



## DEVONIAN HEALTH GROUP INC.

PRESS RELEASE

*For immediate release*

# Devonian Announces Acquisition of Altius Healthcare

### *Transaction highlights:*

- *Provide Devonian sales and marketing benchstrength*
- *Create a compelling financial and operational platform for future growth*

**QUÉBEC, Québec – February 1, 2018** – Devonian Health Group Inc. (“**Devonian**” or the “**Corporation**”) (TSXV: GSD), a clinical stage botanical pharmaceutical corporation, is pleased to announce that it has entered into an agreement for the acquisition of all of the issued and outstanding shares of Altius Healthcare Inc. (the “**Acquisition**”), a corporation governed by the *Business Corporation Act* (Ontario) that owns and operates the business of producing, importing, marketing and distributing branded and generic medicines (“**Altius**”).

It is expected that Altius will maintain its existing operations as a new division of Devonian. Altius will continue to acquire in-license and distribute medicines for the Canadian market.

The Acquisition is being made pursuant to the terms of a share purchase agreement entered into among Devonian, Altius’ shareholders and Altius and pursuant to which, conditional to the Corporation fulfilling all of the requirements of the TSX Venture Exchange provided in its conditional approval on or before March 7<sup>th</sup>, 2018, the Corporation will acquire all of the issued and outstanding shares of Altius (the “**Shares**”) in exchange for the issuance of 8,403,361 units of the Corporation. (the “**Purchase Price**”). Each unit is comprised of one subordinate voting share (the “**Subordinate Voting Shares**”) and one common share purchase warrant (the “**Warrants**”). Each Warrant gives the right to its holder to subscribe one Subordinate Voting Share at a price of \$1.19 per Subordinate Share for a period of 36 months following their issuance. This Transaction is based on a debt free cash free basis at the closing date and the Purchase Price could be adjusted on reception of the closing working capital statement to be provided by Altius. The Subordinate Voting Shares are being kept under escrow, for a period of thirty-six (36) months.

Altius’ current portfolio is comprised of two pharmaceutical drugs. Aggregate revenues of these two pharmaceuticals grew from \$2.4 million to \$9.7 million for the fiscal year ended December 31<sup>st</sup> of 2015 and 2016 respectively. For the period of nine-month ended on September 30<sup>th</sup>, 2017, aggregate revenues totaled \$5.2 million. Altius consented and agreed to provide the Corporation with audited financial statements (the “**Financial Statements**”) to be filed with the regulatory authorities at the closing date. The Acquisition is expected to close on or before March 7<sup>th</sup>, 2018.

Trading in the Subordinate Voting Shares will be halted until the publication of a press release providing additional details on the financial information of Altius following receipt of the Financial Statements and announcing that the trading in the Subordinate Voting Shares is resumed. All securities to be issued as part of the Acquisition will be subject to a restriction period of four months and a day.



Sybil Dahan, a pharmaceutical executive with more than 29 years of experience, will continue as President of Altius.

“The Acquisition brings sales and marketing acumen to Devonian. Both companies share a lean and focus operational structure which will continue to play a key role in maximizing our growth potential. Altius’ cash flow and strong Canadian franchise complement our business model and further diversify our pharmaceutical product platform. The compelling financial and operational platform we are creating through this Acquisition will leave Devonian well positioned to continue its growth and value for our shareholders” said Dr. André P. Boulet, President and Chief Executive Officer of Devonian.

“Altius’ business model relies on acquiring or in-licencing traditional pharmaceutical drugs developed by others and we will continue to do so beyond this transaction. By joining the Devonian Health Group, Altius now has access to Devonian’s robust pipeline of products launching us into the Botanical Pharmaceutical arena. The Botanical Pharmaceutical market is at its infancy with major growth expected for many years to come (1).” said Sybil Dahan, President of Altius.

#### **About the transaction**

The Corporation entered into, on November 7, 2017, a letter of intent in connection with the Acquisition negotiated between parties at arm’s length, pursuant to which it was agreed that Ms. Sybil Dahan, following the completion of the Acquisition, be proposed as a director of the Corporation. Due to the delays associated with the negotiation of the definitive terms of the proposed acquisition, and in the interest of transparency toward the shareholders of the Corporation, it was agreed between the parties to propose to the shareholders, at the at the annual and special general meeting of shareholders of the Corporation held on January 11, 2018, Ms. Sybil Dahan and Mr. Terry L. Fretz as nominees for directorship. At this meeting, the shareholders voted in favor of the election of Ms. Sybil Dahan and Mr. Terry L. Fretz. Ms. Sybil Dahan, director of the Corporation since January 11, 2018 is also president and director of Altius and has a material indirect interest in Altius. M. Terry L. Fretz, also director of the Corporation since January 11, 2018 has also a material indirect interest in Altius. Therefore, the Acquisition constitutes a “related party transaction” within the meaning of Regulation 61-101 *respecting Protection of Minority Security Holders in Special Transactions* (“Regulation 61-101”) and TSX Venture Exchange Policy 5.9 – *Protection of Minority Security Holders in Special Transactions*. However, the directors of the Corporation, who are entitled to vote, and who voted in favour of the Acquisition have determined that the exemptions from formal valuation and minority approval requirements provided for respectively under subsections 5.5(a) and 5.7(1)(a) of Regulation 61-101 can be relied on as neither the fair market value of the Units nor the fair market value of the consideration for the Units exceed 25% of the Corporation’s market capitalization. None of the Corporation’s directors has expressed any contrary views or disagreements with respect to the foregoing. Ms. Sybil Dahan and M. Terry L. Fretz abstained from voting on this matter. As a result of the foregoing, a material change report in respect of this related party transaction will be filed by the Corporation but could not be filed earlier than 21 days prior to the closing of the Acquisition. Completion of the Acquisition is subject to final approval from the TSX Venture Exchange. The Corporation expects to be able to file shortly all required documentation to satisfy the conditional acceptance of the TSX Venture Exchange, including the Financial Statements. A press release will be disseminated by the Corporation after the Financial Statements are received for the purposes of providing additional details on the financial information of Altius.



## **About Devonian**

Devonian is a clinical stage pharmaceutical corporation with novel therapeutic approaches targeting unmet medical needs. Devonian's core strategy is to develop prescription botanical drugs. This focus is supported by a US-FDA set of regulatory guidelines favouring a more efficient drug development pathway versus those for traditional prescription medicines. Devonian is founded on a broad-based platform that spans more than fifteen years of research. Devonian's proprietary process of extraction, purification, stabilization and conditioning of a molecular complex responsible for the photosynthetic process in plants and algae is known as: The Supra Molecular Complex Extraction and Stabilisation Technology (SUPREX™). Thykamine™ is the first product derived from this platform. The potent anti-inflammatory and anti-oxidative active properties of Thykamine™ have been demonstrated in several pre-clinical studies as well as in a clinical study in patients with mild-to-moderate distal ulcerative colitis. The product is now moving into large phase II clinical trials in two therapeutic areas: Ulcerative Colitis and Atopic Dermatitis. While the development of prescription botanical drugs is its core business, Devonian is also involved in the development of high value derma-cosmeceutical products as part of a secondary strategy to generate short-term revenues and optimize manufacturing efficiency.

For more information, visit [www.groupedevonian.com](http://www.groupedevonian.com).

## **About Altius Healthcare**

Based in Concord, Ontario, Altius Healthcare is a specialty pharmaceutical company with a primary focus of acquiring and in-licensing safe and innovative medicines and healthcare products designed to help people of all ages live healthier lives. Altius then leverages its expertise in the commercialisation activities required to successfully launch and distribute these medicines in Canada. The teams diverse experience and expertise draws from nearly 40 years of producing, importing, marketing and distributing branded and generic medicines. For more information, visit [www.altiushealthcare.ca](http://www.altiushealthcare.ca)

## **References**

- 1) The worldwide trend of using botanical drugs and strategies for developing global drugs. K. Ahn., BMB Rep. 50 (3): 111-116, 2017.

## **Forward Looking Statements**

This press release contains forward-looking statements about Devonian's objectives, strategies and businesses that involve risks and uncertainties. These statements are "forward-looking" because they are based on our current expectations about the markets we operate in and on various estimates and assumptions. Actual events or results may differ materially from those anticipated in these forward-looking statements if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. Such risks and assumptions include, but are not limited to, Devonian's transformation into a leading healthcare company, the creation of a compelling financial and operational platform for future growth, the expectation that Altius maintains its existing operations as a new division of Devonian, the receipt of TSXV approval to proceed with the acquisition Devonian's ability to develop, manufacture, and successfully commercialize value-added pharmaceutical and dermo-cosmeceutical products, the availability of funds and resources to pursue R&D projects, the successful and timely completion of clinical studies, the ability of Devonian to take advantage of business opportunities in the pharmaceutical and



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dermo-cosmeceutical industries, uncertainties related to the regulatory process and general changes in economic conditions. You will find a more detailed assessment of the risks that could cause actual events or results to materially differ from our current expectations in Devonian's prospectus dated April 21<sup>st</sup>, 2017 under the heading "Risk Factors" related to Devonian's business. As a result, we cannot guarantee that any forward-looking statement will materialize. We assume no obligation to update any forward-looking statement even if new information becomes available, as a result of future events or for any other reason, unless required by applicable securities laws and regulations.

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

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