

*A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces Alberta, British Columbia and Ontario, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.*

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States of America, its territories, possessions or the District of Columbia (the “United States”), and may not be offered, sold or delivered, directly or indirectly, in the United States unless exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws are available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the U.S. Securities Act). See “Plan of Distribution”.

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of VitalHub Corp. at 480 University Avenue Suite 1001 Toronto, Ontario, M5G 1V2, and are also available electronically at [www.sedar.com](http://www.sedar.com).

New Issue

February 27, 2020

## PRELIMINARY SHORT FORM PROSPECTUS

### VITALHUB CORP.



**\$13,500,000**

**7,500,000 Common Shares**

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**Price: \$1.80 per Common Share**

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This short form prospectus (the “**Prospectus**”) qualifies the distribution (the “**Offering**”) of 7,500,000 common shares (the “**Common Shares**”) of VitalHub Corp. (the “**Company**” or “**VitalHub**”) at a price of \$1.80 per Common Share (the “**Offering Price**”).

The Common Shares are being issued pursuant to an underwriting agreement dated February 27, 2020 (the “**Underwriting Agreement**”) among the Company and Cormark Securities Inc. (“**Cormark**”), as sole bookrunner and lead underwriter, and Beacon Securities Limited and Canaccord Genuity Corp. (together, with Cormark, the “**Underwriters**”).

The common shares of the Company (the “**Common Shares**”) are listed for trading on the TSX Venture Exchange (the “**TSXV**”) under the symbol “VHI”. On February 20, 2020, the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the TSXV was \$1.98. On February 27, 2020, the last trading day before the date of this Prospectus, the closing price of the Common Shares on the TSXV was \$1.85.

The Company has applied to the TSXV for approval of the Offering and to list the Common Shares and the Broker Warrant Shares (as defined below) on the TSXV. The TSXV has not conditionally approved the Company’s listing application and there is no assurance that the TSXV will approve the listing application. Listing will be subject to the

Company fulfilling all of the listing requirements of the TSXV.

|                                         | <b>Price to the<br/>Public<sup>(1)</sup></b> | <b>Underwriters'<br/>Fee<sup>(2)</sup></b> | <b>Net Proceeds to<br/>the Company<sup>(3)</sup></b> |
|-----------------------------------------|----------------------------------------------|--------------------------------------------|------------------------------------------------------|
| Per Common Share (Non-President's List) | \$1.80                                       | \$0.108                                    | \$1.692                                              |
| Total <sup>(4)</sup> .....              | \$13,500,000.00                              | \$720,000.00                               | \$12,780,000.00                                      |

- (1) The Offering Price was determined by arm's length negotiation between the Company and Cormark, on behalf of the Underwriters, with reference to the prevailing market price of the Common Shares.
- (2) The Company has agreed to pay the Underwriters a cash fee (the "**Underwriters' Fee**") equal to 6.0% of the gross proceeds from the Offering (including any gross proceeds raised on exercise of the Over-Allotment Option), provided that the Company and the Underwriters have acknowledged and agreed that in respect of sales of Common Shares to Shen Capital Partners Inc. ("**Shen Capital**") and to certain individuals on a "president's list" (together with Shen Capital, the "**President's List**") as mutually agreed to between the Company and the Underwriters, the Underwriters shall be paid a reduced cash fee equal to 1.0% of such gross proceeds. The President's List is subject to a maximum of \$1,800,000. The Underwriters' Fee described herein assumes the maximum investment is made by the President's List. As additional consideration for the services rendered in connection with the Offering, the Company has agreed to issue to the Underwriters such number of broker warrants (the "**Broker Warrants**") as is equal to 3.0% of the number of Common Shares sold under the Offering (including any Common Shares sold on exercise of the Over-Allotment Option). Each Broker Warrant will entitle the holder thereof to acquire one Common Share (a "**Broker Warrant Share**") at an exercise price of \$2.10 per Broker Warrant Share for a period of two years following the Closing Date (as defined below), subject to adjustment in certain customary events. No Broker Warrants shall be issuable to the Underwriters in relation to the Common Shares sold to the President's List. This Prospectus qualifies the distribution of the Broker Warrants. See "*Plan of Distribution*".
- (3) After deducting the Underwriters' Fee, but before deducting the expenses of the Offering (estimated to be approximately \$350,000), which will be paid from the proceeds of the Offering.
- (4) The Company has granted the Underwriters an over-allotment option, exercisable in whole or in part, at the sole discretion of the Underwriters, at any time, and from time to time, for a period of 30 days from and including the Closing Date, to purchase up to an additional 1,125,000 Common Shares (the "**Over-Allotment Common Shares**") at the Offering Price to cover the Underwriters' over-allocation position, if any, and for market stabilization purposes (the "**Over-Allotment Option**"). If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to the Company" will be \$15,525,000.00, \$841,500.00 and \$14,683,500.00, respectively. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Common Shares issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Common Shares forming part of the Underwriters' over-allocation position acquires those Over-Allotment Common Shares under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution*".

The following table sets out information relating to the Over-Allotment Option and the Broker Warrants:

| <b>Underwriters' Position</b> | <b>Maximum Number of Securities</b>    | <b>Exercise Period</b>        | <b>Exercise Price</b>                  |
|-------------------------------|----------------------------------------|-------------------------------|----------------------------------------|
| Over-Allotment Option         | 1,125,000 Over-Allotment Common Shares | 30 days from the Closing Date | \$1.80 per Over-Allotment Common Share |
| Broker Warrants               | 225,000 Broker Warrants                | 2 years from the Closing Date | \$2.10 per Broker Warrant Share        |

Unless the context otherwise requires, when used herein, all references to the "Offering" and "Common Shares" includes all Common Shares issuable pursuant to the exercise of the Over-Allotment Option.

Investing in the Common Shares is speculative and involves significant risks. You should carefully review and evaluate the risk factors contained in this Prospectus and in the documents incorporated by reference herein before purchasing the Common Shares. See "*Forward-Looking Information*" and "*Risk Factors*".

The Underwriters, as principals, conditionally offer the Common Shares, subject to prior sale, if, as and when issued by the Company and delivered to and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "*Plan of Distribution*" and subject to the approval of certain legal matters relating to the Offering on behalf of the Company by Chitiz Pathak LLP and on behalf of the Underwriters by Cassels Brock & Blackwell LLP.

Subscriptions for the Common Shares will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about March 12, 2020 (the "**Closing Date**"), or such other date as may be agreed upon by the Company and the Underwriters, provided that the Common Shares are to be taken up by the Underwriters on or before the date that is not later than forty-two (42) days after the date of the receipt for the (final) short form prospectus related to the Offering. See "*Plan of Distribution*".

In connection with the Offering, and subject to applicable laws, the Underwriters may over-allot or effect

transactions that are intended to stabilize or maintain the market price of the Common Shares at levels other than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution*”.

It is anticipated that the Common Shares will be delivered under the book-based system through CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee and deposited in electronic form, except in certain limited circumstances. A purchaser of Common Shares will receive only a customer confirmation from the Underwriter or registered dealer from or through whom the Common Shares are purchased and who is a CDS depository service participant (a “**Participant**”). CDS will record the Participants who hold Common Shares on behalf of owners who have purchased Common Shares in accordance with the book-based system. No certificates evidencing the Common Shares will be issued to subscribers, except in certain limited circumstances, and registration will be made in the name of the nominee of CDS. See “*Plan of Distribution*”.

**The Underwriters propose to offer the Common Shares initially at the Offering Price. After a reasonable effort has been made to sell all of the Common Shares at the Offering Price, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Common Shares remaining unsold. Any such reduction will not affect the proceeds received by the Company. The Underwriters will inform the Company if the Offering Price is reduced. See “*Description of Securities Being Distributed*”.**

Stephen Garrington, a director of the Company, resides outside of Canada and has appointed Chitiz Pathak LLP, 77 King Street West, TD North Tower, Suite 700, P.O. Box 118, Toronto, Ontario M5K 1G8 as agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process.

The Company’s head and registered office is located at 480 University Avenue, Suite 1001, Toronto, Ontario M5G 1V2.

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## GENERAL MATTERS

Unless otherwise noted or the context indicates otherwise, the “**Company**”, “**VitalHub**”, “**we**”, “**us**” and “**our**” refer to VitalHub Corp. and its wholly-owned subsidiaries.

An investor should rely only on the information contained or incorporated by reference in this Prospectus. The Company or the Underwriters have not authorized anyone to provide investors with additional or different information. The Company and the Underwriters are not making an offer to sell or seeking offers to buy the Common Shares in any jurisdiction where the offer or sale is not permitted. Prospective purchasers should assume that the information appearing or incorporated by reference in this Prospectus is accurate only as at the respective dates thereof, regardless of the time of delivery of the Prospectus or of any sale of the Common Shares. The Company’s business, financial condition, results of operations and prospects may have changed since that date. The Company does not undertake to update the information contained or incorporated by reference herein, except to the extent required by applicable law.

All currency amounts in this Prospectus are stated in Canadian dollars, unless otherwise noted.

## FORWARD-LOOKING INFORMATION

This Prospectus and the documents incorporated by reference herein contain certain “forward-looking information” and “forward-looking statements” (collectively, “**forward-looking statements**”) which are based upon the Company’s current internal expectations, estimates, projections, assumptions and beliefs. Such statements can be identified by the use of forward-looking terminology such as “expect,” “likely,” “may,” “will,” “should,” “intend,” or “anticipate,” “potential”, “proposed”, “estimate” and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions “may” or “will” happen, or by discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. Such forward-looking statements are made as of the date of this Prospectus, or in the case of documents incorporated by reference herein, as of the date of each such document. Forward-looking statements in this Prospectus and the documents incorporated by reference herein include, but are not limited to, statements with respect to:

- the completion of the Offering (including the Closing Date) and the receipt of all regulatory and TSXV approvals in connection therewith;
- the use of the net proceeds of the Offering;
- the competitive and business strategies of the Company;
- the intention to grow the business, operations and potential activities of the Company (including but not limited to through acquisition transactions);
- the competitive conditions of the industry;
- whether the Company will have sufficient working capital and its ability to raise additional financing required in order to develop its business and continue operations;
- the applicable laws, regulations and any amendments thereof;
- the anticipated future gross margins of the Company’s operations;
- the performance of the Company’s business and operations;
- whether the Company will continue to be in compliance with regulatory requirements; and
- whether the key personnel will continue their employment with the Company.

Forward-looking statements contained in certain documents incorporated by reference in this Prospectus are based on the key assumptions described in such documents. These assumptions include certain industry considerations, management views and review of historical data and projections. Certain of the forward-looking statements contained herein and incorporated by reference concerning the general expectations of VitalHub concerning the healthcare industry and the Company’s business and operations are based on estimates prepared by VitalHub using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which VitalHub believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such

data is inherently imprecise. While VitalHub is not aware of any misstatement regarding any industry or government data presented herein, the healthcare industry involves risks and uncertainties and is subject to change based on various factors.

Specific risk factors which could cause actual results to differ materially from forward-looking statements are as follows:

- Difficulty in projection annual revenue and operating results
- Inability to identify and complete acquisitions
- Difficulty in competing in an industry driven by technology
- Reliance on development and maintenance of strategic relationships
- Loss of key personnel
- Long sales cycles of product offerings
- Varying margins in different revenue streams

Purchasers are cautioned that the above list of cautionary statements is not exhaustive. A number of factors could cause actual events, performance or results to differ materially from what is projected in forward-looking statements. The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. You should not place undue reliance on forward-looking statements contained in this Prospectus or in any document incorporated by reference. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. The forward-looking statements contained in this Prospectus and the documents incorporated by reference herein are expressly qualified in their entirety by this cautionary statement.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents, each of which has been filed with the securities regulatory authorities in each of Alberta, British Columbia and Ontario, and is available at [www.sedar.com](http://www.sedar.com), are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) the annual information form (the “**AIF**”) of the Company for the fiscal year ended December 31, 2018, dated September 16, 2019;
- (b) the Company's audited consolidated financial statements for the years ended December 31, 2018 and 2017, together with the independent auditors' reports thereon and the notes thereto, as amended;
- (c) the Company's management's discussion and analysis for the year ended December 31, 2018;
- (d) the Company's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2019 and 2018, together with the notes thereto;
- (e) the Company's management's discussion and analysis for the three and nine months ended September 30, 2019 and 2018 (the “**MD&A**”);
- (f) the management information circular of the Company dated May 24, 2019 in connection with the annual and special meeting of shareholders of the Company held on June 27, 2019;
- (g) the indicative term sheet dated February 20, 2020 in connection with the Offering (the (“**Initial Term Sheet**”); and
- (h) the revised indicative term sheet dated February 21, 2020 in connection with the Offering (the (“**Upsize Term Sheet**”, and together with the Initial Term Sheet, the “**Marketing Materials**”).

Any documents of the type referred to in paragraphs (a)-(h) above or similar material and any documents required to be incorporated by reference herein pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions*, including any annual information form, all material change reports (excluding confidential reports, if any), all annual and interim financial statements and management’s discussion and analysis relating thereto, or information circular or amendments thereto that the Company files with any securities commission or similar regulatory authority in Canada after the date of this Prospectus and prior to the termination of the distribution under the Offering will be deemed to be incorporated by reference in this Prospectus and will automatically update and supersede information contained or incorporated by reference in this Prospectus.

Any statement contained in this Prospectus or a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies, replaces or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded.

### **MARKETING MATERIALS**

The Marketing Materials do not form part of this Prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this Prospectus. Any template version of “marketing materials” (as defined in National Instrument 41-101 - *General Prospectus Requirements*) filed under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) after the date of this Prospectus and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated by reference in this Prospectus.

Subsequent to filing of the Initial Term Sheet, the number of Common Shares to be issued pursuant to the Offering was increased from 6,700,000 Common Shares to 7,500,000 Common Shares, and the Over-Allotment Option granted to the Underwriters to purchase up to an additional 1,005,000 Over-Allotment Common Shares at the Offering Price was increased to up to 1,125,000 Over-Allotment Common Shares. The Company prepared the Upsize Term Sheet, which is a revised version of the Initial Term Sheet, along with a blackline to show the modifications, all of which have been filed on SEDAR and can be accessed at [www.sedar.com](http://www.sedar.com).

## DESCRIPTION OF THE BUSINESS

### Corporate Structure

The Company was incorporated under the *Business Corporations Act* (Ontario) (the “**OBCA**”) on February 24, 2010 as Quinsam Opportunities I Inc. (“**Quinsam**”). The Company completed its initial public offering as a Capital Pool Company under Policy 2.4 of the TSXV on June 30, 2015 and its Common Shares commenced trading on the TSXV under the symbol “QOP.P” on July 3, 2015.

On November 28, 2016, pursuant to a Qualifying Transaction in accordance with Policy 2.4 of the TSXV (the “**Qualifying Transaction**”), Quinsam acquired all the issued and outstanding common shares of Vitalhub Corp. (“**Predecessor VitalHub**”). In connection with the completion of the Qualifying Transaction, Quinsam filed articles of amalgamation to vertically amalgamate with Predecessor VitalHub and pursuant to such vertical amalgamation Quinsam’s name changed to “VitalHub Corp.”. The Common Shares commenced trading on the TSXV under the symbol “VHI” on November 28, 2016.

The Company’s registered and principal business office is 480 University Avenue, Suite 1001, Toronto, Ontario M5G 1V2.

### Inter-Corporate Relationships

VitalHub has four (4) wholly-owned subsidiaries, being Vitalhub (PVT) Ltd. (formerly B Sharp Lanka (PVT) Ltd.), H.I. Next LLC, The Oak Group (UK) Limited, and Oculys Health Informatics Inc.

The following chart illustrates, as of the date hereof, the Company’s corporate structure including details of the jurisdiction of formation of each subsidiary.

| Subsidiary                            | Percentage of votes attaching to all voting securities of the subsidiary beneficially owned, or controlled or directed, directly or indirectly, by the Company | Jurisdiction of Incorporation |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| <i>Vitalhub (PVT) Ltd.</i>            | 100%                                                                                                                                                           | Sri Lanka                     |
| <i>H.I.Next LLC</i>                   | 100%                                                                                                                                                           | Maryland, United States       |
| <i>The Oak Group (UK) Limited</i>     | 100%                                                                                                                                                           | England and Wales             |
| <i>Oculys Health Informatics Inc.</i> | 100%                                                                                                                                                           | Ontario, Canada               |

### Business of the Company

#### *General Development of the Business*

The Company and its subsidiaries develop and support mission-critical healthcare information systems in the Mental Health (Child, Youth and Adult), Long Term Care, Community Health Service, Home Health and Hospital sectors. VitalHub technologies include Blockchain, Mobile, Patient Flow, and Web-Based Assessment and EHR solutions. The Company has a two-pronged approach to growth, targeting organic growth opportunities within its product suite and pursuing an aggressive M&A strategy.

The Company is a software consolidator focused on Digital Health Solutions. The strategy is to rapidly increase growth



and profitability by combining like software companies focused on Healthcare IT, through a combination of factors. R&D spend will be reduced by moving development to the VitalHub Innovation Lab in Colombo, Sri Lanka. General and Administrative functions will be consolidated, resulting in cost savings. VitalHub will cross-sell its products into the install bases of the merged companies and will optimize sales and marketing processes across the organization, which will also drive organic sales growth.

More detailed information regarding the business of the Company as well as its operations and assets can be found in the documents incorporated by reference herein, as supplemented by the disclosure herein. See “*Documents Incorporated by Reference*” and “*Description of the Business – Recent Developments for the Company*”.

## **Recent Developments for the Company**

### ***Private Placement of Common Shares***

On January 18, 2019, the Company completed a non-brokered private placement (the “**2019 Offering**”) of units (“**Units**”) with the former founders and management team of Aastra Technologies Limited (the “**Investors**”). The Offering was completed at a price \$0.16 per Unit for gross proceeds of \$3.3 million and a total of 20,625,000 Units issued. Each Unit consisted of one Common Share, one half of one common share purchase warrant (each whole warrant, a “**Two-Year Warrant**”) with each such Two-Year Warrant being exercisable for one Common Share of the Company at an exercise price of \$0.29 (the “**Two-Year Exercise Price**”), for a period of 24 months from the date of issuance, and one half of one common share purchase warrant (each whole warrant, a “**Three-Year Warrant**”) with each such Three-Year Warrant being exercisable for one Common Share of the Company at an exercise price of \$0.39 (the “**Three-Year Exercise Price**”), for a period of 36 months from the date of issuance. Pursuant to the 2019 Offering, the Company issued a total of 20,625,000 Common Shares, 10,312,500 Two-Year Warrants and 10,312,500 Three-Year Warrants (in each case, on a pre-Consolidation (as defined herein) basis).

The Investors were comprised of Aastra Technologies Limited (“**Aastra**”) founder, former Chairman and co-CEO Francis Shen; Aastra former President, co-CEO and COO Tony Shen; former Aastra CFO and current CFO of The Descartes Systems Group Inc., Allan Brett; and former Aastra General Counsel and current VP – M&A and General Counsel of Sangoma Technologies Corp., John Tobia. Francis Shen and Tony Shen invested by way of holding companies, Connection 25 Inc. and TMWE Inc., respectively (together, the “**Principal Investors**”).

In connection with the 2019 Offering, Francis Shen joined the Company’s Board of Directors, and Tony Shen joined and continues to serve as a Board Observer. The Company also constituted a new committee of the Board to consider M&A strategy and initiatives, which Francis Shen chairs (the “**M&A Committee**”). The M&A Committee works with a non-Board advisory group that includes the Investors, VitalHub CEO Dan Matlow, and VitalHub CFO Brian Goffenberg.

Connection 25 Inc. and TMWE Inc. purchased, 12,812,500 and 6,250,000 Units respectively (in each case, on a pre-Consolidation basis).

### ***Acquisition of the Oak Group***

On March 20, 2019 the Company completed the acquisition of (the “**Oak Group Acquisition**”) of substantially all of the assets of The Oak Group, Inc. (the “**Oak Group**”), and all of the issued and outstanding share capital in the Oak Group’s wholly-owned subsidiary, The Oak Group (UK) Limited (the “**UK Subsidiary**”) pursuant to an acquisition agreement dated February 26, 2019, and as further described in the Company’s press release of even date therewith. The purchase price for the acquisition was satisfied with a combination of cash and Common Shares.

The purchase price for the Oak Group Acquisition was \$1,640,000, which reflects certain estimated Net-Asset-Value calculations completed on the date immediately preceding the closing of the Oak Group Acquisition. The purchase price was satisfied by the delivery on closing thereof of (i) cash in the amount of \$751,000, less \$207,000 deposited into escrow for a period of six (6) months, and (ii) 4,032,682 pre-Consolidation Common Shares, at a price per Common Share equal to \$0.22, representing a value of \$887,190.12 to the Oak Group. Twenty percent (20%) of such Common Shares were released to the Oak Group on closing with the remaining deposited into escrow and released to the Oak Group in four (4) equal semi-annual installments over a 24 month period following thereafter.

### ***Acquisition of Oculys***

On November 21, 2019, the Company completed the acquisition of all of the issued and outstanding shares of Oculys Health Informatics Inc.

Total consideration paid by VitalHub, after a closing net equity adjustment, was approximately \$4,227,000, composed of a \$2,200,000 issuance of pre-Consolidation Common Shares and a cash payment equal to the difference thereof.

### ***Common Share Consolidation***

On January 2, 2020, the Company completed the consolidation of its share capital on a 10 for 1 basis, consolidating its Common Shares to 17,101,246 (the "**Consolidation**"). Shareholder authorization to effect the share consolidation was approved pursuant to a special resolution passed by shareholders on June 27, 2019 at the Company's Annual General and Special Meeting.

## **CONSOLIDATED CAPITALIZATION**

The following table sets out the consolidated capitalization of the Company as of September 30, 2019, both before and after giving effect to the Offering. Other than as described below, there have been no material changes in the consolidated share and loan capital of the Company since September 30, 2019, the date of the Company's most recent financial statements. This table should be read in conjunction with the consolidated financial statements of the Company and the related notes and management's discussion and analysis of financial condition and results of operations in respect of those statements that are incorporated by reference in this Prospectus. **The disclosure in this Prospectus with respect to the capitalization and the outstanding securities of the Company is presented on a post-Consolidation basis, unless otherwise explicitly stated.**

| Designation of Security            | Authorized | As at September 30, 2019<br>before giving effect<br>to the Offering | As at September 30, 2019<br>after giving effect to the<br>Offering <sup>(1)</sup> |
|------------------------------------|------------|---------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| <b><i>Share Capital</i></b>        |            |                                                                     |                                                                                   |
| Common Shares                      | Unlimited  | 16,536,266 Common Shares                                            | 24,036,266 Common Shares                                                          |
| Warrants                           | -          | 3,150,825 Warrants                                                  | 3,375,825 Warrants                                                                |
| Options                            | -          | 1,253,274 Options                                                   | 1,253,274 Options                                                                 |
| <b><i>Total Capitalization</i></b> |            | 20,940,365 Common Shares,<br>Warrants and Options                   | 28,665,365 Common Shares,<br>Warrants and Options                                 |

Note:

(1) Assuming no exercise of the Over-Allotment Option and issuance of 225,000 Broker Warrants.

There have been no material changes to the Company's share and loan capitalization on a consolidated basis since September 30, 2019 except the following:

- (a) Subsequent to September 30, 2019, the Company completed the Consolidation. See "*Description of the Business – Recent Developments of the Company*";
- (b) Subsequent to September 30, 2019, a total of 25,000 Common Shares were issued pursuant to the exercise of stock options for gross proceeds of \$25,000. See "*Prior Sales*";
- (c) Subsequent to September 30, 2019, a total of 259,424 Common Shares were issued pursuant to the

exercise of warrants for gross proceeds of \$466,963. See “*Prior Sales*”;

- (d) Subsequent to September 30, 2019, a total of 1,222,222 Common Shares were issued pursuant to the purchase of Oculys. See “*Prior Sales*”; and
- (e) Subsequent to September 30, 2019, a total of 828,901 Warrants expired.

### USE OF PROCEEDS

The net proceeds to the Company from the Offering, before giving effect to any exercise of the Over-Allotment Option, are estimated to be \$12,780,000, after deducting the payment of the Underwriters’ Fee of \$720,000, but before deducting the expenses of the Offering (estimated to be approximately \$350,000). If the Over-Allotment Option is exercised in full, the net proceeds to the Company from the Offering are estimated to be \$14,683,500, after deducting the Underwriters’ Fee of \$841,500, but before deducting the expenses of the Offering (estimated to be approximately \$350,000). The Underwriters’ Fee described herein assumes the maximum investment is made by the President’s List.

The Board of Directors is specifically contemplating the need to allocate capital in the following areas and therefore anticipates the estimated net proceeds of the Offering, assuming no exercise of the Over-Allotment Option, will be used to fund the following:

| Use                                            | Allocation of Net Proceeds |
|------------------------------------------------|----------------------------|
| Growth initiative <sup>(1)</sup>               | \$11,780,000               |
| Working capital and general corporate purposes | \$1,000,000                |

Note:

- (1) The Company’s growth initiative is focused on the acquisition of third-party enterprises in the health care industry which provide synergistic opportunity for the Company.

At any given time, the Company may be engaged in discussions and activities in respect of potential acquisitions and while, as of the date of this Prospectus, the Company has identified and is evaluating certain potential acquisition targets, discussions with such targets are of a preliminary nature only and none of such potential acquisitions are “probable” or “significant” within the meaning of applicable Canadian securities laws. The Company has not executed any agreements to acquire any business and there can be no assurances that any such agreement will be entered into. The Company believes it to be in its best interests to have access to capital if, and when, acquisition opportunities arise. As such, given continuing favourable market conditions, the Company believes it is an opportune time to complete the Offering in order to increase the Company’s cash on hand. Given that the Company identifies and evaluates potential acquisition opportunities on an ongoing basis, in the event the Company determines that such opportunities may be limited, the Company may from time to time reallocate a portion of the net proceeds obtained from the Offering primarily for working capital and general corporate purposes having regard to the Company’s circumstances at the relevant time.

The above-noted allocation represents the Company’s intention with respect to its use of the net proceeds based on current knowledge and planning by management of the Company (excluding potential contingencies, any deficiencies and cost-overages). Actual expenditures may differ from the estimates set forth above. There may be circumstances where, for sound business reasons, the Company reallocates the use of proceeds. If the Over-Allotment Option is exercised, the net proceeds from the exercise of the Over-Allotment Option, are expected to be used for the same purposes as described above. See “*Risk Factors – Risks Related to the Offering - Discretion in the Use of Proceeds*”.

Additionally, the Company currently has negative operating cash flows and it is expected that a portion of the net proceeds from the Offering may be used to fund such negative operating cash flows. See “*Risk Factors – Negative Operating Cash Flows*”.

### PLAN OF DISTRIBUTION

This Prospectus is being filed in each of Alberta, British Columbia and Ontario, to qualify: (i) the distribution of

7,500,000 Common Shares being offered under the Offering (8,625,000 Common Shares if the Over-Allotment Option is exercised in full); (ii) the grant of the Over-Allotment Option and the distribution of the Over-Allotment Common Shares issuable upon exercise of the Over-Allotment Option.; and (iii) the distribution of up to 225,000 Broker Warrants.

Pursuant to the Underwriting Agreement, the Company has agreed to sell and the Underwriters have severally (and not jointly or jointly and severally) agreed to purchase, as principals, on the Closing Date, 7,500,000 Common Shares at the Offering Price, for aggregate gross consideration of \$13,500,000, payable in cash to the Company against delivery of the Common Shares. The Offering Price was determined by arm's length negotiation between the Company and Cormark, on behalf of the Underwriters, with reference to the prevailing market price of the Common Shares. The obligations of the Underwriters under the Underwriting Agreement are subject to certain closing conditions and may be terminated at their discretion on the basis of "disaster out", "material change out" and "breach out" provisions in the Underwriting Agreement and may also be terminated upon the occurrence of certain other stated events. The Underwriters are, however, obligated to take up and pay for all of the Common Shares if any Common Shares are purchased under the Underwriting Agreement.

The Company has granted to the Underwriters the Over-Allotment Option, exercisable, in whole or in part, at the sole discretion of the Underwriters, for a period of 30 days from and including the Closing Date, to purchase up to an additional 1,125,000 Over-Allotment Common Shares at the Offering Price to cover the Underwriters' over-allocation position, if any, and for market stabilization purposes. A purchaser who acquires Over-Allotment Common Shares forming part of the Underwriters' over-allocation position acquires those Over-Allotment Common Shares under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In consideration for the services provided by the Underwriters in connection with the Offering, and pursuant to the terms of the Underwriting Agreement, the Company has agreed to pay the Underwriters the Underwriters' Fee (including any gross proceeds raised on exercise of the Over-Allotment Option), provided that the Company and the Underwriters have acknowledged and agreed that in respect of sales of Common Shares to the President's List, as mutually agreed to between the Company and the Underwriters, the Underwriters shall be paid a reduced cash fee equal to 1.0% of such gross proceeds. The President's List is subject to a maximum of \$1,800,000. As additional consideration for the services rendered in connection with the Offering, the Company has agreed to issue to the Underwriters such number of Broker Warrants as is equal to 3.0% of the number of Common Shares sold under the Offering (including any Common Shares sold on exercise of the Over-Allotment Option). Each Broker Warrant will entitle the holder thereof to acquire one Broker Warrant Share at an exercise price of \$2.10 per Broker Warrant Share for a period of two years following the Closing Date, subject to adjustment in certain customary events. For clarity, the Underwriters will not receive any Broker Warrants in connection with proceeds received from the President's List.

The Offering is being made in each of Alberta, British Columbia and Ontario, through those Underwriters or their affiliates who are registered to offer the Common Shares for sale in such provinces and such other registered dealers as may be designated by the Underwriters. Subject to applicable law, the Underwriters may offer the Common Shares in the United States and such other jurisdictions outside of Canada and the United States as agreed between the Company and the Underwriters.

The Company has applied to the TSXV for approval of the Offering and to list the Common Shares and the Broker Warrant Shares on the TSXV. The TSXV has not conditionally approved the Company's listing application and there is no assurance that the TSXV will approve the listing application. Listing will be subject to the Company fulfilling all of the listing requirements of the TSXV.

**The Underwriters propose to offer the Common Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Common Shares at the Offering Price, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than the Offering Price, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Common Shares is less than the gross proceeds paid by the Underwriters to the Company.**

Pursuant to the Underwriting Agreement, the Company has agreed not to, without the prior written consent of Cormark,

on behalf of the Underwriters, such consent not to be unreasonably withheld, directly or indirectly, offer, issue, pledge, sell, contract to sell, announce any intention to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise lend, transfer or dispose of, directly or indirectly, any Common Shares or securities convertible into or exchangeable for Common Shares, other than: (i) the issuance of Common Shares in connection with the exercise of any currently outstanding options of the Company; (ii) the issuance of options to acquire Common Shares pursuant to the Company's stock option plan; (iii) the issuance of awards pursuant to the Company's incentive award plan; (iv) the issuance of Common Shares pursuant to any dividend reinvestment plan of the Company; (v) to satisfy any other currently outstanding instruments or other contractual commitments in relation to any transaction that has been disclosed to the Underwriters, for a period of 90 days after the Closing Date.

In addition, in accordance with the terms of the Underwriting Agreement, the Company will cause each of its executive officers and directors to enter into lock-up agreements in a form satisfactory to the Company and the Lead Underwriter, on behalf of the Underwriters, pursuant to which each such person agrees, for a period of 90 days after the Closing Date, not to, directly or indirectly, sell, agree to sell, announce any intention to sell, or otherwise monetize the economic value of, any Common Shares or other securities (including but not limited to options, purchase contracts, rights or warrants) convertible or exchangeable for Common Shares, whether now owned or hereinafter acquired, directly or indirectly, or under their control or direction, or with respect to which each has beneficial ownership, without the written consent of Cormark, such consent not to be unreasonably withheld, subject to the following exceptions: (i) if the Company receives an offer, which has not been withdrawn, to enter into a transaction or arrangement, or proposed transaction or arrangement, pursuant to which, if entered into or completed substantially in accordance with its terms, a party could, directly or indirectly acquire an interest (including an economic interest) in, or become the holder of, 100% of the total number of Common Shares, whether by way of takeover offer, plan of arrangement, shareholder approved acquisition, capital reduction, share buyback, securities issue, reverse takeover, dual-listed company structure or other merger, transaction or arrangement; (ii) in respect of sales to affiliates of such person; or (iii) as a result of the death of any such person.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Common Shares. The foregoing restriction is subject to certain exceptions including: (a) a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities, (b) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was for the purpose of maintaining a fair and orderly market and not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities, or (c) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. Consistent with these requirements, and in connection with this distribution, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on the TSXV, in the over-the-counter market or otherwise.

The Common Shares have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**") or any state securities laws and, subject to registration under the U.S. Securities Act and applicable state securities laws or certain exemptions therefrom, may not be offered, sold, transferred, delivered or otherwise disposed of, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person or any person in the United States.

Subscriptions will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about March 12, 2020, or such other date as may be agreed upon by the Company and the Underwriters, but in any event not later than 42 days after the date of the receipt of the (final) short form prospectus.

It is anticipated that the Common Shares will be delivered under the book-based system through CDS or its nominee and deposited in electronic form, except in certain limited circumstances. A purchaser of Common Shares will receive only a customer confirmation from the registered dealer from or through which the Common Shares are purchased and who is a Participant. CDS will record the Participants who hold Common Shares on behalf of owners who have

purchased Common Shares in accordance with the book-based system. No certificates evidencing the Common Shares will be issued to subscribers, except in certain limited circumstances, and registration will be made in the name of the nominee of CDS.

Pursuant to the terms of the Underwriting Agreement, the Company has agreed to reimburse the Underwriters for certain expenses incurred in connection with the Offering and to indemnify the Underwriters and their directors, officers, employees, unitholders and agents against, certain liabilities and expenses and to contribute to payments the Underwriters may be required to make in respect thereof.

## **DESCRIPTION OF SECURITIES BEING DISTRIBUTED**

### **Common Shares**

The authorized capital of the Company consists of an unlimited number of Common Shares. As of the date of this Prospectus, there are 18,042,916 Common Shares issued and outstanding.

The holders of the Common Shares are entitled to one vote per share at all meetings of the shareholders of the Company either in person or by proxy. The holders of Common Shares are also entitled to dividends, if and when declared by the directors of the Company and the distribution of the residual assets of the Company in the event of a liquidation, dissolution or winding up of the Company. The Common Shares rank equally as to all benefits which might accrue to the holders thereof, including the right to receive dividends, voting powers, and participation in assets and in all other respects, on liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other disposition of the assets of the Company among its shareholders for the purpose of winding up its affairs after the Company has paid out its liabilities. The Common Shares are not subject to call or assessment rights or any pre-emptive or conversion rights. There are no provisions for redemption, purchase for cancellation, surrender or purchase of funds.

### **Broker Warrants**

As additional consideration for the services rendered in connection with the Offering, the Company has agreed to issue to the Underwriters up to 225,000 Broker Warrants. Each Broker Warrant will entitle the holder thereof to acquire one Broker Warrant Share at an exercise price of \$2.10 per Broker Warrant Share for a period of two years following the Closing Date.

The certificates representing the Broker Warrants will provide for standard adjustments in the number of Broker Warrant Shares issuable upon the exercise of the Broker Warrants and/or the exercise price per Broker Warrant, subject to a Broker Warrant upon the occurrence of certain events.

Holders of Broker Warrants will not have any voting or any other rights which a holder of Common Shares would have.

## **PRIOR SALES**

The following table sets forth the details regarding all issuances of Common Shares, including issuances of all securities convertible or exchangeable into Common Shares, during the 12-month period before the date of this Prospectus.

| <b>Date</b>         | <b>Type of Security Issued</b> | <b>Issuance/Exercise Price per Security</b> | <b>Number Issued</b> |
|---------------------|--------------------------------|---------------------------------------------|----------------------|
| 4/23/2019           | Options                        | 1.80                                        | 70,000               |
| 1/18/2019           | Warrants                       | 2.90                                        | 1,031,250            |
| 1/18/2019           | Warrants                       | 3.90                                        | 1,031,250            |
| 1/18/2019           | Common Shares                  | 1.60                                        | 2,062,500            |
| 2/4/2019 – 3/4/2019 | Common Shares                  | 1.80                                        | 93,500               |
| 3/19/2019           | Common Shares                  | 2.20                                        | 403,268              |

|                      |               |      |           |
|----------------------|---------------|------|-----------|
| 4/10/2019            | Common Shares | 1.20 | 2,999     |
| 9/6/2019 – 9/12/2019 | Common Shares | 1.80 | 546,500   |
| 10/25/2019           | Common Shares | 1.80 | 25,000    |
| 11/21/2019           | Common Shares | 1.80 | 1,222,222 |
| 12/19/2019           | Common Shares | 1.80 | 259,424   |
| 1/13/2020            | Common Shares | 1.00 | 25,000    |

### TRADING PRICE AND VOLUME

The Common Shares are currently listed on the TSXV under the trading symbol “VHI”. The following table sets forth the reported intraday high and low prices and monthly trading volumes of the Common Shares for the 12-month period prior to the date of this Prospectus.

| Month               | TSXV Price Range |         | TSXV Total Volume |
|---------------------|------------------|---------|-------------------|
|                     | High(\$)         | Low(\$) |                   |
| February 1-26, 2020 | 2.15             | 1.80    | 940,613           |
| January 2020        | 0.17             | 0.15    | 1,453,597         |
| December 2019       | 0.19             | 0.16    | 4,770,380         |
| November 2019       | 0.19             | 0.16    | 6,260,392         |
| October 2019        | 0.18             | 0.15    | 6,691,399         |
| September 2019      | 0.20             | 0.17    | 7,262,502         |
| August 2019         | 0.18             | 0.14    | 3,298,312         |
| July 2019           | 0.17             | 0.15    | 2,507,690         |
| June 2019           | 0.18             | 0.15    | 2,897,223         |
| May 2019            | 0.19             | 0.16    | 3,353,990         |
| April 2019          | 0.20             | 0.16    | 5,192,839         |
| March 2019          | 0.22             | 0.18    | 5,434,550         |
| February 2019       | 0.26             | 0.19    | 9,845,584         |

Notes:

(1) Source: TMX Data.

(2) Figures from February 2019 to December 2019 are presented on a pre-Consolidation basis.

On February 26, 2020, the last day of trading prior to the date of this Prospectus, the closing price per Common Share on the TSXV was \$1.85.

### CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of DLA Piper (Canada) LLP, tax counsel to the Company, and Cassels Brock & Blackwell LLP, counsel to the Underwriters, the following is, as at the date of this Prospectus, a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the “**Tax Act**”) generally applicable to an investor who acquires Common Shares pursuant to the Offering and who, for the purposes of the Tax Act and at all relevant times (i) deals at arm’s length with the Company and the Underwriters, (ii) is not affiliated with the Company or a subsequent purchaser of the Common Shares, and (iii) acquires and holds the Common Shares as capital property (a “**Holder**”). Generally, the Common Shares will be considered as capital property of a Holder thereof provided that the Holder does not use the Common Shares in the course of carrying on a business of trading or dealing in securities and such Holder has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Holder (i) that is a “financial institution” for the purposes of the mark-to-market rules contained in the Tax Act; (ii) that is a “specified financial institution” as defined in the Tax Act; (iii) an interest in which would be a “tax shelter investment” as defined in the Tax Act; (iv) that has made a functional currency reporting election under the Tax Act; or (v) that has entered into or will enter into a “derivative forward agreement” or “synthetic disposition arrangement”, as those terms are defined in the Tax Act, with respect to the Common Shares. Such Holders should consult their own tax advisors with respect to an investment in Common Shares. Additional considerations, not

discussed herein, may be applicable to a Holder that is a corporation resident in Canada, and is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of Common Shares, controlled by a non-resident person for purposes of the “foreign affiliate dumping” rules in section 212.3 of the Tax Act. Such Holders should consult their own tax advisors with respect to the consequences of acquiring Common Shares.

This summary is based upon the current provisions of the Tax Act in force as of the date hereof and our understanding of the current published administrative and assessing practice of the Canada Revenue Agency (the “**CRA**”). This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”) and assumes that the Tax Proposals will be enacted in the form proposed, although no assurance can be given that the Tax Proposals will be enacted in their current form or at all. This summary does not otherwise take into account any changes in law or in the administrative policies or assessing practice of the CRA, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations, which considerations may differ significantly from the Canadian federal income tax considerations discussed in this summary.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Holders should consult their own tax advisors with respect to their particular circumstances.

### **Holders Resident in Canada**

The following section of this summary applies to Holders who, for the purposes of the Tax Act, are or are deemed to be resident in Canada at all relevant times (“**Resident Holders**”). Certain Resident Holders whose Common Shares might not constitute capital property may make, in certain circumstances, an irrevocable election permitted by subsection 39(4) of the Tax Act to deem the Common Shares, and every other “Canadian security” as defined in the Tax Act, held by such persons, in the taxation year of the election and each subsequent taxation year to be capital property. Resident Holders should consult their own tax advisors regarding this election.

### ***Dividends***

Dividends received or deemed to be received on the Common Shares will be included in computing a Resident Holder’s income. In the case of an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of “taxable dividends” received from “taxable Canadian corporations” (as defined in the Tax Act), including the enhanced dividend tax credit in respect of “eligible dividends”, if any, so designated by the Company to the Resident Holder in accordance with the provisions of the Tax Act. There may be restrictions on the Company’s ability to so designate any dividends as “eligible dividends”, and the Company has made no commitments in this regard.

Dividends received or deemed to be received by a corporation that is a Resident Holder on the Common Shares must be included in computing its income but generally will be deductible in computing its taxable income, subject to all restrictions and special rules under the Tax Act. A Resident Holder that is a “private corporation” (as defined in the Tax Act) and certain other corporations controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a tax under Part IV of the Tax Act (refundable in certain circumstances) on dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain, and Resident Holders that are corporations should consult their own tax advisors in this regard.

### ***Dispositions of Common Shares***

Upon a disposition (or a deemed disposition) of a Common Share, a Resident Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of such Common Shares, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such Common Shares, to the



Resident Holder. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading “*Capital Gains and Capital Losses*”.

### ***Capital Gains and Capital Losses***

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized in the year by such Resident Holder. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following taxation year against taxable capital gains realized in such year to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of Common Shares by a Resident Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such shares or shares substituted for such shares to the extent and in the circumstances specified by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) also may be liable to pay a special additional tax (refundable in certain circumstances) on its “aggregate investment income” (as defined in the Tax Act), which will include taxable capital gains, for the year.

### ***Minimum Tax***

Capital gains realized and dividends received by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to minimum tax under the Tax Act. Resident Holders should consult their own advisors with respect to the application of the minimum tax.

### ***Holders Not Resident in Canada***

The following section of this summary is generally applicable to Holders who, for the purposes of the Tax Act, (i) have not been and will not be deemed to be resident in Canada at any time while they hold the Common Shares, and (ii) do not use or hold, and are not deemed to use or hold, the Common Shares in carrying on a business in Canada at any relevant time (“**Non-Resident Holders**”).

Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere. Such Non-Resident Holders should consult their own tax advisors.

### ***Dividends***

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder by the Company will be subject to Canadian withholding tax at the rate of 25% on the gross amount of the dividend unless such rate is reduced by the terms of an applicable tax treaty. Under the Canada-United States Income Tax Convention (1980) (the “**Treaty**”) as amended, for example, the rate of withholding tax on dividends paid or credited to a Non-Resident Holder who is resident in the U.S. for purposes of the Treaty and entitled to benefits under the Treaty (a “**U.S. Holder**”) is generally limited to 15% of the gross amount of the dividend (or 5% in the case of a U.S. Holder that is a company beneficially owning at least 10% of the Company’s voting shares). Affected Non-Resident Holders should consult their own tax advisors in this regard.

### ***Dispositions of Common Shares***

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Common Share, nor will capital losses arising therefrom be recognized

under the Tax Act, unless the Common Share constitutes “taxable Canadian property” to the Non-Resident Holder thereof for purposes of the Tax Act, and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty.

Provided the Common Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSXV) at the time of disposition, the Common Shares generally will not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60 month period immediately preceding the disposition the following two conditions are met concurrently: (i) one or any combination of (A) the Non-Resident Holder, (B) persons with whom the Non-Resident Holder did not deal at arm’s length, and (C) partnerships in which the Non-Resident Holder or such non-arm’s length person holds a membership interest (either directly or indirectly through one or more partnerships), owned 25% or more of the issued shares of any class or series of shares of the Company; and (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource properties (as defined in the Tax Act), timber resource properties (as defined in the Tax Act) or an option, an interest or right in such property, whether or not such property exists. Notwithstanding the foregoing, a Common Share may also be deemed to be taxable Canadian property to a Non-Resident Holder under other provisions of the Tax Act.

A Non-Resident Holder’s capital gain (or capital loss) in respect of Common Shares that constitute or are deemed to constitute taxable Canadian property (and are not “treaty-protected property” as defined in the Tax Act) will generally be computed in the manner described above under this subheading “*Holders Resident in Canada – Dispositions of Common Shares*”.

Non-Resident Holders who may hold Common Shares as taxable Canadian property should consult their own tax advisors in this regard.

## **ELIGIBILITY FOR INVESTMENT**

In the opinion of DLA Piper (Canada) LLP, tax counsel to the Company, and Cassels Brock & Blackwell LLP, counsel to the Underwriters, based on the provisions of the Tax Act and any proposal to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, as of the date hereof, the Common Shares, if issued on the date hereof, would be “qualified investments” under the Tax Act for trusts governed by registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), deferred profit sharing plans, registered education savings plans (“RESPs”), registered disability savings plans (“RDSPs”) and tax-free savings accounts (“TFSAs”), all as defined in the Tax Act (collectively “**Deferred Income Plans**”), provided that the Common Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSXV).

Notwithstanding that a Common Share may be a qualified investment for an RRSP, RRIF, RESP, RDSP or TFSA as discussed above, if the Common Share is a “prohibited investment” for the purposes of the Tax Act, the holder of a RDSP or TFSA, the subscriber of a RESP or the annuitant under an RRSP or RRIF which holds such Common Share will be subject to penalty taxes as set out in the Tax Act. The Common Shares will be a prohibited investment for a RRSP, RRIF, RESP, RDSP or TFSA if the holder, subscriber or annuitant, as the case may be, does not deal at arm’s length with the Company for the purposes of the Tax Act or has a “significant interest” (as defined in the Tax Act for purposes of the prohibited investment rules) in the Company. However, a Common Share will not be a “prohibited investment” if such Common Share is “excluded property” (as defined in the Tax Act for purposes of the prohibited investment rules) for trusts governed by such RRSP, RRIF, RESP, RDSP or TFSA.

**Purchasers who intend to hold Common Shares through a Deferred Income Plan should consult their own tax advisors in regard to the application of these rules in their particular circumstances.**

## **RISK FACTORS**

An investment in the Common Shares is speculative and involves certain risks. When evaluating the Company and its business, prospective purchasers of the Common Shares should consider carefully the information set out in this Prospectus and the risks described below and in the documents incorporated by reference in this Prospectus, including those risks identified and discussed under the heading “*Risk Factors*” in the AIF and under the heading

*“Risks and Uncertainties”* in the MD&A, which are incorporated by reference herein.

The risks and uncertainties described or incorporated by reference herein are not the only ones the Company may face. Additional risks and uncertainties, including those that the Company is unaware of or that are currently deemed immaterial, may also become important factors that affect the Company and its business. If any such risks actually occur, the Company’s business, financial condition and results of operations could be materially adversely affected.

## **Risks Related to the Offering**

### ***Discretion in the Use of Proceeds***

Management will have broad discretion concerning the use of the proceeds of the Offering as well as the timing of their expenditures. As a result, an investor will be relying on the judgment of management for the application of the proceeds of the Offering. Management may use the net proceeds of the Offering other than as described under the heading *“Use of Proceeds”* if they believe it would be in the Company’s best interest to do so and in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Company’s results of operations may suffer.

### ***Market Price of the Common Shares***

There can be no assurance that an active market for the Common Shares will be sustained after the Closing Date. The market price of the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company’s control. This volatility may affect the ability of holders of Common Shares to sell their securities at an advantageous price. Market price fluctuations in the Common Shares may be due to the Company’s operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts’ estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Common Shares.

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company’s operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company’s operations could be adversely impacted and the trading price of the Common Shares may be materially adversely affected.

### ***Return on Investment Risk***

There is no guarantee that an investment in the Common Shares will earn any positive return in the short or long term. A purchase of Common Shares under the Offering involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks, who have no need for immediate liquidity in their investment, and who can afford to lose their entire investment.

### ***Dilution***

The Company may complete additional financings and issue additional securities in the future, which may dilute a shareholder’s holdings in the Company and decrease the value of the Company’s securities. The Company’s articles permit the issuance of an unlimited number of Common Shares, and shareholders have no pre-emptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of options under the Company’s stock option plan and upon the exercise of outstanding warrants.

### ***Negative Operating Cash Flows***

The Company reported negative operating cash flows from operations for the year ended December 31, 2018 and for the nine month period ended September 30, 2019. It is anticipated that the Company will continue to report negative operating cash flows in future periods. It is expected that a portion of the net proceeds from the Offering will be used for working capital to fund negative operating cash flows. See “*Use of Proceeds*”.

### ***Inability to Enforce Legal Rights***

Stephen Garrington, a director of the Company, resides outside of Canada. Although he has appointed Chitiz Pathak LLP as his agent for service of process in Canada, it may not be possible for investors to enforce judgments in Canada against him. Investors may have difficulty in enforcing any judgments obtained by the Canadian courts or Canadian securities regulatory authorities and predicated on the civil liability provisions of Canadian securities legislation or otherwise. Similarly, in the event a dispute arises from the Company’s foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada.

## **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

## **INTEREST OF EXPERTS**

Certain legal matters in connection with this offering will be passed upon on behalf of the Company by Chitiz Pathak LLP and DLA Piper (Canada) LLP, and on behalf of the Underwriters by Cassels Brock & Blackwell LLP. As at the date hereof, the partners and associates of Chitiz Pathak LLP, DLA Piper (Canada) LLP and Cassels Brock & Blackwell LLP, each as a group, beneficially own, directly and indirectly, in the aggregate, less than one percent of the Common Shares.

MNP LLP is the independent auditor of the Company and is independent within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

None of the aforementioned firms, nor any directors, officers or employees of such firms, are currently, or are expected to be elected, appointed or employed as, a director, officer or employee of the Company.

## **TRANSFER AGENT AND REGISTRAR**

The registrar and transfer agent for the Common Shares is Capital Transfer Agency Inc. at its office in Toronto, Ontario.

## **CERTIFICATE OF THE COMPANY**

February 27, 2020

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces of Alberta, British Columbia and Ontario.

(signed) “*Dan Matlow*”  
Chief Executive Officer

(signed) “*Brian Goffenberg*”  
Chief Financial Officer

### **On behalf of the Board of Directors:**

(signed) “*Steven Garrington*”  
Director

(signed) “*Chris Schnarr*”  
Director

## **CERTIFICATE OF THE UNDERWRITERS**

February 27, 2020

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces of Alberta, British Columbia and Ontario.

### **CORMARK SECURITIES INC.**

By: (signed) "*James Austen*"  
Director, Investment Banking

### **BEACON SECURITIES LIMITED**

By: (signed) "*Stephen J.A. Delaney*"  
Managing Director, Investment Banking

### **CANACCORD GENUITY CORP.**

By: (signed) "*Steve Winokur*"  
Managing Director, Investment Banking