.32%	0.9195	0.7517	0.6145	0.5023	0.4107	0.3357	0.2744	0.2244	0.1834	0.1499
Present value of Royalty Income		$ 221,189	$ 263,833	$ 234,763	$ 200,056	$ 163,545	$ 133,698	$ 109,298	$ 89,351	$ 73,044	$ 59,713
Total (rounded)		**$ 1,548,000**									

* For the ten-month period March 1 to December 31, 2014 (10/12 of $$288,675)

NOTE: This schedule forms part of, and should be read in conjunction with, the accompanying report.

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Schedule E-1.2

KNIGHT (BARBADOS) INC.

VALUATION OF DISTRIBUTION AND LICENSE AGREEMENT

PROJECTED REVENUES AND ROYALTY

FOR THE YEARS ENDING DECEMBER 31

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net Non-U.S. Sales (Schedule E-1.3)	$ 1,283,000	$ 1,560,000	$ 1,698,000	$ 1,770,000	$ 1,770,000	$ 1,770,000	$ 1,770,000	$ 1,770,000	$ 1,770,000	$ 1,770,000
Royalty @ 22.5%	$ 288,675	$ 351,000	$ 382,050	$ 398,250	$ 398,250	$ 398,250	$ 398,250	$ 398,250	$ 398,250	$ 398,250

SOURCE: The Projections.

Schedule E-1.3

KNIGHT (BARBADOS) INC.

VALUATION OF DISTRIBUTION AND LICENSE AGREEMENT

PROJECTED REVENUE

(000s)

	Actual — Years Ended December 31			Projections — Years Ending December 31										
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Government tenders	$ 1,736	$ 2,041	$ -	$ 1,270	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Europe	1,192	1,035	1,011	1,255	1,089	1,092	1,091	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Veterinary use	700	662	530	641	126	402	541	600	600	600	600	600	600	600
Others	137	772	536	84	68	66	66	70	70	70	70	70	70	70
	$ 3,765	**$ 4,510**	**$ 2,077**	**$ 3,250**	**$ 1,283**	**$ 1,560**	**$ 1,698**	**$ 1,770**	**$ 1,770**	**$ 1,770**	**$ 1,770**	**$ 1,770**	**$ 1,770**	**$ 1,770**

SOURCE: The Projections.

Schedule E-2

PALADIN LABS (BARBADOS) INC.

VALUATION OF DISTRIBUTION AND LICENSE AGREEMENT

SUMMARY

AS AT FEBRUARY 17, 2014

	RANGE		
	High		**Low**
Fair Market Value of License, excluding U.S.	**$ 1,677,000**		**$ 1,607,000**
Mid-point, rounded		**$ 1,642,000**	

Schedule E-2.1

PALADIN LABS (BARBADOS) INC.

VALUATION OF DISTRIBUTION AND LICENSE AGREEMENT

PRESENT VALUE OF NET CASH FLOW

AS AT FEBRUARY 17, 2014

		FOR THE YEARS ENDING DECEMBER 31									
		2014*	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Net Cash Flow (loss) (Schedule E-2.2)		$ (197,797)	$ 388,284	$ 537,771	$ 560,430	$ 560,430	$ 560,430	$ 560,430	$ 560,430	$ 560,430	$ 560,430
Discounting period		0.417	1.417	2.417	3.417	4.417	5.417	6.417	7.417	8.417	9.417
Present value factor at Discount Rate of	21.24%	0.9229	0.7612	0.6279	0.5179	0.4272	0.3524	0.2907	0.2397	0.1977	0.1631
Present value of Net Cash Flow (loss)		$ (182,546)	$ 295,579	$ 337,670	$ 290,259	$ 239,418	$ 197,482	$ 162,891	$ 134,359	$ 110,825	$ 91,413
Total (rounded)		**$ 1,677,000**									
Present value factor at Discount Rate of	22.32%	0.9195	0.7517	0.6145	0.5023	0.4107	0.3357	0.2744	0.2244	0.1834	0.1499
Present value of Net Cash Flow (loss)		$ (181,867)	$ 291,858	$ 330,451	$ 281,525	$ 230,146	$ 188,144	$ 153,807	$ 125,737	$ 102,790	$ 84,030
Total (rounded)		**$ 1,607,000**									

* For the ten-month period March 1 to December 31, 2014 (10/12 of $237,356)

NOTE: This schedule forms part of, and should be read in conjunction with, the accompanying report.

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Schedule E-2.2

PALADIN LABS (BARBADOS) INC.

VALUATION OF DISTRIBUTION AND LICENSE AGREEMENT

PROJECTED STATEMENTS OF CASH FLOW

FOR THE YEARS ENDING DECEMBER 31

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	$ 1,283,338	$ 1,590,215	$ 1,728,436	$ 1,800,000	$ 1,800,000	$ 1,800,000	$ 1,800,000	$ 1,800,000	$ 1,800,000	$ 1,800,000
LESS: US Sales (Schedule C-1)	-	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
	1,283,338	1,560,215	1,698,436	1,770,000	1,770,000	1,770,000	1,770,000	1,770,000	1,770,000	1,770,000
Cost of goods sold	500,534	98,795	127,150	450,000	450,000	450,000	450,000	450,000	450,000	450,000
LESS: US Cost of sales (Schedule D-3)	-	(4,050)	(4,050)	(4,050)	(4,050)	(4,050)	(4,050)	(4,050)	(4,050)	(4,050)
	500,534	94,745	123,100	445,950	445,950	445,950	445,950	445,950	445,950	445,950
Gross profit	782,804	1,465,470	1,575,336	1,324,050	1,324,050	1,324,050	1,324,050	1,324,050	1,324,050	1,324,050
Direct expenses										
Royalties	18,459	22,832	24,801	27,000	27,000	27,000	27,000	27,000	27,000	27,000
Distribution	16,340	11,361	11,830	72,000	72,000	72,000	72,000	72,000	72,000	72,000
Selling	40,000	20,000	10,000	-	-	-	-	-	-	-
Research and development direct	253,955	227,860	143,640	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Royalty (Schedule E-1.2)	288,675	351,000	382,050	398,250	398,250	398,250	398,250	398,250	398,250	398,250
	617,429	633,053	572,321	527,250	527,250	527,250	527,250	527,250	527,250	527,250
LESS: US Expenses	-	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
	617,429	630,053	569,321	524,250	524,250	524,250	524,250	524,250	524,250	524,250
"Contribution margin"	165,375	835,417	1,006,015	799,800	799,800	799,800	799,800	799,800	799,800	799,800
Indirect expenses	408,817	437,177	454,455	225,000	225,000	225,000	225,000	225,000	225,000	225,000
EBITDA margin	(243,442)	398,240	551,560	574,800	574,800	574,800	574,800	574,800	574,800	574,800
LESS: Estimated income taxes @ 2.5%	6,086	(9,956)	(13,789)	(14,370)	(14,370)	(14,370)	(14,370)	(14,370)	(14,370)	(14,370)
Net Cash Flow	$ (237,356)	$ 388,284	$ 537,771	$ 560,430	$ 560,430	$ 560,430	$ 560,430	$ 560,430	$ 560,430	$ 560,430

SOURCE: The Projections.

Schedule E-2.3

PALADIN LABS (BARBADOS) INC.

VALUATION OF DISTRIBUTION AND LICENSE AGREEMENT

PROJECTED REVENUE

(000s)

	Actual — Years Ended December 31			Projections — Years Ending December 31										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Government tenders	$ 1,736	$ 2,041	$ -	$ 1,270	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Europe	1,192	1,035	1,011	1,255	1,089	1,092	1,091	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Veterinary use	700	662	530	641	126	402	541	600	600	600	600	600	600	600
Others	137	772	536	84	68	66	66	70	70	70	70	70	70	70
	$ 3,765	**$ 4,510**	**$ 2,077**	**$ 3,250**	**$ 1,283**	**$ 1,560**	**$ 1,698**	**$ 1,770**	**$ 1,770**	**$ 1,770**	**$ 1,770**	**$ 1,770**	**$ 1,770**	**$ 1,770**

SOURCE: The Projections.

TAB F

VALUATION OF THE KNIGHT SHARES

TAB F — THE KNIGHT SHARES

F.1 General

The Knight Shares are shares of capital stock that are to be distributed to the shareholders of Paladin upon the completion of the transactions set forth in the Arrangement Agreement and the Business Separation Agreements. They will result from of the transactions at Tabs A, B, C and E.2.

F.2 Valuation of the Knight Shares

The opening shareholders' equity of Knight comprised $1 million resulting from a cash contribution from Paladin. To the shareholders' equity we added:

(a) the Fair Market Value of the Impavido IP, as determined at Tab A, Schedule A;

(b) the Fair Market Value of the Voucher, as determined at Tab B, Schedule B; and

(c) the Fair Market Value of the Delco Shares as determined at Tab C, Schedule C.

In determining the Fair Market Value of the Knight Shares, we deducted Barbco's rights under the Distribution and License Agreement as the value thereof accrues to Paladin and not Knight. However, Barbco's rights under the Distribution and License Agreement has a finite term, *viz,* ten years, while the Impavido IP does not. Therefore, the net effect of deducting Barbco's rights under the Distribution and License Agreement is to leave Knight with a value equal to the approximate terminal value of the Impavido IP.

Table F-1

IMPAVIDO IP RECONCILIATION

Impavido IP Terminal Value	Schedule A	mid-point	$ 796,000
Distribution & License Agreement — Knight Barbco	Schedule E-1	mid-point	1,575,000
Distribution & License Agreement — Barbco	Schedule E-2	mid-point	1,642,000
Barbco License	Schedule D	mid-point	(1,436,000)
			$2,577,000
Impavido IP	Schedule A	mid-point	$2,544,000

F.3 Conclusion

As calculated on Schedule F, upon execution of the Business Separation Agreements and Distribution and License Agreement, as contemplated in the Arrangement Agreement, the Fair Market Value of the Knight Shares is in the range of $6,830,000 to $16,989,000 (mid-point $11,910,000).

Schedule F

KNIGHT THERAPEUTICS INC.
VALUATION OF ISSUED SHARES
AS AT FEBRUARY 17, 2014

		RANGE		
		High		Low
Shareholders' equity as at February 28, 2014		$ 1,000,000		$ 1,000,000
ADD:	Fair Market Value of Impavido IP (Schedule A)	2,656,000		2,432,000
	Fair Market Value of Priority Review Voucher (Schedule B)	15,000,000		5,000,000
	Fair Market Value of Paladin Therapeutics, Inc. (Schedule C)	10,000		5,000
LESS:	Fair Market Value of Barbco under Distribution and License Agreement (Schedule E-2)	$ (1,677,000)		$ (1,607,000)
Estimated Fair Market Value of Knight's Issued Shares		**$ 16,989,000**		**$ 6,830,000**
Mid-point, rounded			**$ 11,910,000**	

NOTE: This schedule forms part of, and should be read in conjunction with, the accompanying report.

MNP LLP

TAB G

GLOSSARY

TAB G — GLOSSARY OF VALUATION AND FINANCIAL TERMS

For purposes of our Opinion, we have defined the undernoted valuation and financial terms as follows:

G.1 Capitalization Rate

Any divisor (usually expressed as a percentage) used to convert anticipated economic benefits of a single period into value.

G.2 Cash Flow

Cash that is generated over a period of time by an asset, group of assets, or business enterprise.

G.3 Discount Rate

A rate of return used to convert a future monetary sum into present value.

G.4 Going-Concern Value

The value of a business enterprise that is expected to continue to operate into the future. The intangible elements of Going-Concern Value result from factors such as having a trained work force, an operational plant, and the necessary licenses, systems, and procedures in place.

G.5 Guideline Companies

These (also referred to as "comparable companies") are entities that provide a reasonable basis for comparison to the investment characteristics of the company being valued.

G.6 Illiquidity

The inability to quickly convert property to cash or pay a liability.

G.7 Liquidity

The ability to quickly convert property to cash or pay a liability.

G.8 Net Cash Flow

Indicated, or maintainable, after-tax Operating Cash Flow net of SCR, available for payment of dividends, capital expansion, debt reduction, retention as a Redundant Asset, or a combination thereof. Also referred to as “discretionary cash flow” or “free cash flow”.

G.9 Operating Cash Flow

After-tax earnings from operations, before extraordinary items, adding back certain non-cash charges such as depreciation and amortization. Also referred to as ‘gross’ Cash Flow. (See also Net Cash Flow.)

G.10 Special Purchasers

Acquirers who believe they can enjoy post-acquisition economies of scale, synergies or strategic advantages by combining the acquired business interest with their own.

G.11 Sustaining Capital Reinvestment (“SCR”)

The periodic capital outlay required to maintain operations at existing levels, net of Tax Shield available from such outlays.

G.12 Tax Shield

The present value of the future reduction of the income taxes that would otherwise be payable as a result of capital cost allowance claims available to be offset against income/Cash Flow subject to income taxes.

G.13 Valuation Ratio

A fraction in which a value or price serves as the numerator and financial, operating, or physical data serves as the denominator.

TAB H

CURRICULA VITAE OF PROFESSIONALS

Richard M. Wise
FCPA, FCA, FCBV, FASA, FRICS, MCBA, CVA, CFE, FCA•IFA, C.Arb., L.Acc.

Biographical Sketch

Education and Professional Accreditations	**McGill University** Bachelor of Commerce (1962), Major in Accountancy (**B.Com.**) Licentiate in Accountancy (1965) (**L.Acc.**)
	Chartered Professional Accountant (FCPA, FCA) Order of Chartered Professional Accountants of Québec (CA 1965), elected Fellow (FCA 1984) (FCPA, FCA (2012))
	Chartered Professional Accountant (FCPA, FCA) Institute of Chartered Accountants of Ontario (CA 1966), elected Fellow (FCA 1997) (FCPA, FCA (2012)); Accredited Member, Canadian Institute of Chartered Accountants
	Investigative and Forensic Accountant (FCA•IFA) Canadian Institute of Chartered Accountants Alliance for Excellence in Investigative and Forensic Accounting (inaugural recipient, 2000)
	Chartered Business Valuator (FCBV) The Canadian Institute of Chartered Business Valuators (1972), elected Fellow (1988)
	Accredited Senior Appraiser (FASA) American Society of Appraisers (ASA 1986); recertified 1991, 1996, 2001, 2006, 2011; College of Fellows (FASA 2006)
	Fellow, Royal Institution of Chartered Surveyors (**FRICS** 2012)
	Master Certified Business Appraiser (MCBA) The Institute of Business Appraisers, Inc. (CBA 1988) (MCBA 1999)
	Certified Valuation Analyst (CVA) National Association of Certified Valuators and Analysts (2007)
	Chartered Arbitrator (C.Arb.) ADR Institute of Canada Inc./ADR Institute of Ontario, Inc. (1988)
	Certified Fraud Examiner (CFE) Association of Certified Fraud Examiners (1993)
Professional Experience	**MNP LLP, Chartered Professional Accountants and Business Advisors, Montreal** Principal Partner (2011-)
	Wise, Blackman LLP, Business Valuators and Forensic Accountants, Montreal (Formerly, Richard Wise & Partners) Managing Partner (1979-2011)
	Thorne Riddell (currently KPMG), Public Accountants and Auditors, Montreal Partner-in-Charge of Business Valuation (1982-1984)
	Touche Ross & Co. (currently Deloitte), Public Accountants and Auditors, Montreal Partner-in-Charge of Taxation Department and Business Valuation Group (1974-1979)
	Minister of National Revenue, Ottawa Special Assistant to The Honourable Herb Gray, P.C., C.C., Q.C. (1971-1972)
	Office of the Minister of Finance, Ottawa Senior Member, Special Tax Reform Task Force
	The Canadian Film Development Corporation (Telefilm Canada) Advisor (1979-1980)

Professional Committees and Directorships

The Canadian Institute of Chartered Business Valuators (Positions held)

President (1986-1988)

Board of Directors (1977-1989)

Committee, Joint Business Valuation Conference of the American Society of Appraisers and The Canadian Institute of Chartered Business Valuators (Vancouver, 1990)

Chairman, Professional Development (Recertification) Committee (1989)

Government Relations Committee (1988-1989)

Co-Chairman, Joint Business Valuation Conference of the American Society of Appraisers and The Canadian Institute of Chartered Business Valuators (1986 and 1998)

Vice-President (1982-1986)

Chairman, 1980 and 1982 Biennial Conferences

Registrar and Secretary

Chairman, Membership Committee

Chairman, Workshop Committee

Conferred honorary title of "Fellow" for distinguished service to the profession (1988)

Order of Chartered Professional Accountants of Québec (formerly Order of Chartered Accountants of Québec) (Positions held)

Member of Council (Board of Directors)

Discipline Committee

Advisory Committee to Syndic

Conferred honorary title of "Fellow" for distinguished service to the profession (1984)

Taxation Committee

Education Committee

Representative on Students Society Council

Annual Conference Committee

American Society of Appraisers

Member, Planning Committee, 2008 Joint American Institute of Certified Public Accountants/American Society of Appraisers National Business Valuation Conference, Las Vegas, Nevada, November 10-12, 2008 (2007)

Business Valuation Standards Subcommittee (1989-); Vice-Chair (2004-2005); Chair (2011-)

Member, Intangible Asset Valuation Subcommittee, Business Valuation Committee (2004-)

Member, Business Valuation Task Force of the Appraisal Standards Board, The Appraisal Foundation, Washington, D.C. (2004-2005)

Chair, Harmonization Task Force, Standards Subcommittee (2003)

Member, Professional Image Task Force (1998-2000)

Co-Chairman, Joint Advanced Business Valuation Conference of The Canadian Institute of Chartered Business Valuators and American Society of Appraisers (1998)

Member, International Board of Governors (representing Canada) (1993-1997)

Professional Committees and Directorships (cont'd)

American Society of Appraisers (cont'd)

Member, International Issues and Structure Committee and Constitution Bylaws Committee of Strategy 2000 Task Force (1996)

Elected Member, Business Valuation Committee (1987-1993); Secretary (1997-1999); (2007-)

Chairman, Business Valuation Standards Committee - Canada (1993-1995)

Chairman, Litigation Support Seminar (New York, 1992; Dallas and Los Angeles, 1994)

Co-Chairman, Litigation Support Seminar (Chicago, 1990)

State Director, Province of Quebec (1991-1993)

Chairman, Litigation Support Subcommittee (1989-1994)

Member, Examination Development Subcommittee (1989-1990)

Co-Chairman, Examination Development Subcommittee (Business Valuation) (1987-1989)

Member, Advanced Business Valuation Conference Committee, St. Thomas, U.S.V.I. (1988)

Member, 1992 International Appraisal Conference Committee, New Orleans, Louisiana (1992)

National Association of Certified Valuators and Analysts

Member, Litigation Forensics Board (2011-)

Royal Institution of Chartered Surveyors

Member, Business Valuation Sub-Board of the RICS Americas Valuation Council (2012-)

Canadian Institute of Chartered Accountants (see also page 6)

Founding Leadership Committee, Alliance for Excellence in Investigative and Forensic Accounting (1992-1995)

Member, Technical Bulletins Subcommittee, Alliance for Excellence in Investigative and Forensic Accounting (1993-1994)

Accountants Study Group

President (1980-1981)

Board of Directors (1978-1981); Ex-officio Director (1982-)

Other Professional Involvement

Panel of Experts, *Dunn on Damages,* quarterly journal for attorneys, financial analysts and business valuators, www.valuationproducts.com, Atlanta, GA (2010-)

Member, Appraisal Joint Task Force in U.S. regarding U.S. House of Representatives "Certain Estate Tax Relief Act of 2009" containing proposed amendments to U.S. *Internal Revenue Code* regarding fair market value of family-owned business interests (2009-)

Panel of Experts, *Financial Valuation and Litigation Expert*, bi-monthly journal, www.valuationproducts.com, Atlanta, GA (2006-)

Other Professional Involvement (cont'd)

Member, Business Valuation Task Force, Appraisal Standards Board of The Appraisal Foundation, Washington, D.C. (The Foundation is authorized by the U.S. Congress) (2004-2005)

Advisory Committee and Permanent Committee, "The Civil Law of Damages", *The Law and You … A Practical Guide*, McGill University Faculty of Law (1996)

Member, McGill Faculty of Law, Meredith Lectures Advisory Committee (1996-1998)

Advisory Committee, "The Definitive Seminar on Family Law", *The Law and You … A Practical Guide*, McGill University Faculty of Law (1995)

Board of Advisors, Zukin (ed.), *Financial Valuation: Valuing Businesses and Business Interests*; Chapter 21; Prentice Hall Rosenfeld Launer (New York: 1990)

Editorial Advisory Committee, *Litigation Support Services*, Executive Enterprises Publications, New York, N.Y. (1990)

Member, Qualifications Review Committee, Institute of Business Appraisers (1990-1992)

Co-Chairman, National Conference on Business Valuation, Concordia Centre for Management Studies, Concordia University (1982)

Co-Chairman, Symposium en évaluation d'entreprises, L'Association Québécoise de planification fiscale et successorale (1982)

Lecturer, Accountants Study Group (1989, 1994, 2006 and 2010)

Honours and Awards

Recipient of the "2012 Instructor of Exceptional Distinction" Award for Excellence from the National Association of Certified Valuators and Analysts, in recognition of "outstanding performance as an Instructor" (2013)

Recipient of the "2012/2013 State Chapter Committee Honoree" Certificate of Appreciation from the National Association of Certified Valuators and Analysts, in recognition of "initiatives which made a positive impact" (2013)

Recipient of the Queen Elizabeth II Diamond Jubilee Medal, commemorating the 60th anniversary of Her Majesty Queen Elizabeth II's accession to the Throne as Queen of Canada, serving to "honour significant contributions and achievements by Canadians". Awarded by the Queen and presented by the Governor General of Canada (2012)

Recipient of medal from the Governor General of Canada to commemorate the 125th Anniversary of Canada, awarded to "exemplary citizens whose life-long performances justify the honour bestowed", having made a "significant contribution to their fellow citizens, their community, or Canada"

Awarded "Fellow" designation by the Royal Institution of Chartered Surveyors, London, England (2012), recognizing Mr. Wise's career achievements and leadership in his field and his contribution to the valuation profession

Awarded the distinguished "Outstanding Member Award" by the National Association of Certified Valuators and Analysts (2013)

Inducted into the College of Fellows of the American Society of Appraisers (2006), by its Board of Governors, in recognition of outstanding service in the Society and contributions to the appraisal profession

Elected to Life Membership in the American Society of Appraisers (2006), bestowed on Accredited Senior Members who, in the eyes of their peers, have made outstanding contributions to the valuation profession

Honours and Awards (cont'd)

Recipient of The Canadian Institute of Chartered Business Valuators "Communicator Award" in 2005, 2007 and 2010, presented annually to a member of the Institute who has undertaken communications activities and actions that have had a beneficial impact on the promotion of the profession in Canada to non-members and who has shown leadership , innovation, creativity and positive attitude

Awarded title of Master Certified Business Appraiser, by the Institute of Business Appraisers in the United States, being "the highest professional designation awarded in the business valuation industry, and recognizes the extraordinary competence of a few highly skilled and experienced individuals whose work has been widely accepted by clients and acknowledged by their most senior professional colleagues. It is a designation not commonly available except to the best-of-the-best professional appraisers, and is intended to indicate to users of appraisal services that the holder has achieved a high distinction of competence in his/her profession" (1999)

Elected "Fellow" of the Institute of Chartered Accountants of Ontario (1997), by his peers, in recognition of outstanding career achievements and distinguished service to the profession and the community

Elected "Fellow" of The Canadian Institute of Chartered Business Valuators (1988), by his peers, in recognition of distinguished service to the profession

Elected "Fellow" of the Order of Chartered Accountants of Québec (1984) (Order of Chartered Professional Accountants of Québec, 2012), by his peers, in recognition of outstanding career achievements and distinguished service to the profession and the community

Visiting Scholar, School of Business, Francis Marion University, Florence, South Carolina (1991)

Awarded Honourable Mention by the Canadian Institute of Chartered Accountants' Walter J. Macdonald Award judges panel for the article "The CA's Role in Valuation: An Inside-Out Perspective", ***CA Magazine***, Canadian Institute of Chartered Accountants, (September 1984), p. 28

Lectures

McGill University, Montreal

Guest lecturer, "Financial Reporting and Business Valuation", Faculty of Management (Management undergraduate and MBA students) (2010)

Guest lecturer, "Business Valuation for Chartered Accountants", Faculty of Management (2009)

Guest lecturer, "Valuation of Intellectual Property", Faculty of Law (2004)

Guest lecturer, "Business Valuation in Estate Planning", Faculty of Law (2000)

Meredith Memorial Lectures, Faculty of Law (1990 and 1996)

Sessional Lecturer in Taxation, Faculty of Law (1979-1980)

"Business Valuation", Professional Development Program (1978-1980)

Faculty of Management, Bachelor of Commerce Undergraduate Program

C.A. Program

Management Institute

Concordia University, Montreal

Business Valuation, MBA Programme (Graduate Business School) (1980-1988)

Faculty of Commerce (1974)

Lectures (cont'd)

University of Ottawa, Ottawa

Guest lecturer, Faculty of Law (2011, 2012 and 2013)

University of Toronto, Toronto

Guest lecturer, Faculty of Law (1978)

Faculty Instructor in Advanced Business Valuation, School of Continuing Studies (1976-83)

University of Sherbrooke

Guest lecturer, Master of Taxation (M.Fisc.) Programme (1985)

Law Society of Upper Canada, Toronto

"Valuing Shares in a Private Company", Continuing Legal Education Program (Family Law Act 1986 lecture series to practising lawyers) (1986)

"Fair Value' and The Oppression Remedy" and **"Valuation Aspects of Buy-Sell Agreements"**, *Exit and Succession Strategies*, Family-Held Business Summit (Toronto, April 20, 2007)

The Canadian Bar Association

"Key Issues in Business Valuation", *Skilled Lawyers Series II — Corporate Stream*, Continuing Legal Education Program (Webinar: December 14, 2011)

Canadian Institute of Chartered Accountants

Montreal Leader (English), Multipoint Video Conference, Investigative and Forensic Accounting Interest Group (**"Combatting International Crime—Inside View"**), November 30, 1994

Presenter at multi-location teleconference for the Family-Owned Enterprises Interests Group (February 16, 1994)

Seminar Leader, **"Litigation Support"** (Halifax, Montreal, Toronto, London, Calgary, Edmonton, Vancouver) (1985-1990)

Presenter, **"Litigation Support"**, Small Business Practice Forum, Montreal (1989)

Seminar Leader, CICA Professional Development Courses (1972-1991):

- "Capital Gains" (Montreal; St. John's, Newfoundland)
- "Partnerships" (Montreal)
- "Corporations and Their Shareholders" and "Corporations — Level II" (Montreal)
- "Valuation of Business Interests" (Montreal)
- "Tax Planning" and "Tax Shelters" (Montreal)
- "Estate Planning" (Montreal; Calgary and Edmonton)
- "CICA Tax Course" (L'Esterel, Quebec; and Jasper, Alberta)

Former lecturer, Professional Development Program

Lectures (cont'd)

American Society of Appraisers

Lecturer, "**Expert Witness Preparation and Testimony**", Center for Advanced Valuation Studies, American Society of Appraisers (New York, July 29, 2006; Chicago, April 28, 2007; Hollywood, CA, July 15, 2007; Skokie, IL, May 16, 2009)

American Society of Farm Managers and Rural Appraisers

Lecturer, "**Expert Witness Preparation and Testimony**", ASFMRA Summer Education course (St. Louis, MO, July 13, 2010)

Consultants' Training Institute/National Association of Certified Valuators and Analysts

Lecturer, **"Misuse & Abuse of Guideline Company Transactional Data in Valuing a Business Using the Market Approach"**, Business Valuation Webinar Week (Webinar: July 18, 2013)

Co-lecturer, "**Litigation and Testimony**", "**Professional Standards and Appraisal Penalties**", and "**Report Writing Techniques and Practice Management**", 2012 Business Valuation Symposium (Chicago, IL: October 30 to November 2, 2012)

Royal Canadian Mounted Police/Gendarmerie Royale du Canada

Lecturer, **«Le témoignage de l'expert en juricomptabilité»**, Commercial Crime Program (Montreal, 1998)

Books, Chapters and Study Authored/Coauthored

Financial Litigation — Quantifying Business Damages and Values (loose-leaf service), CICA (Toronto)

Guide to Canadian Business Valuations, co-authored (loose-leaf service), Thomson Carswell (Toronto)

"Critical Changes in the Playing Field Affecting Valuation", Chapter in ***Taxation, Valuation and Investment Strategies in Volatile Markets*** (Eds.: Jim Horvath and David W. Chodikoff), Thomson Carswell (2010)

"Searching for Hidden Assets and Income", Chapter in ***Valuing Professional Practices and Licenses: A Guide for the Matrimonial Practitioner***, Third Edition, Aspen Law & Business (New York: 1998; 2007; 2011)

"Reconstructing Business Income in Financial Litigation", ***Journal of Forensic Accounting: Auditing, Fraud & Taxation***, R.T. Edwards, Inc. (Philadelphia: 2004)

"Valuing a Canadian Business for a U.S. Purchaser: Canadian Laws to be Considered by the Valuator" (co-authored), ***The Handbook of Business Valuation and Intellectual Property Analysis*** (Eds.: R.F. Reilly and R.P. Schweihs), McGraw-Hill (Chicago: 2004)

"Valuing Radio Broadcasting Companies" (co-authored), ***Handbook of Advanced Business Valuation*** (Eds.: R.F. Reilly and R.P. Schweihs), The McGraw-Hill Companies, Inc. (Chicago: 2000)

"Sample Checklists", ***Income Reconstruction: A Guide to Discovering Unreported Income*** (Ed.: K.A. Barson), American Institute of Certified Public Accountants (New York: 1999)

"The Use and Abuse of Experts", ***The Handbook of Business Valuation*** (Eds.: T.L. West and J.D. Jones), Second Edition, John Wiley & Sons, Inc. (New York: 1999)

Books, Chapters and Study Authored/Coauthored (cont'd)	***An Introduction to Investigative and Forensic Accounting Practice Issues (Practice Aid 95-01)***, co-authored, Investigative and Forensic Accounting Interest Group, Canadian Institute of Chartered Accountants (Toronto: 1995) "The Use and Abuse of Experts", ***Handbook of Business Valuation*** (Eds.: T.L. West and J.D. Jones), John Wiley & Sons, Inc. (New York: 1992), p. 423 "Canadian Financial Valuation", ***Financial Valuation: Businesses and Business Interests*** (Ed.: J.H. Zukin), Maxwell MacMillan (New York: 1990) , updated 1992 at U21-1 "Valuation" section of ***Canada Tax Planning Service*** (Ed.: A.B.C. Drache), (loose-leaf service), Richard de Boo Limited, Toronto ***Study of the Historical Cost of Proceedings Before the Competition Tribunal*** (co-authored), for the Commissioner of Competition, Competition Bureau (March 1999) http://www.competitionbureau.gc.ca/epic/site/cb-bc.nsf/en/01313e.html
Video Interview	Interview with Brien Jones, Director Education & Conferences, The Consultants' Training Institute, www.thecti.com, *Conversations with the Masters Series*, Dallas, TX, June 2012 http://www.youtube.com/watch?v=X2x66B5n75s&hd=1
Quotations, Citations, References and Bibliographies	S.P. Pratt, ***The Lawyer's Business Valuation Handbook: Understanding Financial Statements, Appraisal Reports, and Expert Testimony***, Second Edition, Section of Family Law, American Bar Association (2010) S.P. Pratt, ***Valuing a Business***, Fifth Edition, McGraw-Hill (New York: 2008) J.E. Fishman, S.P. Pratt and W.J. Morrison, ***Standards of Value — Theory and Applications***, John Wiley & Sons (Hoboken, NJ: 2007) Z.C. Mercer, ***Buy-Sell Agreements***, Peabody Publishing (Memphis, TN: 2007) D. Lewis, ***Implementing Estate Freezes,*** Second Edition, CCH (2006) Z.C. Mercer, ***The Integrated Theory of Business Valuation***, Peabody Publishing (Memphis, TN: 2004) S.P. Pratt, R.F. Reilly and R.P. Schweihs, ***Valuing a Business: The Analysis and Appraisal of Closely-Held Companies***, Fourth Edition, McGraw-Hill (New York: 2000) T. Tedesco, ***Offside — The Battle for Control of Maple Leaf Gardens***, Viking (Toronto: 1996) S. Cameron, ***On the Take***, Macfarlane Walter & Ross (Toronto: 1994) S.P. Pratt, ***Valuing a Business***, Second Edition, Dow Jones-Irwin (Homewood, Ill: 1988) A. J. Freedman, ***Financial Principles of Family Law***, Thomson Carswell (Toronto), loose-leaf service Canadian Tax Foundation, various ***Annual Conference Reports*** *Hungerford Tomyn Lawrenson and Nichols* v. *Wilson,* 2011 BCSC 1440 (CanLII), pp. 111 to 113 *Succession Irving Gurberg* v. *Deputy Minister of Revenue of Quebec*, Quebec Court of Appeal (2006) QCCA 867, www.jugements.qc.ca/php/decision.php?liste=32093221&doc=575205530E5B1605 *C.V.D.* v. *I.D. and Swain*, 2005 MBQB 215 (CanLII) *La Succession de feu Claude Ménard* v. *The Queen*, 2004 TCC 431, http://www.canlii.org/en/ca/tcc/doc/2004/2004tcc431/2004tcc431.html

Quotations, Citations, References and Bibliographies (cont'd)	*La Société Immobilière 1234 de la Montagne Ltéé* v. *James A. Ioanidis*, Quebec Court of Appeal, December 19, 2002, No. 500-09-009324-005, www.jugements.qc.ca/php/decision.php?liste=32084159&doc=4707424746011C03
	McAteer v. *Devoncroft Developments Ltd.*, 2001 ABQB 917 (CanLII) at para. 509
	LMH v. *KJH*, 2001 MBQB 341 (CanLII), http://www.canlii.org/en/mb/mbqb/doc/2001/2001mbqb341/2001mbqb341.html
	Morneau v. *The Queen*, 1998 CanLII 444 (TCC), http://www.canlii.org/en/ca/tcc/doc/1998/1998canlii444/1998canlii444.html
	Friedberg v. *The Queen*, 89 DTC 5115 (FCTD)
Editorial Advisory Board	S.P. Pratt, ***The Lawyer's Business Valuation Handbook: Understanding Financial Statements, Appraisal Reports, and Expert Testimony***, Second Edition, Section of Family Law, American Bar Association (2010)
Technical and Editorial Reviewer	S.P. Pratt and R.J. Grabowski, ***Cost of Capital — Applications and Examples***, Fifth Edition, John Wiley & Sons Inc. (in print)
	S.P. Pratt and R.J. Grabowski, ***Cost of Capital in Litigation — Applications and Examples***, John Wiley & Sons Inc. (2011)
	S.P. Pratt and R.J. Grabowski, ***Cost of Capital — Applications and Examples***, Fourth Edition, John Wiley & Sons Inc. (2010)
	S.P. Pratt and R.J. Grabowski, ***Cost of Capital — Workbook and Technical Supplement****,* Fourth Edition, Wiley (2011)
	S.P. Pratt and R.J. Grabowski, ***Cost of Capital — Applications and Examples***, Third Edition, John Wiley & Sons Inc. (2008)
	S.P. Pratt, ***Valuing a Business: The Analysis and Appraisal of Closely-Held Companies***, Fifth Edition, McGraw-Hill (New York: 2008)
	Judge D. Laro and Dr. S.P. Pratt, ***Business Valuation and Taxes: Procedure, Law, and Perspective****,* John Wiley & Sons Inc. (Hoboken, NJ: 2005)
	F.C. Evans and D.M. Bishop, ***Valuation of M&A: Building Value in Private Companies***, John Wiley & Sons Inc. (New York: 2001)
	S.P. Pratt, R.F. Reilly and R.P. Schweihs, ***Valuing a Business: The Analysis and Appraisal of Closely-Held Companies***, Fourth Edition, McGraw-Hill (New York: 2000)
	Z.C. Mercer, ***Quantifying Marketability Discounts***, Peabody Publishing (Memphis, TN: 1997)
Articles Authored	"Cross-examining an expert", ***The Montreal Lawyer*** *(*Vol. 1, No. 2), December 2013
	«Comment s'établit la valeur en vertu d'une convention d'achat-vente entre actionnaires», ***Le Monde Juridique*** *(*Vol. 20, No. 9), December 2012
	"Friendly Shareholder Agreements", ***LEXPERT,*** Thomson Reuters, Nov./Dec. 2012, p. 113
	"A 'Behind-the-Scenes' View of the Cross-Examiner's Trial Tactics", ***Dunn on Damages***, www.valuationproducts.com, Issue 5, Winter 2011
	"Quantification of a Complex Business Interruption Loss", ***Financial Valuation and Litigation Expert***, www.valuationproducts.com, Issue 33, October/November 2011
	"Valuation and Related Tax Issues, Part 2"***, Report of the Proceedings of the Sixty-Third Annual Conference,*** Canadian Tax Foundation (Montreal: November 27-29, 2011), pp. 18:1-32

Articles Authored (cont'd)

"Cross-Examination of Plaintiff's Lost-Profits Damages Expert", ***Dunn on Damages***, www.valuationproducts.com, Issue 1, Winter 2010

"Quantifying Damages for Lost Profits — Costing Methods", ***Financial Valuation and Litigation Expert***, www.valuationproducts.com, Issue 28, Dec. 2010/Jan. 2011

"The Admissibility of Hindsight in Tax-Purpose Valuations", ***Tax Profiles***, CCH Canadian Limited, Number 6, June 2010

"What the Expert Witness Should Know About the Cross-Examiner's Trial Tactics, ***Financial Valuation and Litigation Expert***, www.valuationproducts.com, Issue 21, October/November 2009

"Drawing the Lines in Share Valuation", ***STEP Inside,*** Quarterly Newsletter of the Society of Trust and Estate Practitioners (Canada), Vol. 7, No. 3, May 2009, pp. 6-7

"Putting Fair Value Measurements to the 'Attest'", ***Financial Valuation and Litigation Expert***, www.valuationproducts.com, Issue 5, February/March 2007

"Valuation: Recent Developments", ***Proceedings of the Fifty-Eighth Annual Conference,*** Canadian Tax Foundation (Toronto: November 26-28, 2006)

"Critical Valuation Provisions of Buy-Sell Agreements"***, The Journal of Business Valuation***, Proceedings of The Sixth Joint Business Valuation Conference of The Canadian Institute of Chartered Business Valuators and the American Society of Appraisers (Toronto: October 19-20, 2006), pp. 281 to 293

"The Do's and Don'ts for the Business Appraiser Giving Expert Witness Testimony", ***Business Valuation Review*****,** Quarterly Journal of the Business Valuation Committee of the American Society of Appraisers, Vol. 25, No. 1, Spring 2006

"Position of the Canadian Courts on the Admissibility of Hindsight in Business Valuation", ***Business Valuation Review*****,** Quarterly Journal of the Business Valuation Committee of the American Society of Appraisers, Vol. 24, No. 3, Fall 2005

"Valuation Aspects of Shareholders' Buy-Sell Agreements", ***Business Valuation Review****,* Quarterly Journal of the Business Valuation Committee of the American Society of Appraisers, Vol. 24, No. 1, March 2005

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"Valuation Issues Relating to Shares of Private Corporations", ***Proceedings of the Fifty-Sixth Annual Tax Conference***, Canadian Tax Foundation (Toronto: September 26-28, 2004)

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Speaker

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"ASA Business Valuation Standards, USPAP and the International Valuation Standards", 2013 International Appraisal Conference, American Society of Appraisers (San Antonio, TX: October 13-16, 2013) (co-presented)

"Valuing Acquisition Targets on a Stand-Alone Basis", Federated Press *16th M&A Valuation for CFOs Course*, Federated Press (Toronto: October 8 and 9, 2013)

"Some Valuation and Litigation Issues Impacting Shares of Private Family Business", *14th Tax Planning for the Wealthy Family Course*, Federated Press (Toronto: September 11 and 12, 2013)

Speaker (cont'd)

"Business Valuation and Risk Management", *Wealth Advisory Advanced: The High Net Worth Opportunity* (a three-day certificate program for BMO Nesbitt Burns Advisors), Knowledge Bureau (Caledon, Ontario: September 10 to 12, 2013)

"Dos and Don'ts on the Witness Stand", *The Appraiser as Expert Witness*, Eastern Canada Chapter of the American Society of Appraisers (Toronto: July 11, 2013) (speaker and moderator)

"Historical Background of the BV Profession in Canada and Some 'Practical Advice' for CBVs in Today's Valuation Arena", *2013 Eastern Regional Conference*, The Canadian Institute of Chartered Business Valuators (Ottawa: June 20 and 21, 2013)

"Valuation Issues for Family-Owned Businesses", *2nd Tax-Effective Succession Planning for the Owner-Manager*, Federated Press (Toronto: May 23 and 24, 2013)

"Applying Fair Value Measurement to Non-Financial Assets", *Implementing and Applying IFRS 13 Fair Value Measurement Principles, Valuation Methodologies and the Fair Value Hierarchy*, Acumen Information Services (Toronto: May 22 and 23, 2013)

"Understanding the Process of Business Valuation", *Wealth Advisory 201: The High Net Worth Opportunity* (a three-day certificate program for BMO Nesbitt Burns Advisors), Knowledge Bureau (Montreal: May 7 to 9, 2013)

"Valuation of Goodwill", *3rd Advanced Valuation Course*, Federated Press (Toronto: March 7 and 8, 2013)

"'Fair Market Value' in the Canadian Tax Courts", Toronto Workshop Committee, The Canadian Institute of Chartered Business Valuators (Toronto: November 21, 2012)

"'Fair Market Value' in the Tax Court of Canada", *7th Advanced Valuation for Tax Practitioners Course*, Federated Press (Toronto: November 5 and 6, 2012)

"Using Experts in (Family) Mediation And Arbitration", ADR Canada National Conference (Halifax: October 25 and 26) (panel)

"Valuing Acquisition Targets on a Stand-Alone Basis", 14th M&A Valuation Techniques for CFOs, Federated Press, Federated Press (Toronto: October 18 and 19, 2012)

"The Abuse and Misuse of the Market Approach In Valuing a Business", Advanced Business Valuation Conference, American Society of Appraisers (Phoenix, Arizona: October 8 to 10, 2012)

"Unifying Industry Standards — Bringing Everyone to the Table", *Annual Conference*, National Association of Certified Valuators and Analysts (Dallas, Texas: June 20 to 23, 2012) (panel)

"Valuation Issues for Family-Owned Businesses", *Tax-Effective Succession Planning for the Owner-Manager,* Federated Press (Toronto: February 21 and 22, 2012)

"Valuation Approaches and Methodologies", *13th M&A Valuation Techniques for CFOs*, Federated Press (Toronto: December 7 and 8, 2011)

"Role of Financial Experts in Mediation and Arbitration", ADR Institute of Canada, Inc. (Vancouver, B.C.: October 27 and 28, 2011) (panel)

"Valuation and Deal Structures", *15th Business Strategies for M&A*, Federated Press (Toronto: September 26 and 27, 2011)

«Analyse et interprétation des états financiers et évaluation de la valeur d'une entreprise», *Camp d'entraînement*, Canadian Institute (Montreal: September 20 and 21, 2011 (co-authored and co-presented)

Speaker (cont'd)

"Valuing Your Business for Sale", *Capital Opportunity Conference,* AlbertaVenture.com (Edmonton: May 17, 2011; Calgary: May 18, 2011) (co-presented)

"Panel Discussion: Valuing Hidden Liabilities" and **"Valuing Acquisition Targets on a Stand-Alone Basis"**, *11th M&A Valuation for CFOs*, Federated Press (Toronto: December 13, 14 and 15, 2010)

"Tax-Purpose Valuations — Some Areas for Challenge by the CRA", Accountants Study Group (Montreal: November 2, 2010)

Using Financial Experts to Best Advantage, ADR Institute of Canada, Inc. (Calgary, Alberta: September 23 and 24, 2010) (panel)

«**Savoir lire les états financiers et connaître la valeur d'une entreprise afin de déterminer la structure et le montant de financement requis**», *Financement des entreprises*, Canadian Institute (Montreal: September 21 and 22, 2010) (co-authored and co-presented)

"Bridging the Valuation Gap", *14th Annual Canadian M&A Summit,* Federated Press (Toronto: September 20-22, 2010)

«**Stratégies d'évaluation de la valeur d'une entreprise pour maximiser les retombées de vos transactions et négociations**», *Notions de MBA pour avocats*, Canadian Institute (Quebec City: March 22 and 23, 2010) (co-authored and co-presented)

«**L'évaluation d'entreprises : principes et techniques**», *Mini-MBA pour avocats*, Federated Press (Montreal: February 18 and 19, 2010) (co-authored and co-presented)

"Valuation Aspects of Shareholders' Buy-Sell Agreements", Shareholder Agreement Conference, Aird & Berlis (Toronto: February 18, 2010)

"Update on Valuation Issues Relevant to Estate Planning", Montreal Branch Practitioners' Seminar, Society of Trust and Estate Practitioners (Montreal: February 17, 2010)

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"Applying Fair Value to Non-Financial Assets", *Fair Value for IFRS Conversion & Financial Reporting,* Acumen Information Services Press (Toronto: December 1 and 2, 2009)

"Using Experts in Mediation and Arbitration", ADR Institute of Canada, Inc. (Gatineau, Quebec: October 22 and 23, 2009) (panel)

"Joint Multi-Disciplinary Panel Seminar: Business Valuation Applications for Personal Property", 2009 American Society of Appraisers Personal Property Conference (Montreal: October 29 to 31, 2009) (moderator)

«Savoir lire les états financiers pour mieux conseiller vos clients dans un contexte d'affaires secoué par la crise économique» and **«Stratégies d'évaluation de la valeur d'une entreprise pour maximiser les retombées de vos transactions et négociations»,** *Notions de MBA pour avocats*, Canadian Institute (Montreal: September 30 & October 1, 2009) (co-authored)

"Valuation & Deal Structures", *13th Annual M&A Skills Summit,* Federated Press (Toronto: September 9-11, 2009)

"**Case Study — Valuation Issues**", *Professional Development Seminar*, Jewish Community Foundation of Montreal (Montreal: June 10, 2009)

Speaker (cont'd)

"Forensic Business Appraisals: Overcoming Hurdles in Seeking Critical Documents and Information and "Reconstructing Business Income in Financial Litigation", *Valuation and Financial Forensics — Educate, Communicate, Preserve,* National Association of Certified Valuation Analysts and The Institute of Business Appraisers' Annual Consultants' Conference (Boston, MA: May 27-30, 2009)

"Valuing Intangible Assets for Business Combinations & the Annual Impairment Test", *7th Annual M&A Valuation for CFOs*, Federated Press (Toronto: December 10-12, 2008)

«Finance et comptabilité pour les professionnels non-financiers», *Camp d'entraînement*, Canadian Institute (Montreal: October 23 and 24, 2008 (co-authored and co-presented); Quebec City: November 20 and 21, 2008 (co-authored))

"Valuation of the Cross-Border Target Business", American Institute of Certified Public Accountants/American Society of Appraisers' National Business Valuation Conference (Las Vegas, Nevada: November 10-12, 2008)

"Hardball with Hitchner", AICPA/ASA National Business Valuation Conference (Las Vegas, Nevada: November 10-12, 2008) (panel)

"Using Experts in Mediation And Arbitration", ADR Institute of Canada, Inc. (Montreal: October 17, 2008) (panel)

«Analyse de la viabilité financière de l'entreprise — un processus incontournable à la prise de décisions éclairées», Insolvabilité-Restructuration-Faillite, Canadian Institute (Montreal: October 16 and 17, 2008) (co-authored)

"Targeting, Valuing and Negotiating", *12th Annual M&A Skills Summit*, Federated Press (Toronto: September 15-17, 2008)

"Pricing and Valuation Considerations", *5th Annual National Summit on Private Equity*, The Canadian Institute (Toronto: May 9, 2008)

"Valuation of Shares", The Exit Planning Institute (Markham, Ontario: June 2-5, 2008)

"Valuation Issues in Estate Planning and Family Law — Discretionary Trusts"*,* 10th National Conference, Society of Trust and Estate Practitioners (Canada) (Toronto: June 5, 2008)

"Pricing and Valuation Considerations", 4th Annual National Summit on Private Equity, The Canadian Institute (Toronto: May 17, 2007)

"Use of Expert Evidence and Outside Financial Consulting Expertise", *2nd Annual Corporate Counsel Forum*, Insight Information (Toronto: February 25-26, 2008)

"Business Valuation Standards", *2nd World Congress on Strategic Business Valuation*, 29th McMaster World Congress, McMaster University/DeGroote School of Business (Hamilton, Ontario: January 16-18, 2008) — author of materials presented

"Understanding and Working with Valuation Principles in Family Owned Businesses", *Enhancing Value of the Family Owned Business*, The Canadian Institute (Toronto: January 14-15, 2008)

"Tax-Purpose Business Valuations", *Sixth National Conference on Income Taxes*, The Canadian Institute of Chartered Accountants (Toronto: October 15-17, 2007)

"Valuation and Deal Structures", *9th Annual M&A Skills — Deal Maker Summit*, Federated Press (Toronto: September 24-26, 2007)

"Important Developments in Business Valuation and Accounting Standards Affecting CBVs", *2007 Eastern Regional Conference*, The Canadian Institute of Chartered Business Valuators (Montreal: September 6 & 7, 2007)

Speaker (cont'd)

"Valuation of Taxed Trust Units: Real World Considerations", *Adapting to Income Trusts Taxation: Winning Strategies to Minimize its Impact and Maximum Growth Opportunities*, The Canadian Institute (Calgary: May 28 & 29, 2007)

"Pricing and Valuation Considerations", *4th Annual National Summit on Private Equity*, The Canadian Institute (Toronto: May 17, 2007)

"Controversial Areas in Tax-Purpose Valuations", The Canadian Institute of Chartered Business Valuators (Ottawa: March 1, 2007)

"Developing Areas in Financial Reporting" (Panel: "Securities Compliance, Secondary Market Disclosure, Bill 198 and Avoiding Securities Hot Spots"), *General Counsel Compliance and Controls Congress*, Insight (Toronto: February 28 and March 1, 2007)

"Canadian v. U.S. Reporting Requirements" and **"Due Diligence in the Context of a Multi-Jurisdictional or Cross-Border M&A Transaction",** *2nd Annual Cross-Border Deals Course,* Federated Press (Toronto: February 1 and 2, 2007)

"Business Valuation Standards", *1st World Congress on Strategic Business Valuation*, 28th McMaster World Congress, McMaster University/DeGroote School of Business (Hamilton, Ontario: January 24-26, 2007)

"The Financial Expert's Role in the Litigation Process" (with Dominic Jaar, Counsel, Bell Canada), *In-House Counsel Congress*, Canadian Institute (Toronto: November 23 and 24, 2006)

"Controversial Issues In Tax-Purpose Valuations", Accountants Study Group (Montreal: November 14, 2006)

"Pricing the Target: How to Avoid Overpaying", *Advanced Forum on Mergers & Acquisitions*, The Canadian Institute (Calgary: October 26 and 27, 2006)

"Shareholders' Agreements", Sixth Joint Business Valuation Conference, The Canadian Institute of Chartered Business Valuators and the American Society of Appraisers (Toronto: October 19-20, 2006)

"Some Areas of Controversy in Tax-Purposes Business Valuations", Miller Thomson Pouliot (Cross-Canada Teleconference, October 4, 2006)

«Évaluation des projections financières des vendeurs», *Colloque annuel sur les fusions & acquisitions*, Federated Press (Montreal: September 27-29, 2006)

"Business Valuations for Tax Planning: Key Issues in Determining Fair Market Value", *Fifth National Conference on Income Taxes*, The Canadian Institute of Chartered Accountants (Toronto: September 20-22, 2006)

"Valuation and Deal Structures", *8th Annual M&A Skills — Deal Maker Summit*, Federated Press (Toronto: September 11 and 12, 2006)

"Valuation-Related Issues in Estate and Tax Planning", *Tax Planning for the Owner-Manager/Estate Planning Course*, Canadian Tax Foundation (Quebec City: July 15-19, 2006)

«Juste valeur marchande : Un concept litigieux», *Conférence sur la gestion du processus de vérification et d'opposition fiscale*, Canadian Institute (Montreal: June 6 and 7, 2006)

"Valuation-Related Issues in Estate and Tax Planning", STEP Atlantic Branch (Halifax: May 10, 2006; Moncton: May 11, 2006)

"Intellectual Property Valuation", Intellectual Property Institute of Canada, Montreal Chapter Dinner-Conference (Montreal: March 7, 2006)

"Due Diligence In The Context Of A Multi-Jurisdictional Or Cross-Border M&A Transaction", *Cross Border Deals Course*, Federated Press (Toronto: February 1 and 2, 2006)

Speaker (cont'd)

"'Rules' for the Business Valuator Giving Expert Witness Testimony", Eastern Canada Chapter, American Society of Appraisers (Montreal: November 23, 2005)

"Rules for the Business Valuator Giving Expert Witness Testimony", Financial Consulting Group, L.C. (Las Vegas: November 13, 2005)

"Position of the Courts on Admissibility of Hindsight in Canada", Valuation Study Group (Bretton Woods, New Hampshire: October 6 to 9, 2005)

"Valuing Interests in Trusts", 7th Canadian National Conference, Society of Trust and Estate Practitioners (Toronto: June 6 and 7, 2005)

"Controversial Topics in Business Valuation", Canadian Institute of Chartered Business Valuators (Montreal: May 18, 2005).

"Valuation Aspects of Shareholders' Buy-Sell Agreements", Shareholder Agreement Conference, Aird & Berlis (Toronto: February 21, 2005)

"Valuation-Related Issues in Estate and Tax Planning", Montreal Branch Practitioners' Seminar, Society of Trust and Estate Practitioners (Montreal: January 27, 2005)

"The Newly Revised Canadian Practice Standards for Chartered Business Valuators", Valuation Study Group (Peninsula Papagayo, Costa Rica: January 13-16, 2005)

"Overcoming Obstacles in Gathering Documents and Information for Forensic Valuations", Sixteenth Biennial Business Valuation Conference, The Canadian Institute of Chartered Business Valuators (Ottawa: November 4-5, 2004)

"Valuation and Deal Structures", *Deal-Maker Summit — 6th Annual M&A Skills*, Federated Press (Toronto, Sept. 8-10, 2004)

"Valuation Issues Relating to Shares of Private Companies", *Tax Planning for the Owner-Manager/Estate Planning Course*, Canadian Tax Foundation (Whistler, B.C.: July 3 to 7, 2004)

"Shareholder Dissent & Oppression: Developments in Canada That May Assist U.S. Valuators", *2004 Annual Business Valuation Conference*, The Institute of Business Appraisers (Las Vegas: June 7-11, 2004)

"Valuing Hidden Liabilities", *5th Annual M&A Valuation for CFOs*, Federated Press (Toronto: February 24-26, 2004)

"**Fair Value: Will Your Opinion and Work Papers Withstand the Rigid Scrutiny Required by GAAS"**, Valuation Study Group (Naples, Florida: February 19-22, 2004)

"Valuation of Intellectual Property", *Complex Legal Transactions II,* McGill University Faculty of Law (Montreal: January 26, 2004)

"Application of the Market Approach in Valuing a Canadian Business", *22nd Annual Advanced Business Valuation Conference*, American Society of Appraisers (Chicago: October 16-18, 2003)

"Valuation and Deal Structures", Panel Discussion, *Deal-Maker Summit – 5th Annual M&A Skills*, Federated Press (Toronto: September 29 to October 1, 2003)

"Valuation Issues Relating to Shares of Private Companies", *Tax Planning for the Owner-Manager/Estate Planning Course,* Canadian Tax Foundation (Halifax, Nova Scotia: July 19-23, 2003)

"Business Valuation Issues in Tax and Estate Planning", Estate Planning Council (Kingston, Ontario: 2002)

"Valuation and the Tax Practice", Federated Press (Toronto: 2002)

"Valuation Issues Across U.S./Canadian Lines", Advanced Business Valuation Conference, American Society of Appraisers (Seattle, Washington: 2001)

Speaker (cont'd)

"Shareholder Dissent and Oppression Remedies in Canada — Recent Developments", Valuation Study Group (Amelia Island, Florida: 2001).

"Ontario Securities Commission — The New Rules for Valuations for Insider Bids, Issuer Bids, Going-Private Transactions and Related-Party Transactions", Valuation Study Group (Cancun, Mexico: 2001)

"Valuing Hidden Liabilities", *M&A Valuation of CFOs*, Federated Press (Toronto: 2001)

"Valuation and the Tax Practice", Federated Press (Toronto: 2000)

"Valuation Issues Relating to Private Companies", *2000 Estate Planning Course*, Canadian Tax Foundation (Mont Tremblant, Quebec: 2000)

"Shareholder Dissent — Current Issues", *Fourteenth Biennial Business Valuation Conference*, The Canadian Institute of Chartered Business Valuators (Vancouver: 2000)

"Tax Fraud and *Mens Rea* Forensic Accounting", *Proceedings of the Sixth Annual Fraud Conference*, Association of Certified Fraud Examiners (Montreal: 2000)

"Caveats in Using Transactional Pricing Data in Valuing a Business", Valuation Study Group (The Cloister, Sea Island, Georgia: 2000)

"Pricing Your Business: Valuation Considerations and Techniques", Gemma Group Inc. (Halifax, Nova Scotia: 2000)

"Business Valuation of E-Commerce Companies" (co-authored), *1999 Annual Convention*, E-Commerce Seminar, BR International (Montreal: July 12-13, 1999)

"Fishing Expedition or Hunting for the Truth? Justifying Information Requests in Valuation/Damages Litigation", Valuation Study Group (Napa, California: 1999)

"Issues Arising in the Valuation of Private Companies", *1999 Estate Planning Course*, Canadian Tax Foundation (Kananaskis, Alberta: 1999)

"Recent Developments in Valuation for the Tax Practitioner", *Valuation and the Tax Practice*, Federated Press (Toronto, 1998)

"Valuations and Price-Adjustment Clauses for Canadian Income Tax Purposes", Valuation Study Group (San Juan, Puerto Rico: 1998)

"Quantification of Economic Damages", 1998 Joint Advanced Business Valuation Conference, The Canadian Institute of Chartered Business Valuators and the American Society of Appraisers (Montreal, 1998)

"Valuing a Business in Divorce Proceedings", *Family & Finance Conference*, Federated Press (Toronto, 1998)

"Valuation of Marital Assets — The Search for Hidden Assets and Income", 1998 Annual Meeting, American Bar Association, Section of Family Law (Toronto, 1998)

"Valuation Considerations", *Estate Planning Course*, Canadian Tax Foundation (Deerhurst, Ontario, 1998)

«Le témoignage de l'expert en juricomptabilité», *Session de formation*, Gendarmerie Royale du Canada (Montreal, 1998)

"Consideration of Special Purchasers in the Notional Market — Canada vs. U.S.", Valuation Study Group (Boca Raton, Florida: 1998)

"Quantification of Infringement Damages", *Protecting & Managing Intellectual Property Assets*, Federated Press (Toronto, 1997)

Speaker (cont'd)

"Valuation of Intellectual Property Assets: The Foundation for Risk Management and Financing", *Business Strategies for Managing Intellectual Property*, INFONEX (Toronto, 1997)

"Forensic Valuations: Valuing a Business Without Accurate Financial Statements", International Appraisal Conference of the American Society of Appraisers (Houston, 1997)

"Exposure of the Professional Who Acts as an Expert Witness", *Ethics and Professional Liability: Fundamental Issues Facing All Practitioners*, McGill University Faculty of Law (Montreal, 1997)

"Proposed New Securities Commission Requirements for Valuations and Fairness Opinions in Canada", Valuation Study Group (Kohala Coast, Hawaii; 1997)

"Valuing the Target Business", *La valeur ajoutée en matière de fusions et acquisitions*, Barreau du Québec (Montreal, 1996)

«La propriété intellectuelle en tant qu'actif : critères et processus d'évaluation», *Protection, évaluation et financement de la création et des innovations*, École des Hautes Études Commerciales de Montréal (Montreal, 1996)

"Quantification of Economic Damages", *The Civil Law of Damages*, McGill University Faculty of Law (Montreal, 1996)

"Valuation and Damage Quantification Issues Relating to Intellectual Property", *Making Sense of Intellectual Property*, The Meredith Memorial Lectures, McGill University Faculty of Law (Montreal, 1996)

"Practice Standards, Tax Valuations and Valuation Methodologies — CICBV vs. ASA", The Canadian Institute of Chartered Business Valuators (Toronto, 1996)

"The Special Purchaser in Fair Market Value Determinations", Valuation Study Group, (Hilton Head, S.C.: 1996)

"Valuation of Intellectual Property: Principles and Methods", *Intellectual Property in Business Transactions: A Practical Course*, INFONEX Courses (Toronto, 1995)

"The New Standards of The Canadian Institute of Chartered Business Valuators"*, Valuation Study Group* (MacKinac Island, MI: 1995)

"A Review of Ontario Securities Commission *Policy Statement 9.1* and Revenue Canada *Information Circular 89-3*", Valuation Study Group (Cabos San Lucas, Mexico: 1994)

"Business Valuations in Emerging Markets," colloquium sponsored by the government agency Comision de Avaluos de Bienes Nacionales (CABIN) (Mexico City, 1994)

"The Do's and Don'ts When on the Witness Stand" and **"Valuation Basics"**, Ontario Association of the Appraisal Institute of Canada (Ottawa, 1994)

"Business Valuation in the 90's — A Challenge to Public Accountants", Accounting Group International (Montreal, 1994)

"Valuation of the Family Business", Family-Owned Enterprises Interest Group, The Canadian Institute of Chartered Accountants (Toronto: 1994)

"Conduct at Trial", Litigation Support Seminar: The Business Appraiser as Expert Witness, American Society of Appraisers (Dallas and Los Angeles, 1994)

"Valuation of Newsprint Companies", Valuation Study Group (Nassau, Bahamas: 1993)

Speaker (cont'd)

"East is East and West is West — Putting Regional Differences to the Valuation Test", American Society of Appraisers, International Appraisal Conference (Seattle, Washington, 1993)

«Utilisation d'un expert", La Responsabilité professionnelle et le processus disciplinaire», L'Institut Canadien (Montreal, 1993)

"Valuing the Closely-Held Business", AMIQ Workshop, Apparel Manufacturers Institute of Quebec (Montreal, 1992)

"Conduct at Trial", Litigation Support Seminar: The Business Appraiser as Expert Witness, American Society of Appraisers (New York, 1992)

"Private and Public Company Valuation and Pricing Issues", 2nd Annual Canadian Employee Ownership Conference, The ESOP (Employee Share Ownership Plan) Association (Toronto, 1992) — Chair

"Recent Developments in Canadian Valuation Cases", American Society of Appraisers, International Appraisal Conference (New Orleans, Louisiana, 1992)

"Valuing an International Airline", Valuation Study Group (Jasper, Alberta, 1992)

"Valuation of Motion Picture Films", Valuation Study Group (Santa Fe, New Mexico, 1991)

"Standard Setting for the Valuation Profession", Regional Conference, The Canadian Institute of Chartered Business Valuators (Ottawa: 1991)

"Valuing Professional Practices", American Conference Institute (New York, 1991)

«L'évaluateur à titre de témoin expert», Évaluation d'entreprises, Le Forum Professionnel (Montreal, Vogue Hotel, 1991)

"Bill 146 and Family Patrimony", June 1991 Tax Seminar, Professional Consultants, Jewish Community Foundation (Montreal, 1991)

"Valuation Considerations in Estate Planning", The Financial and Estate Planning Council of Montreal (Montreal, 1991)

"Trial Tactics in the Examination-in-Chief and Cross-Examination of a Valuator as Expert Witness", Valuation of Property: Issues on Separation and Divorce, The Canadian Institute (Toronto, 1991)

"Income Tax-Related Discounts in Valuing Shares of Private Corporations", Taxation Issues in Family Law, The Canadian Institute (Toronto, 1991)

"Ontario Securities Commission Draft Policy Statement 9.1", Valuation Study Group (Beaver Creek, Colorado; 1991)

«Éléments d'évaluation dans le cadre de restructurations corporatives», Réorganisation corporative : récents développements, Centre des Conférences Professionnelles (Montreal, 1990)

"Tax Evasion and *Mens Rea* Forensic Accounting", Commercial Crime and Commercial Law, *Meredith Memorial Lectures*, McGill University, Faculty of Law (Montreal, 1990)

"Business Valuation Issues Of The 90's", Second Joint Conference of The Canadian Institute of Chartered Business Valuators and American Society of Appraisers (Vancouver, 1990)

"Trial Preparation" and **"Conduct at Trial"**, Litigation Support Seminar: The Appraiser as Expert Witness, American Society of Appraisers (Chicago, 1990)

"Problems Frequently Encountered in Determining Share Values", The Family Business in Transition, CCH Canadian Limited (Toronto, 1990)

Speaker (cont'd)	**"Discounts in Valuing Private Company Shares"**, *The 1990 National Family Law Program"*, Federation of Law Societies of Canada and Canadian Bar Association (Calgary, 1990)
	«Problèmes d'évaluation", Loi 146 — Partage du patrimoine familial», The Canadian Institute (Montreal, 1990)
	"Discounts in Valuing Private Company Shares", The Family Law Academy (Toronto: 1990)
	«Comment choisir la cible : questions d'évaluation», Insight Educational Services (Montreal, 1990)
	«L'évaluation du patrimoine familial en vertu de la nouvelle législation Québécoise», Centre de Conférences Professionnelles sur le patrimoine familial (Montreal, 1989)
	Business Valuation to Senior Partners of Affiliated Conference of Practising Accountants International (Boston, 1989)
	«L'achat et la vente d'une entreprise», Insight Educational Services (Montreal, 1989)
	"Canadian Experience and Precedents Relating to Discounts in Arriving at the Share Value of Closely-Held Corporations", Valuation Study Group (Asheville, North Carolina; 1989)
	«Comment conseiller l'entreprise familiale», The Canadian Institute (1988)
	"Comparison of Canadian and United States Generally-Accepted Accounting Principles, Practices and Financial Statement Presentation", American Society of Appraisers, International Appraisal Conferences (Dallas, 1983 and Washington, D.C., 1988)
	"Determining 'Fair Value' of Minority Shares Under the Appraisal Provisions of Company Law", The Lord Reading Law Society, Montreal (1988)
	"'Fair Value' and the Appraisal Remedy", First Joint Business Valuation Conference, The Canadian Institute of Chartered Business Valuators and the American Society of Appraisers (Montreal, 1986)
	"The Art of Paying Less Income Tax", Financial Post Conferences — Toronto and Calgary
	"How to Survive the Critical 80's", Invest '80 Inc. (Montreal and Toronto)
	Federation of Law Societies of Canada/Canadian Bar Association — National Family Law Program (Montreal, 1988)
Other Speaking Engagements	The Lord Reading Law Society of Quebec (1978 and 1982)
	Estate Planning Council of Ottawa (1987)
	Association of Family Law Lawyers of Quebec (1987)
	The Canadian Institute Conference on Buying and Selling a Business, Montreal (1986)
	The New Ontario *Family Law Act, 1986* — Insight Educational Services, Toronto (1986)
	Ontario Expropriation Association, Annual Fall Seminar, Toronto (1986)
	County of Carleton Law Association — Commercial Law Group, Ottawa (1985)
	Canadian Tax Foundation — Journées d'études fiscales (1984)
	Quebec Chapter, The Canadian Association of Financial Planners — Montreal (1984)

Other Speaking Engagements

Canadian Tax Foundation Annual Conference (Vancouver, 1976; Montreal, 1978; Toronto, 1984)

Seminar on Evaluation of Scientific Research Investments, Investment Sector, Economic Development, Government of Alberta, Edmonton (1983)

National Conference on Business Valuation, Concordia University Centre for Management Studies (1982)

Canadian Bar Association (Ontario Branch), Annual Conference (1981)

Order of Chartered Accountants of Québec Annual Conferences (1979 and 1981)

Montreal Business Executives Association (Concordia University Graduate Business School) (1981)

Canadian Professional Conferences, Taxation — Toronto (1980)

The Northwest Media Project (attorneys and bankers), Portland, Oregon, U.S.A.

Concordia University, Commerce Students Association

Oyez Tax Conference — Toronto

Toronto Film Festival, First *Festivals of Festivals*, "Financing Motion Picture Films"

Canadian Bar Association (B.C. Branch) — Vancouver

Canadian Life Insurance Association — Tax Officers Conference (Quebec)

American Accounting Association, Annual Meeting, Canadian Region, McGill University, "Multinational Corporation Transfer Pricing"

McGill Alumni Society

Estate Planning Council of Montreal (1978, 1988 and 1991)

General

Guest speaker at numerous community, professional and association functions.

Has been accepted as an expert in business valuation and related matters by:

- Federal Court of Canada — Trial Division
- Tax Review Board
- Tax Court of Canada
- Supreme Court of Prince Edward Island
- Quebec Superior Court
- Court of Quebec
- Superior Court of Justice — Ontario
- Ontario Municipal Board
- Court of Queen's Bench for Saskatchewan
- Court of Queen's Bench of Alberta
- United States Tax Court
- Superior Court of Commonwealth of Massachusetts
- United States District Court — Eastern District of Pennsylvania
- Circuit Court, Fifteenth Judicial Circuit, Palm Beach County, Florida
- Quebec Securities Commission
- Alberta Securities Commission Board
- The Law Society of Upper Canada Disciplinary Board
- Arbitration panels

General (cont'd)

Has been consultant to and expert witness for the Federal Department of Justice and Canada Revenue Agency in tax-related valuation and financial litigation.

Has been consultant to Consumer and Corporate Affairs Canada (Corporations Branch).

Has been consultant to Industry Canada (Competition Bureau).

Has been consultant to Quebec Department of Revenue in tax-related matters.

Appointed by Chief Justice of Court of Queen's Bench of Alberta as court expert in *Westfair Foods*.

Appointed joint expert by the Québec Superior Court in *Litman* v. *Grundman* (SCM File No. 500-12-243841-982) regarding certain issues in dispute.

Appointed by Commissioner of Competition and Air Canada to advise Washington, D.C., arbitrator on value of Canadian Regional Airlines (2000).

Appointed by Attorney General of Ontario and Public Trustee of Ontario as valuator of Maple Leaf Gardens Inc. in the *Matter of Stavro.*

Types of valuation-related professional services rendered by Mr. Wise during the past 35 years include:

- Valuation for commercial, corporate and professional purposes
- Damages for lost profits resulting from:
    - Breach of contract
    - Tort/delict
- Business interruption
- Personal injury
- Trespass and conversion
- Expropriation
- Income tax and capital gains
- Shareholder oppression
- Minority shareholder appraisal rights
- Insurance claims
- Professional malpractice
- Product liability
- Forensic and investigative accounting
- Wrongful dismissal
- Securities fraud
- Divorce and separation
- Intellectual property

Community Service
(in addition to professional Boards and Committees)

"Helping see beyond vision loss", ***The Bottom Line ,*** Mid-November 2012

Board of Governors and member of Audit Committee, Dawson College, Montreal (2011-)

Canadian National Institute for the Blind, Quebec Region Board of Directors (1995-2012) (Treasurer, 1995-1998); active in fundraising campaigns, including annual Gala events (1990s); Member, Advisory Council, Quebec Region (2013-)

Community Service
(in addition to professional Boards and Committees)
(cont'd)

Canadian National Institute for the Blind, National Office, National Fund Development Committee (2004-2005); Investment Committee (2005); Audit Committee, Quebec Region (2006-2008); and National Finance & Risk Management Committee (2008-)

Board of Directors, Cancer Research Society (and member of Audit Committee, Investment Committee) (1998-2010)

Board of Directors, St. George's School of Montreal (and member of Finance Committee) (2000-2002)

Board of Directors, Hillel Students' Foundation at McGill University (2002)

Former Board member, Westend Sports Association

Former Board member and Treasurer, Junior Associates of the Montreal Museum of Fine Arts

Comité d'honneur, Les Ballets Jazz de Montréal (1993)

Comité d'honneur, Fondation de la société zoologique de Saint-Félicien (and Cabinet de campagne de la région de Montréal) (1997)

Campaigner and contributor to Building Fund of St. George's Elementary School of Montreal

Contributor to St. George's School of Montreal "Exceptional Futures" Capital Campaign 2011-2012

Life Governor, Maimonides Hospital Foundation

Treasurer and 3rd Year Class President, Commerce Undergraduate Society, McGill University

Established (2003) the Peter S. Wise Memorial Prize in Accounting at McGill University jointly with his brothers, Dr. Jack S. Wise and Ronald B. Wise, in memory of their father, Peter S. Wise, FCA. The Prize is awarded annually by Desautels Faculty of Management Scholarships Committee at McGill to a graduating student in Accounting with high academic standing who plans to pursue studies towards the Chartered Accountant designation

Donated (1992) to McGill University a 9' x 17' (2.74 m x 5.18 m) monumental three-metal (stainless steel, copper and tin) sculpture, *La Danse de la paix* (1953), one of the first large-scale outdoor murals in Canada, created by renowned Canadian-born international sculptor, Robert Roussil. This major work of art greets students, professors, staff and visitors in the main lobby of McGill's Brown Student Services Building located on the University's Main Campus (the sculpture had been affixed to the exterior of Richard Wise's home in Westmount, Quebec, from which Mr. Wise had it removed; he then gifted it to McGill, originally being affixed to the exterior of the University's Leacock Building, also on McGill's Main Campus)

Fundraising campaigns of the Society for the Prevention of Cruelty to Animals

Donated variety of Bordeaux premier cru classé vintage-year wines to The Missing Children's Network/Enfant-Retour Québec (registered charity), for its 2005, 2006 and 2008 fundraising auctions

December, 2013

Gerald S. Blackman, B.Com, CPA, CA, CBA, CFE, CVA

Biographical Sketch

Education and Professional Designations	**Concordia University** Bachelor of Commerce (1965)
	Chartered Professional Accountant (CPA, CA) Canadian Institute of Chartered Accountants (1971) Order of Chartered Professional Accountants of Quebec (1971); Institute of Chartered Accountants of Ontario (1977)
	Certified Business Appraiser (CBA) The Institute of Business Appraisers, Inc. (1994)
	Certified Fraud Examiner (CFE) Association of Certified Fraud Examiners (1995)
	Certified Valuation Analyst (CVA) National Association of Certified Valuators and Analysts (2013)
Professional Affiliations	**Member** The Certified Public Accountants Association of Ontario (1978)
	Affiliate American Society of Appraisers (1992)
Professional Experience	**MNP LLP, Chartered Professional Accountants and Business Advisors, Montreal** Partner (2011 to present)
	Wise, Blackman LLP, Business Valuators and Forensic Accountants, Montreal (Formerly, Richard Wise & Partners) Partner (1995 to 2011)
	Appel & Partners, Chartered Accountants, Montreal Principal-in-Charge of Business Valuation and Financial Litigation (1992-1995)
	Richard Wise & Associates, Consultants in Business Valuation and Financial Litigation, Montreal Partner (1987-1991)
	Richter, Wise & Associates, Consultants in Business Valuation and Financial Litigation, Montreal Partner (1985-1986)
	Thorne Riddell (currently KPMG), Public Accountants and Auditors, Montreal Business Valuation Consultant (1983-84)
	Touche Ross & Co. (currently Deloitte), Public Accountants and Auditors, Montreal Auditor (1969-1972)
Business Experience	**Laurentide Systems Inc., Manufacturer of Accounting Systems, Montreal** President (1979-1983)
	Superior Business Machines Ltd., National Distributor of Office Equipment, Montreal Controller (1972-1979)
	Celanese Canada Ltd., Multi-Plant Chemical and Textile Manufacturer, Montreal Financial Analyst (1965-1969)

Lecturing Position

Concordia University, M.B.A. Programme (Graduate Business School) — Business Valuation (1985-1989)

Other Professional Involvement

Member, Editorial Review Board, *Guide to Canadian Business Valuations*, Carswell Thomson Professional Publishing, by Richard M. Wise, with Jay E. Fishman and Shannon P. Pratt (1995-1996)

Program Organizing Committee, Skills Day, Federation of Law Societies of Canada/ Canadian Bar Association — National Family Law Program (Calgary, 1990)

Articles and Presentations

"Due Diligence for Determining the Value of the Acquisition", *M&A Valuation for CFOs*, Federated Press (Toronto, 2002)

"Assessing Financial Viability", *Business Valuation for CFOs*, Federated Press (Toronto, 1999)

"The Art of Valuing a Legal Practice", co-authored, *Money & Family Law*, Richard de Boo Publishers (November 1995, Vol. 10, No. 11), pp. 85-88

"The Use of Regression Analysis in Quantifying Damages", *The Balance Sheet*, The Investigative and Forensic Accounting Interest Group — The Canadian Institute of Chartered Accountants (March 1995), pp. 5-10

"Buying a Business", *The Globe and Mail* (September 12, 1994), pp. B3

"Buy-Sell Agreement: Important Elements to Consider", *Business and the Law*, Carswell Thomson Professional Publishing (December 1993, Vol. 10, No. 10), pp. 78-80

"What You Should Look For in a Valuation Report", *Money & Family Law*, Richard de Boo Publishers (November 1992, Vol. 7, No. 11), pp. 81-83

"Perquisites and Their Impact in Matrimonial Matters", *Money & Family Law*, Richard de Boo Publishers (May 1990, Vol. 5, No. 5), pp. 33-36

"What a Lawyer Should Know About Business Valuation", Federation of Law Societies of Canada/Canadian Bar Association — National Family Law Program (Calgary, 1990)

"Basic Facts About Buy/Sell Agreements", Montreal Insurance Agents and Brokers, October 1989

General

Has specialized in business and securities valuation and financial litigation for over twenty-nine years and has rendered valuation-related professional services in such areas as:

Corporate reorganizations/acquisitions;
Expropriation;
Fairness opinions;
Fair value measurement of intangible assets;
Family law;
Forensic accounting;
Going-private, issuer bids and insider bids;
Going public;
Income tax and capital gains;
Insurance claims;
Minority shareholder appraisal rights;
Personal injury, wrongful dismissal;
Product liability;
Purchase price allocation;
Quantification of economic damages;
Sale or purchase of a business;
Shareholder or partner oppression;
Transfer pricing;
Trespass and conversion; and
Valuation for commercial, corporate and professional purposes.

General (cont'd)

Has participated in the valuation of shares and business interests of over 800 private and public companies in a variety of industries such as:

- Airlines;
- Automotive;
- Broadcasting/Satellite;
- Distribution;
- Entertainment;
- Fast food operations;
- Fitness centres;
- Hotels;
- Insurance;
- Internet .coms;
- Natural resources;
- Pharmaceuticals;
- Professional practices;
- Restaurants;
- Shipping;
- Stevedoring;
- Transportation;
- Waste disposal;
- Wines and spirits.
- Apparel;
- Biotechnology;
- Computers and software;
- Electronics;
- Executive placement;
- Financial institutions;
- Food processing & distribution;
- Hydro electric;
- Intermodal shipping;
- Loyalty/Rewards
- Manufacturing;
- Petroleum distribution;
- Printing and publishing;
- Real estate;
- Retailing;
- Shopping centres;
- Telecommunications;
- Travel agencies; and
- Wholesaling.

Has participated in the preparation of Feasibility Study/Technical Reports in connection with various security commission filings.

Has testified as an expert in over forty cases before the Quebec Superior Court, the Superior Court of Ontario and the Court of Queen's Bench of New Brunswick in valuation/financial litigation matters and has appeared before representatives of the Court of Queen's Bench for Saskatchewan.

Has extensive business experience in all financial areas as well as marketing and manufacturing.

Has been involved directly in the acquisition of numerous business enterprises.