

P R E S S R E L E A S E

For Release

February 21, 2024
Regina, Saskatchewan

PROTON CAPITAL ENTERS INTO AGREEMENT TO PURCHASE PHARMACHOICE CANADA BRANDED PHARMACY IN SASKATOON FOR PROPOSED QUALIFYING TRANSACTION

PROTON CAPITAL CORP. (“Proton” or the “Corporation”) (PTN.P-TSX-V), is pleased to announce that, further to its news releases dated April 20, 2023, July 26, 2023, August 31, 2023 and October 10, 2023, it has entered into a share purchase agreement dated effective February 14 2024 (the “**Share Purchase Agreement**”), with the shareholders of a PharmaChoice Canada branded pharmacy located and operating in Saskatoon, Saskatchewan (the “**Target Pharmacy**”) to purchase 75% of the outstanding shares of the Target Pharmacy (the “**Acquisition**”) to form the “**Resulting Issuer**”. Upon completion of the Qualifying Transaction (as defined below), it is the intention of the parties that the Resulting Issuer will continue the business of the Target Pharmacy, subject to the terms and conditions outlined below. Proton intends that the Acquisition, together with the previously announced strategic alliance agreement (the “**Strategic Alliance Agreement**”) with PharmaChoice Canada Inc. (“**PharmaChoice Canada**”), will constitute its “**Qualifying Transaction**”, as such term is defined in Policy 2.4 – *Capital Pool Companies* of the policies of the TSX Venture Exchange (the “**TSXV**”).

The Target Pharmacy is a private Saskatchewan company incorporated on August 27, 2014. The Target Pharmacy operates a retail pharmacy in Saskatoon, Saskatchewan. The Target Pharmacy operates under the PharmaChoice Canada banner offering prescription drug and custom compounding specialization services, weight loss and lifestyle management solutions, including health and wellness products, and common convenience and confectionary products.

The following table sets out certain selected financial information of the Target Pharmacy.

	Three Months Ended November 30, 2023 (\$) (Unaudited)	Year Ended August 31, 2023 (\$) (Audited)	Year Ended August 31, 2022 (\$) (Unaudited)	Year Ended August 31, 2021 (\$) (Unaudited)
Total Assets	1,623,903	1,664,086	1,509,213	1,672,973
Total Current Liabilities	575,015	634,644	475,918	449,871
Long Term Debt	399,902	418,755	534,168	614,641
Sales	975,719	3,901,157	2,593,031	1,887,837
Cost of Sales	654,800	2,470,917	1,527,250	1,054,507
Operating Expenses	259,102	1,021,645	960,445	709,330
Net Income and Comprehensive Income	55,952	381,276	97,368	118,081
Dividends Paid	0	146,000	128,167	175,000

Details of the Acquisition and Summary of the Qualifying Transaction

The Share Purchase Agreement provides that Proton will purchase 75% of the issued and outstanding shares of the Target Pharmacy. The purchase price of \$1,092,030 shall be satisfied by the issuance of

2,730,075 common shares of the Corporation (“**Common Shares**”) at a deemed price of \$0.40 per share plus an additional cash payment of \$250,000 at closing. The purchase price is subject to an adjustment in the event that the current loan of approximately \$456,460 owing by the Target Pharmacy is repaid to the lender, such that the price will be increased by 75% of the amount of the loan that is paid out to the applicable lender prior to closing. The purchase price is also subject to a net asset value adjustment as of the closing date (the “**Net Asset Value Adjustment**”). The shareholders of the Target Pharmacy can elect to have the Net Asset Value Adjustment, if any, paid in cash or Common Shares issued at a deemed price of \$0.40 per share. In addition, the shareholders of the Target Pharmacy shall be eligible to receive, *pro rata*, an earnout (the “**Earnout**”), up to a maximum amount of \$414,375, based on 4.25 multiplied by the amount that normalized EBITDA (up to \$580,000) is greater than \$450,000, for the one-year period beginning on September 1, 2023 and ending on August 31, 2024. The shareholders of the Target Pharmacy can elect to have the Earnout, if any, paid in cash or, subject to approval of the TSXV, Common Shares (at the market price at the time of payment) or a combination of both.

The Qualifying Transaction will not constitute a Non-Arm’s Length Qualifying Transaction (as such term is defined in the policies of the TSXV). No person who or which is a Non-Arm’s Length Party (as such term is defined in the policies of the TSXV) of Proton has any direct or indirect beneficial interest in the Target Pharmacy or PharmaChoice Canada or their assets prior to giving effect to the Qualifying Transaction and no such person is an insider of either the Target Pharmacy or PharmaChoice Canada. Similarly, there is no known relationship between or among any person who or which is a Non-Arm’s Length Party of Proton and any person who or which is a Non-Arm’s Length Party to either the Target Pharmacy or PharmaChoice Canada.

It is expected that following completion of the Qualifying Transaction, and assuming that the Offering (as described below) is fully subscribed (excluding the over-allotment option), the current holders of Proton Shares will hold approximately 28.2% of the outstanding shares of the Resulting Issuer, the subscribers in relation to the Offering will hold approximately 69.9% of the outstanding shares of the Resulting Issuer and the holders of the shares of the Target Pharmacy will hold approximately 1.9% of the outstanding shares of the Resulting Issuer, all as calculated on a non-diluted basis immediately following the closing of the Qualifying Transaction.

The completion of the Acquisition is subject to the satisfaction of various conditions as are standard for a transaction of this nature, including but not limited to:

- (a) the Corporation completing its due diligence reviews;
- (b) representations and warranties remaining true;
- (c) receipt of a waiver of rights of first refusal of PharmaChoice Canada;
- (d) continuation of the Target Pharmacy’s service contracts and pharmacy contracts;
- (e) the Target Pharmacy shall have entered an employment agreement with its managing pharmacist, a current pharmacist and shareholder of the Target Pharmacy;
- (f) lack of material adverse effects;
- (g) obtaining necessary consents, including the consent of the Saskatchewan College of Pharmacy Professionals;
- (h) the certificate of the Target Pharmacy for the Prospectus (as defined below) shall only certify that the information in the Prospectus with respect to the Target Pharmacy constitutes full, true and plain disclosure of all material facts relating to the securities of the Target Pharmacy;
- (i) delivery of certain certificates by officers and other certificates and documents; and
- (j) TSXV conditional acceptance of the Qualifying Transaction and the Offering.

The parties to the Qualifying Transaction are at arm's length and therefore the approval of the shareholders of Proton in respect of the Qualifying Transaction will not be required. Proton held a special meeting of shareholders on January 22, 2024, where, among other things, the shareholders of Proton approved: (i) the change of name of Proton to "PharmaCorp Rx Inc." or such other name as the board of directors of Proton may approve, conditional upon completion of the Qualifying Transaction; (ii) the appointment of a new slate of directors, conditional upon completion of the Qualifying Transaction; and (iii) the approval of an equity incentive plan of Proton, conditional upon completion of the Qualifying Transaction. Copies of the management information circular of Proton dated December 11, 2023, and certain related documents and agreements have been filed with Canadian securities regulators and are available at the SEDAR+ website at www.sedarplus.ca under Proton's profile.

In connection with the Qualifying Transaction and the Offering (as described below), and pursuant to the requirements of the TSXV, the Corporation anticipates filing a long form prospectus (the "**Prospectus**") on its issuer profile on SEDAR+ (www.sedarplus.ca), which will contain details regarding the Acquisition, the Qualifying Transaction, the Offering, the Corporation, the Target Pharmacy and the Resulting Issuer.

The Offering

As announced on October 10, 2023, in connection with the Qualifying Transaction, Proton is proposing to complete a brokered public offering (the "**Offering**") of up to 100,000,000 common shares in the capital of the Corporation (each a "**Common Share**") at a price of \$0.40 per Common Share, for gross proceeds of up to \$40,000,000. iA Private Wealth Inc. (the "**Agent**") has been engaged to act as the sole agent and bookrunner for the Offering, under which Common Shares will be offered for sale to investors on a "best efforts" basis. The Corporation also intends to grant the Agent an option (the "**Over-Allotment Option**") to cover over-allotments and for market stabilization purposes, exercisable at any time up to 30 days subsequent to the closing of the Offering, to purchase up to an additional 15% of Common Shares, pursuant to the Offering, on the same terms and conditions of the Offering. The Common Shares will be offered under the Prospectus to be prepared and filed in each of the provinces of Canada, other than Quebec.

Assuming that closing of the Qualifying Transaction occurs, the net proceeds from the sale of the Common Shares is expected to be used for further acquisitions by Proton of PharmaChoice Canada bannered pharmacies, acquisitions of other independently owned pharmacies in Canada, general and administrative costs, and for general corporate working capital purposes.

Copies of the Prospectus, following filing thereof, may be obtained on SEDAR+ at www.sedarplus.ca under the Corporation's profile and from iA Private Wealth Inc., 219 – 2nd Ave South, Saskatoon, SK S7K 1K8. The Prospectus will contain important detailed information about the Corporation, the Qualifying Transaction and the proposed Offering. Prospective investors should read the Prospectus and the other documents the Corporation has filed under its issuer profile on SEDAR+ before making an investment decision.

There can be no assurance as to whether or when the Offering may be completed, or as to the actual size or terms of the Offering. Completion of the Offering will be subject to the receipt of all necessary regulatory approvals, including the approval of the TSXV and other customary conditions.

The Resulting Issuer

In connection with the completion of the Qualifying Transaction, the Resulting Issuer is expected to change its name to PharmaCorp Rx Inc. and the Resulting Issuer will be a Tier 2 Industrial issuer under the policies of the TSXV.

Upon the closing of the Qualifying Transaction, it is anticipated that Alan Simpson, Dwayne Anderson, Grady Brown, Calvin LeRoux, Ken Brownell, James Dumont and Grant Hladun will constitute the board of directors of the Resulting Issuer. It is also anticipated that the new senior management team of the Resulting Issuer will be comprised of Alan Simpson (Executive Chairperson), Grady Brown (Chief Executive Officer), Calvin LeRoux (President), Terri Tatchell (Chief Financial Officer), Paul Dale (Chief Operating Officer) and Kimberly Carroll (Corporate Secretary). Other than the changes to the board and officers, no new insiders will be created as a result of the Qualifying Transaction.

The following are brief resumes of the currently proposed directors and senior officers of the Resulting Issuer:

Alan Simpson, Director and Executive Chairperson

In 2007, Mr. Simpson co-founded StorageVault Canada Inc. ("**StorageVault**") and was President and Chief Executive Officer of StorageVault until April 2015. StorageVault has grown from a CPC to a company with a market capitalization of approximately \$2.0 billion. StorageVault has been recognized as a TSXV "Venture 50" company and recently graduated to the Toronto Stock Exchange. He now serves StorageVault Canada Inc. as a director and Acquisition Committee Chair. Since, April 2015, the Acquisition Committee of StorageVault has reviewed and approved over \$1.8 billion of acquisitions by StorageVault. In 2000, Mr. Simpson co-founded Hospitality Network Canada now operating as HealthHub Patient Engagement Solutions Inc. He was President and Chief Executive Officer until 2005 and Chair from 2011 to 2017. Recently, Mr. Simpson founded Living Sky Sports and Entertainment Inc. in 2020. Mr. Simpson holds a PgD Business Administration from Edinburgh Business School.

Dwayne Anderson, Director

Dwayne M. Anderson founded Anderson Law Firm Prof. Corp. in 2000 which specializes primarily in tax planning and corporate commercial law. Mr. Anderson received his Bachelor of Commerce degree in 1985 (Honors) and Bachelor of Law degree in 1990, both from the University of Saskatchewan. In addition to his professional background, Mr. Anderson has acted as a director and officer of several companies, limited partnerships and joint ventures related to oil and gas, food and beverage, cannabis and real estate.

Grady Brown, Director and Chief Executive Officer

Grady Brown, a dedicated leader and visionary, has been the driving force behind the incredible growth and success of PharmaChoice Canada. Mr. Brown embarked on his professional career in the pharmaceutical sector at Mylan Pharmaceuticals ULC where he was managing strategic accounts. In 2014, Mr. Brown joined PharmaChoice Canada. Under his guidance, the membership of PharmaChoice Canada has grown from 400 members to a remarkable 1100 members across Canada. Current retail sales for PharmaChoice Canada branded pharmacies are exceeding \$2.1 billion. Mr. Brown's dedication to his work extends beyond the boardroom. From 2015 to 2021, he served as a board member of the Ronald McDonald House. Mr. Brown holds a Bachelor of Commerce from the University of Saskatchewan.

Calvin LeRoux, Director and President

Mr. LeRoux has over 35 years' experience in the pharmacy industry. After 10 years in sales with Rhone Poulenc Rorer, and then 3 years with McKesson Canada in a banner management role in Halifax, Mr. LeRoux co-founded PharmaChoice Atlantic Inc in 1999 beginning with 26 locations. Mr. LeRoux led PharmaChoice Atlantic as CEO and expanded the number of locations and growing to 125 locations by 2005. In 2006, PharmaChoice East formed a partnership with United Pharmacists Enterprises in

Saskatchewan and created PharmaChoice West Inc and grew to over 250 locations. In 2018, PharmaChoice East Inc. amalgamated with PharmaChoice West Inc. to create PharmaChoice Canada with over 750 locations. Mr. LeRoux shared the leadership role of PharmaChoice Canada with Grady Brown as Co-CEOs until July 2022. Mr. LeRoux now holds the position with PharmaChoice Canada as an Advisor providing support to Mr. Grady Brown and his executive team and the PharmaChoice Canada board. He holds a BBA degree from St. Francis Xavier University in Antigonish, NS.

Ken Brownell, Director

Mr. Brownell is currently the Board of Directors Chair for PharmaChoice Canada. Mr. Brownell is currently a committee member and past director of the Pharmacy Association of Nova Scotia. He is also currently a director of All Saints Community Health Care Foundation. Mr. Brownell has over 31 years' experience as a pharmacist in community pharmacies. He also has 25 years' experience as a community pharmacy owner. Mr. Brownell and his partner provide support to pharmacists to assist them in purchasing and operating community pharmacies. Mr. Brownell enjoys travelling and is an avid snowmobiler and skier.

James Dumont, Director

James Dumont has over 25 years of experience in the pharmacy/pharmaceutical industry. Mr. Dumont has served on the PharmaChoice East Board of Directors from 2014 to 2019 where he participated in amalgamating PharmaChoice East and PharmaChoice West to become one national company in 2019, PharmaChoice. Mr. Dumont continues to serve on the PharmaChoice Canada board since it's amalgamation. Mr. Dumont held numerous positions on the PharmaChoice Canada board and has been the Chair of Finance since 2017 and continues in that role. Mr. Dumont owns and operates a pharmacy in Ottawa since 2006, operates several online retail stores and is also involved in commercial real estate. Prior to being a pharmacy owner, he held positions in Sales and Marketing in the Pharmaceutical industry where he was a top tier producer between 2001 and 2006. Mr. Dumont holds a degree in Biochemistry & Physics, Health Sciences, as well an education in Pharmacy.

Grant Hladun, Director

Grant Hladun is a pharmacist and business entrepreneur. For over 30 years, he has owned and operated multiple independent pharmacies in the province of Saskatchewan. Mr. Hladun's board experience has been continuous since 1996 with independent pharmacy cooperatives. This includes United Pharmacists Enterprises, PharmaChoice Western and PharmaChoice Canada. He has served on several committees, as board chair and co-chair, and currently sits as vice chair of the PharmaChoice Canada board. Mr. Hladun was part of the team that directed the growth from Saskatchewan (United Pharmacists Enterprises) to western Canada (PharmaChoice Western) and subsequently to amalgamate to form PharmaChoice Canada. Mr. Hladun has been part of the growth of PharmaChoice Canada from 114 independent pharmacies in 1996 to over 1100 today. Mr. Hladun holds a Bachelor of Science in Pharmacy from the University of Saskatchewan.

Terri Tatchell, Chief Financial Officer

From 2007 to 2015 Terri Tatchell held multiple audit and finance roles within Federated Co-operatives Limited. From 2015 to 2022 Ms. Tatchell held the Accounting Manager role at Mega Group Inc. Currently, Mrs. Tatchell is the Director of Finance for PharmaChoice Canada and will take on the role of the Resulting Issuer CFO while remaining the Director of Finance for PharmaChoice Canada. Terri earned her CPA, CMA designation in 2010.

Paul Dale, Chief Operating Officer

Paul has dedicated his entire career to the retail business. A senior executive with broad experience in all aspects of business operations and management spanning several retail industries. Most notably, Paul was the Executive Vice President of Rexall Canada with annual sales of \$3.6 billion. Areas of leadership responsibility included the operation of 400 retail stores, specialty pharmacies, new store development and acquisitions and Loss Prevention. Serving as a member of the Executive Operating Committee, Paul continuously worked on collaboration across all areas of the business and was a key contributor to the strategic direction of the business. Most recently, Paul was the COO of Earth Fare, an American health and wellness supermarket chain.

Kimberly Carroll, Corporate Secretary

From 1997 to 2007 Kimberly Carroll held several finance management roles with SaskTel. From 2007 until 2021, she was the Chief Financial Officer and Chief Privacy Officer with HealthHub Patient Engagement Solutions Inc. (formerly Hospitality Network Canada Inc.). Kim is currently an independent accounting management consultant and a partner in Regina's Pet Depot. Kim also serves on the Board of Directors and Audit Committee with the Regina Humane Society. Kim earned her CPA, CMA designation in 2001.

Sponsorship

Sponsorship of the Qualifying Transaction of Proton, is required by the TSXV unless an exemption from this requirement is available in accordance with the policies of the TSXV. Proton intends to apply to the TSXV for an exemption from the sponsorship requirements for the Qualifying Transaction. There is no assurance that an exemption from this requirement will be obtained

Additional Information

Proton will provide further details in respect of the Qualifying Transaction and the Offering in due course by way of a subsequent news release, however, Proton will make available to TSXV all information, including financial information, as may be requested or required by the TSXV.

All information contained in this news release with respect to Proton and the Target Pharmacy was supplied by the respective party, for inclusion herein, without independent review by the other party, and each party and its directors and officers have relied on the other party for any information concerning the other party.

Other Information and Halt

Completion of the Qualifying Transaction is subject to a number of conditions, including but not limited to, TSXV acceptance and, if applicable pursuant to TSXV requirements, majority of the minority shareholder approval. Where applicable, the Qualifying Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Qualifying Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the Prospectus, any information released or received with respect to the Qualifying Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSXV has in no way passed upon the merits of the proposed Qualifying Transaction and has neither approved nor disapproved the contents of this news release.

This news release does not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction.

The securities referred to in this news release have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person unless they are registered under the United States Securities Act of 1933, as amended, and any applicable state securities laws, or an applicable exemption from the such U.S. registration requirements is available. This news release does not constitute an offer for sale of securities, nor a solicitation for offers to buy any securities. Any public offering of securities in the United States must be made by means of a prospectus containing detailed information about the company and management, as well as financial statements.

In accordance with the policies of the TSXV, the Common Shares of Proton are currently halted from trading and will remain halted until further notice.

About The Target Pharmacy

The Target Pharmacy is a private Saskatchewan company operating a retail pharmacy in Saskatoon, Saskatchewan. The Target Pharmacy operates under the PharmaChoice Canada banner offering prescription drug and custom compounding specialization services, weight loss and lifestyle management solutions, including health and wellness products, and common convenience and confectionary products.

About PharmaChoice Canada Inc.

PharmaChoice Canada Inc. is a corporation operating as a shareholder owned buying group comprised of approximately 1,100 independent pharmacies in Canada. Headquartered in Saskatoon, Saskatchewan and Halifax, Nova Scotia, PharmaChoice Canada is the 3rd largest pharmacy banner Canada and 8th largest pharmacy banner in North America by store count, and the fastest growing pharmacy banner in Canada over the last six years.

PharmaChoice Canada licenses pharmacy brands to independent pharmacy owners in Canada.

About Proton Capital Corp.

Proton was incorporated on September 1, 2021 by certificate of incorporation issued pursuant to the provisions of the *Business Corporations Act* (Alberta). Proton is classified as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the TSXV. The principal business of Proton is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a “qualifying transaction” as defined under TSXV policies. Proton’s shares trade on the TSXV under the trading symbol: PTN.P

For further information, contact:

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Forward-Looking Information: This news release contains “forward-looking information” regarding the Corporation, the Target Pharmacy and the Resulting Issuer within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein are forward-looking information. In particular, this news release contains forward-looking information in relation to: the proposed Qualifying Transaction, including the completion of the proposed Qualifying Transaction, the strategic alliance, the Acquisition, the completion of the Acquisition, the purchase price of the Acquisition, the directors of the resulting issuer upon completion of the proposed Qualifying Transaction, the shareholders of the Resulting Issuer after the completion of the Acquisition and the Offering and the potential exemption from sponsorship for the proposed Qualifying Transaction; the proposed name change of the Corporation; the business of the Resulting Issuer; and the proposed Offering, including the size of the Offering, the completion of the Offering, the use of proceeds of the Offering, the filing of the Prospectus, and the potential exercise of the Over-Allotment Option. This forward-looking information reflects current beliefs and is based on information currently available to the management of the Corporation and the Target Pharmacy and on assumptions they believe are reasonable. These assumptions include, but are not limited to: the closing of the proposed Qualifying Transaction; the receipt of all required approvals for the proposed Qualifying Transaction and Offering, including TSXV acceptance and any board approvals or third party consents; and market acceptance of the proposed Qualifying Transaction and the Offering. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation, the Target Pharmacy and the Resulting Issuer to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board of directors, third party or regulatory approvals; competition; changes in legislation, including environmental legislation, affecting the Corporation, the Target Pharmacy and the Resulting Issuer; the timing and availability of external financing on acceptable terms; conclusions of economic evaluations and appraisals; lack of qualified, skilled labour or loss of key individuals; risks related to the COVID-19 pandemic including various recommendations, orders and measures of governmental authorities to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, service disruptions, quarantines, self-isolations, shelters-in-place and social distancing, mandatory vaccination policies, disruptions to markets, economic activity, financing, supply chains and sales channels, and a deterioration of general economic conditions including a possible national or global recession. A description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in Proton’s disclosure documents on the SEDAR+ website at www.sedarplus.ca. Although the Corporation and the Target Pharmacy have attempted to identify important risks and factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this news release is expressly qualified by this cautionary statement. The forward-looking information contained in this news release represents the expectations of the Corporation and the Target Pharmacy as of the date of this news release and, accordingly, is subject to change after such date. However, the Corporation and the Target Pharmacy expressly disclaim any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.