

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 in these jurisdictions.

The Subscription Receipts and Common Shares (as defined below) issuable upon satisfaction of the Escrow Release Conditions (as defined below) by the Escrow Release Deadline (as defined below) 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 and may not be offered, sold or delivered, directly or indirectly within the United States (as defined in Regulation S under the U.S. Securities Act) except pursuant to an exemption from the registration requirements of those laws. Accordingly, the Subscription Receipts are being offered only to persons in the United States who are qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in accordance with Rule 144A under the U.S. Securities Act. Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the Subscription Receipts may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See “Plan of Distribution”.

With respect to the United Kingdom, this short form prospectus has not been, and will not be, approved by an authorised person pursuant to section 21 of the United Kingdom’s Financial Services and Markets Act 2000 (“**FSMA**”); and, it is not an approved prospectus within the meaning of Section 85(7) of FSMA, has not been prepared in accordance with the prospectus rules contained in the Financial Conduct Authority (“**FCA**”) handbook published and updated from time to time by the FCA (acting in its capacity as the United Kingdom Listing Authority), and its contents have not been, and will not be, examined or approved by the FCA or London Stock Exchange plc. In addition, this short form prospectus has not been, and will not be, filed with the FCA pursuant to the rules published by the FCA implementing the Prospectus Directive (2003/71/EC) (“**Prospectus Directive**”). Accordingly, this short form prospectus is for distribution in the United Kingdom only to persons who fall within one or more of the exemptions contained in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the “**Order**”), or any order made thereunder, and certain other persons who are otherwise permitted by law to receive it. This short form prospectus is not intended to be distributed or passed on, directly or indirectly, to any class or category of persons in the United Kingdom other than in compliance with FSMA or as otherwise permitted under the Order. By accepting this short form prospectus, any recipient of this short form prospectus in the United Kingdom represents and warrants that they are a person to whom this short form prospectus may be so delivered without contravening the financial promotion prohibition in section 21 of FSMA.

Information has been incorporated by reference in this short form 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 Concordia Healthcare Corp. at 277 Lakeshore Rd. East, Suite 302, Oakville, Ontario, L6J 1H9, telephone (905) 842-5150, and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

March 30, 2015



CONCORDIA HEALTHCARE CORP.

\$320,001,200

3,764,720 Subscription Receipts

each representing the right to receive one Common Share

This short form prospectus (“**Short Form Prospectus**”) is being filed by Concordia Healthcare Corp. (the “**Corporation**” or “**Concordia**”) to qualify the distribution (the “**Offering**”) of 3,764,720 subscription receipts (the “**Subscription Receipts**”) of the Corporation at a price of \$85.00 per Subscription Receipt (the “**Offering Price**”). Each Subscription Receipt will entitle the holder thereof to receive, upon the delivery of the Escrow Release Notice (as defined herein) and the closing of the Acquisition (as defined herein), without any action on the part of the holder thereof and without payment of additional consideration, and subject to the terms and conditions of the Subscription Receipt Agreement (as defined herein), one common share of the Corporation (a “**Common Share**”).

The Subscription Receipts will be issued pursuant to an underwriting agreement (the “**Underwriting Agreement**”) dated March 23, 2015, entered into among the Corporation and RBC Dominion Securities Inc., as sole bookrunner, together with GMP Securities L.P., as co-lead underwriters (the “**Co-Lead Underwriters**”), and TD Securities Inc. (together with the Co-Lead Underwriters, the “**Underwriters**”). The Offering Price was determined by negotiation among the Corporation and the Co-Lead Underwriters, on behalf of the Underwriters. See “Plan of Distribution”.

On March 9, 2015, the Corporation and its subsidiary, Concordia Pharmaceuticals Inc., entered into an asset purchase agreement (the “**Covis Purchase Agreement**”) with Covis Pharma Holdings S.à.r.l., and its subsidiaries Covis Injectables S.à.r.l. and Covis Pharma S.à.r.l. (collectively, “**Covis**”) to acquire a portfolio of 18 products and certain related assets (the “**Acquisition**”). This portfolio of products includes Dibenzyline®, Nilandron®, Lanoxin®, Plaquenil®, Uroxatral®, Dyrenium®, Zantac®, DuToprol®, Parnate®, Zinacef®, Fortaz® and Kayexalate®, as well as authorized generic contracts for each of Lanoxin®, Plaquenil®, Parnate®, Dibenzyline® and Dyrenium® (including a product distributed by a third party in Australia pursuant to the terms of a distribution agreement) (the “**Covis Portfolio**”). The Dibenzyline® and Dyrenium® authorized generics have not been launched as at the date of this Short Form Prospectus. Under the terms of the Covis Purchase Agreement, the Corporation has agreed to acquire the Covis Portfolio and certain related assets for US\$1.2

billion in cash. Completion of the Acquisition, which is expected to close in the second quarter of 2015, is subject to customary closing conditions (including receipt of required regulatory approvals). The Acquisition will be financed through the net proceeds of the Offering and debt financing. See “*Details of the Acquisition*”.

The gross proceeds from the sale of the Subscription Receipts, less the costs and expenses of the Underwriters and 50% of the Underwriters’ Fee (as defined herein) (the “**Initial Underwriters’ Fee**”) in connection with the Offering (together with the Earned Interest (as defined herein), the “**Escrowed Proceeds**”), will be held by Equity Financial Trust Company, as escrow agent (the “**Escrow Agent**”) and invested in an interest bearing account with a Schedule I Canadian bank pending the release of the Escrowed Proceeds in accordance with the terms of the Subscription Receipt Agreement. See “*Description of Subscription Receipts*”.

Provided that the Escrow Release Conditions (as defined herein) have been met on or before the Escrow Release Deadline (as defined herein), immediately prior to the Acquisition Closing (as defined herein), the Corporation will deliver the Escrow Release Notice to the Escrow Agent and RBC Dominion Securities Inc. and the Escrowed Proceeds, less any amounts required to satisfy the payment of the Dividend Equivalent Amount (as defined herein) and less the remaining 50% of the Underwriters’ Fee, will be released by the Escrow Agent to the Corporation and used by the Corporation as described under “*Use of Proceeds*”. Concurrent with the Acquisition Closing, the Escrow Agent will deliver the appropriate number of Common Shares plus any Dividend Equivalent Amount (less applicable withholding taxes, if any) to each registered holder of Subscription Receipts without any further action by such holder and without payment of additional consideration. See “*Description of Subscription Receipts*”.

If: (i) the Acquisition Closing does not occur on or before the Escrow Release Deadline; (ii) the Corporation delivers to RBC Dominion Securities Inc. and the Escrow Agent on or before that date notice that the Covis Purchase Agreement is terminated or that it does not intend to proceed with the Acquisition; or (iii) the Corporation announces to the public that it does not intend to proceed with the Acquisition (the first of any of (i), (ii) or (iii) to occur, the “**Termination Event**”, and the date on which the Termination Event occurs, the “**Termination Date**”), the Escrow Agent will return to each holder of Subscription Receipts, commencing on the fifth business day following the Termination Date, an amount equal to the full subscription price for such holder’s Subscription Receipts plus an amount equal to such holder’s *pro rata* portion of any Earned Interest and Deemed Interest (as defined herein) (less applicable withholding taxes, if any). See “*Description of Subscription Receipts*”.

Price: \$85.00 per Subscription Receipt			
	Price to the Public	Underwriters’ Fee⁽¹⁾	Net Proceeds to the Corporation⁽²⁾
Per Subscription Receipt	\$85.00	\$3.40	\$81.60
Total⁽³⁾	\$320,001,200	\$12,800,048	\$307,201,152

Notes:

- (1) In consideration for the services rendered by the Underwriters in connection with the Offering, the Underwriters will be paid a cash commission (the “**Underwriters’ Fee**”) equal to 4.0% of the Offering Price for each Subscription Receipt purchased. The Initial Underwriters’ Fee is payable on the Closing Date (as defined herein) and the remaining 50% of the Underwriters’ Fee is payable upon the Acquisition Closing. If the Escrowed Proceeds are returned to holders of the Subscription Receipts, the Underwriters will only receive the Initial Underwriters’ Fee plus the costs and expenses in connection with the Offering. See “*Plan of Distribution*”.
- (2) After deducting the Underwriters’ Fee, but before deducting expenses of the Offering, including in connection with the preparation and filing of this Short Form Prospectus, which are estimated to be \$850,000 and which will be paid from the proceeds of the Offering and excluding any Earned Interest.
- (3) The Corporation has granted the Underwriters an over-allotment option (the “**Over-Allotment Option**”), exercisable in whole or in part, at any time and from time to time, in the sole discretion of the Underwriters, up to the earlier of: (i) 30 days after and including the Closing Date; and (ii) the occurrence of the Termination Event, to purchase up to an additional 564,708 Subscription Receipts (the “**Additional Subscription Receipts**”) at a price of \$85.00 per Additional Subscription Receipt, or if the Escrowed Proceeds have been released to the Corporation, 564,708 Common Shares (the “**Additional Common Shares**”) at a price of \$85.00 per Additional Common Share, to cover over-allotments, if any, and for market stabilization purposes. The grant of the Over-Allotment Option and the Additional Subscription Receipts or Additional Common Shares, as applicable, issuable upon exercise of the Over-Allotment Option are hereby qualified for distribution under this Short Form Prospectus. A person who acquires Additional Subscription Receipts or Additional Common Shares, as applicable, issuable on the exercise of the Over-Allotment Option acquires such Additional Subscription Receipts or Additional Common Shares under this Short Form Prospectus regardless of whether the over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters’ Fee and net proceeds to the Corporation (before payment of the expenses of the Offering) will be \$368,001,380, \$14,720,055 and \$353,281,325, respectively. Unless the context otherwise requires, references to “Subscription Receipts” in this Short Form Prospectus include the Additional Subscription Receipts and Additional Common Shares, if the context requires. See “*Plan of Distribution*” and the table below, which sets forth the number of Additional Subscription Receipts or Additional Common Shares, as applicable, that may be issued by the Corporation pursuant to the exercise of the Over-Allotment Option.

The following table sets out the number of Additional Subscription Receipts or Additional Common Shares, as applicable, that may be issued by the Corporation to the Underwriters pursuant to the Over-Allotment Option:

Underwriters' Position	Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	564,708 Additional Subscription Receipts or Additional Common Shares	Up to the earlier of: (i) 30 days after the Closing Date; (ii) the occurrence of the Termination Event	\$85.00 per Additional Subscription Receipt or Additional Common Share

There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this Short Form Prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the Subscription Receipts and the extent of issuer regulation. See “Risk Factors”.

The Common Shares are listed and posted for trading on the Toronto Stock Exchange (the “TSX”) under the symbol “CXR”. On March 27, 2015, the last trading day prior to the date of this Short Form Prospectus, the closing price of the Common Shares on the TSX was \$85.75 and on March 16, 2015, the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the TSX was \$86.95. The Common Shares are also posted and quoted for trading on the International tier of the OTCQX over-the-counter market (“OTCQX”) under the symbol “CHEHF”. On March 27, 2015, the last trading day prior to the date of this Short Form Prospectus, the closing price of the Common Shares on the OTCQX was US\$68.54 and on March 16, 2015, the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the OTCQX was US\$69.63. The TSX has conditionally approved the listing of the Subscription Receipts distributed under this Short Form Prospectus and the Common Shares issuable upon exchange of the Subscription Receipts. Listing is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before June 23, 2015.

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions intended to stabilize or maintain the market price of the Subscription Receipts or the Common Shares at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

After the Underwriters have made reasonable efforts to sell the Subscription Receipts at the Offering Price, the Underwriters may decrease the Offering Price for the Subscription Receipts and may further change the Offering Price from time to time to amounts no greater than the Offering Price. In the event the Offering Price of the Subscription Receipts is reduced, the compensation received by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Subscription Receipts is less than the gross proceeds paid by the Underwriters to the Escrow Agent for the Subscription Receipts. Any such reduction will not affect the proceeds received by the Corporation. See “Plan of Distribution”.

The Underwriters, as principals, conditionally offer the Subscription Receipts, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution”, subject to the approval of certain legal matters on behalf of the Corporation by Fasken Martineau DuMoulin LLP and on behalf of the Underwriters by Torsy LLP.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the Offering will occur on or about April 8, 2015, or on such other date as may be agreed upon by the Corporation and RBC Dominion Securities Inc., on behalf of the Underwriters and, in any event, on or before a date not later than 42 days after the date of the receipt for this Short Form Prospectus (the “Closing Date”).

The Offering will be conducted under the book-based system. Upon a purchase of any Subscription Receipt, the owner will receive only the customary confirmation from the Underwriter or the registered dealer from or through whom a beneficial interest in the Subscription Receipts is purchased and who is a participant (“CDS Participant”) in the depository service of CDS Clearing and Depository Services Inc. (“CDS”). CDS will record the CDS Participants who hold the Subscription Receipts on behalf of owners who have purchased or transferred the Subscription Receipts in accordance with the book-based system. See “Description of Subscription Receipts - Booked-Based System”.

An investment in the Subscription Receipts involves significant risks that should be carefully considered by prospective investors before purchasing such securities. The risks outlined in this Short Form Prospectus and in the documents incorporated by reference herein should be carefully reviewed and considered by prospective investors in

connection with an investment in the Subscription Receipts. See “*Cautionary Note Regarding Forward-Looking Information*” and “*Risk Factors*”.

Certain of the Underwriters (RBC Dominion Securities Inc. and TD Securities Inc.) are respective affiliates of financial institutions that are, among other lenders, members of a syndicate of lenders under the GE Amended Credit Agreement (as defined herein) and that have entered into the Commitment Letter (as defined herein) pursuant to which they have agreed to provide, among other things, certain financing in connection with the Acquisition. Consequently, the Corporation may be considered to be a “connected issuer” of RBC Dominion Securities Inc. and/or TD Securities Inc. under applicable Canadian securities laws. See “*Relationship Between the Underwriters and the Corporation*”.

Leith Tessy, the Chief Financial Officer and Secretary Treasurer of the Corporation, resides outside of Canada. Mr. Tessy has appointed the Corporation, 277 Lakeshore Rd. East, Suite 302, Oakville, Ontario, L6J 1H9, as agent for service of process. Keiter, Certified Public Accountants, auditor of certain financial statements in respect of Donnatal® contained in the business acquisition report of the Corporation dated June 9, 2014, incorporated by reference herein, is incorporated, continued, or otherwise organized under the laws of a foreign jurisdiction. Crowe Horwath LLP, auditor of the carve-out financial statements for the Covis Portfolio for the years ended December 31, 2013 and December 31, 2014 included in this Short Form Prospectus, is incorporated, continued, or otherwise organized under the laws of a foreign jurisdiction. Purchasers are advised that it may not be possible for investors to enforce judgements obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process in Canada.

The registered and head office of the Corporation is located at 277 Lakeshore Rd. East, Suite 302, Oakville, Ontario, L6J 1H9. The Corporation’s records office is located at 333 Bay St., Suite 2400, Toronto, Ontario M56 2T6.

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ABOUT THIS SHORT FORM PROSPECTUS

Explanatory Notes

In this Short Form Prospectus, the Corporation and its subsidiaries are collectively referred to as the “Corporation” or “Concordia”, unless the context otherwise requires. Readers of this Short Form Prospectus should rely only on information contained or incorporated by reference in this Short Form Prospectus. The Corporation has not authorized anyone to provide the reader with different information.

Certain capitalized terms and phrases used in this Short Form Prospectus are defined under the heading “Glossary of Terms”.

Readers should not assume that the information contained or incorporated by reference in this Short Form Prospectus is accurate as of any date other than the date on the front of this Short Form Prospectus or the respective dates of the documents incorporated by reference herein.

The Corporation is not making an offer of the Subscription Receipts in any jurisdiction where the offer is not permitted. This Short Form Prospectus shall not be used by anyone for any purpose other than in connection with the Offering. The Corporation does not undertake to update the information contained or incorporated by reference herein, except as required by applicable securities laws. Information contained on, or otherwise accessed through, the website of the Corporation, www.concordiarx.com, shall not be deemed to be a part of this Short Form Prospectus and such information is not incorporated by reference herein and should not be relied upon by readers for the purpose of determining whether to invest in the Subscription Receipts or any other securities of the Corporation.

Trademarks

This Short Form Prospectus, or documents incorporated by reference herein, include trademarks which are protected under applicable intellectual property laws and are the property of the Corporation, Covis or their respective affiliates. Solely for convenience, the trademarks of the Corporation referred to in this Short Form Prospectus, or documents incorporated by reference herein, may appear with or without the ® or ™ symbol, but such references or the absence thereof are not intended to indicate, in any way, that the Corporation, Covis or their respective affiliates will not assert, to the fullest extent under applicable law, their respective rights or the right of the applicable licensor to these trademarks. Any other trademarks used in this Short Form Prospectus, or documents incorporated by reference herein, are the property of their respective owners.

Market Data

This Short Form Prospectus, or documents incorporated by reference herein, contains statistical data, market research and industry forecasts that were obtained, unless otherwise indicated, from independent industry and government publications and reports or based on estimates derived from such publications and reports and management’s knowledge of, and experience in, the markets in which the Corporation operates. Industry and government publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but do not guarantee the accuracy and completeness of their information. While the Corporation believes this data to be reliable, market and industry data is subject to variation and cannot be verified due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Corporation has not independently verified the accuracy or completeness of such information contained herein. In addition, projections, assumptions and estimates of the Corporation’s future performance and the future performance of the industry in which the Corporation operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the heading “Risk Factors” in this Short Form Prospectus and under the heading “Risk Factors” in the AIF.

Information Pertaining to Covis and the Covis Portfolio

The information contained in this Short Form Prospectus with respect to Covis, its related business, and the Covis Portfolio has been provided by management of Covis and is the responsibility of Covis. Management and the directors of the Corporation have relied upon Covis for the accuracy of the information provided by Covis without independent verification.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this Short Form Prospectus, or in documents incorporated by reference herein, constitute “forward-looking information” within the meaning of applicable Canadian provincial securities laws (“**forward-looking statements**”), which are based upon the Corporation’s current internal expectations, estimates, projections, assumptions and beliefs. Statements concerning the Corporation’s objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates, and the business, operations, future financial performance and condition of the Corporation are forward-looking statements. The words “believe”, “expect”, “anticipate”, “estimate”, “intend”, “may”, “will”, “would” and similar expressions and the negative and grammatical variations of such expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements. In addition, this Short Form Prospectus, or the documents incorporated by reference herein, may contain forward-looking statements attributed to third-party industry sources.

By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts and projections that constitute forward-looking statements will not occur. Such forward-looking statements in this Short Form Prospectus, or in documents incorporated by reference herein, speak only as of the date of such document. Forward-looking statements in this Short Form Prospectus, or in documents incorporated by reference herein, include, but are not limited to, statements with respect to:

- the use of net proceeds of the Offering;
- the Acquisition, including but not limited to:
 - the completion and timing thereof;
 - synergies resulting from the Acquisition;
 - the completion of the debt financing;
 - the entering into of documentation with respect to the debt financing; and
 - the impact of the Acquisition on Concordia’s financial performance (including with respect to its revenues, margins, Adjusted EPS, EBITDA and Adjusted EBITDA);
- the performance of the Corporation’s business and operations;
- the Corporation’s capital expenditure programs;
- the future development of the Corporation, its growth strategy and the timing thereof;
- the acquisition strategy of the Corporation;
- the completion of the transactions under the Covis Purchase Agreement;
- the completion and timing of the Offering and the entering into of documentation in respect thereof;
- the estimated future contractual obligations of the Corporation;
- the Corporation’s future liquidity and financial capacity;
- the supply and demand for pharmaceutical products and services similar to the Corporation’s products and services;
- cost and reimbursement for the Corporation’s products;
- expectations regarding the Corporation’s ability to raise capital;
- the Corporation’s treatment under government regulatory and taxation regimes;
- the Corporation’s net sales of all or any one of the Corporation’s Legacy Products, orphan drugs and other products; and
- sales relating to the SHD Division.

With respect to the forward-looking statements contained in this Short Form Prospectus, or in documents incorporated by reference herein, the Corporation has made assumptions regarding, among other things:

- the ability of the Corporation to comply with its contractual obligations, including, without limitation, its obligations under debt arrangements;
- the ability of the Corporation to complete the Acquisition and the debt financing on certain terms;
- the successful licensing of products to third parties to market and distribute such products on terms favorable to the Corporation;
- the ability of the Corporation to maintain key strategic alliances, out licensing and partnering arrangements, now and in the future;
- the general regulatory environment in which the Corporation operates, including the areas of taxation, environmental protection, consumer safety and health regulation;
- the timely receipt of any required regulatory approvals;

- the general economic, financial, market and political conditions impacting the industry in which the Corporation operates;
- the tax treatment of the Corporation and its subsidiaries and the materiality of legal proceedings;
- the ability of the Corporation to sustain or increase profitability, fund its operations with existing capital, and/or raise additional capital to fund future acquisitions;
- the ability of the Corporation to acquire any necessary technology, products or businesses and effectively integrate such acquisitions;
- the development and clinical testing of products under development;
- the ability of the Corporation to obtain necessary approvals for commercialization of the Corporation's products from the United States Food and Drug Administration ("FDA") or other regulatory authorities;
- future currency exchange and interest rates;
- reliance on third party contract manufacturers to manufacture the Corporation's products on favourable terms;
- the ability of the Corporation to generate sufficient cash flow from operations and to access existing and proposed credit facilities and the capital markets to meet its future obligations on acceptable terms;
- the availability of raw materials and finished products necessary for the Corporation's products;
- the impact of increasing competition;
- the ability of the Corporation to obtain and retain qualified staff, equipment and services in a timely and efficient manner;
- the ability of the Corporation to maintain and enforce the protection afforded by any patents or other intellectual property rights;
- the ability of the Corporation to conduct operations in a safe, efficient and effective manner;
- the results of continuing and future safety and efficacy studies by industry and government agencies related to the Corporation's products; and
- the ability of the Corporation to successfully market its products and services.

Forward-looking statements contained in this Short Form Prospectus, or in documents incorporated by reference herein, are based on the key assumptions described herein or therein. The reader is cautioned that such information, although considered reasonable by the Corporation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided in this Short Form Prospectus, or in documents incorporated by reference herein, as a result of numerous known and unknown risks and uncertainties and other factors.

Some of the risks and other factors which could cause actual results to differ materially from those expressed in the forward-looking statements contained in this Short Form Prospectus, or in documents incorporated by reference herein, include, but are not limited to, the risk factors included under the heading "*Risk Factors*" in this Short Form Prospectus and under the heading "*Risk Factors*" in the AIF.

Management of the Corporation has included the above summary of assumptions and risks related to forward-looking statements included in this Short Form Prospectus, or in documents incorporated by reference herein, in order to provide readers with a more complete perspective on the Corporation's future operations and results. **Readers are cautioned that this information may not be appropriate for other purposes. Readers are cautioned that the lists of assumptions and risk factors contained herein are not exhaustive.**

Such forward-looking statements are made as of the date of this Short Form Prospectus, or in the case of any documents incorporated by reference herein, as of the dates of such documents, and the Corporation disclaims any intention or obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable Canadian securities laws.

All of the forward-looking statements made in this Short Form Prospectus are expressly qualified by these cautionary statements and other cautionary statements or factors contained or incorporated by reference herein, and there can be no assurances that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Corporation.

CAUTIONARY NOTE REGARDING FUTURE-ORIENTED FINANCIAL INFORMATION

To the extent any forward-looking statements in this Short Form Prospectus, or in documents incorporated by reference herein, constitute "future-oriented financial information" or "financial outlooks" within the meaning of applicable Canadian securities laws, such information is being provided to demonstrate the potential benefits of the Acquisition and the debt financing described herein and the reader is cautioned that this information may not be appropriate for any other purpose and the reader should not place undue reliance on such future-oriented financial information and financial outlooks. Future-oriented financial information and financial outlooks, as with forward-looking statements

generally, are, without limitation, based on the assumptions and subject to the risks set out above under the heading “*Cautionary Note Regarding Forward-Looking Information*” as set forth herein and in the documents incorporated by reference herein.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

All references to “\$” in this Short Form Prospectus refer to Canadian dollars and all references to “US\$” are to United States dollars, unless otherwise indicated. The following table reflects the low and high rates of exchange for one United States dollar, expressed in Canadian dollars, during the periods noted, the rates of exchange at the end of such periods and the average rates of exchange during such periods, based on the Bank of Canada noon spot rate of exchange.

	Year ended December 31,	
	2014	2013
High for the period	1.1643	1.0697
Low for the period	1.0614	0.9839
Rate at the end of the period	1.1601	1.0636
Average noon spot rate for the period	1.1045	1.0299

On March 27, 2015, the Bank of Canada noon rate of exchange was US\$1.00 = \$1.2580.

PRESENTATION OF FINANCIAL INFORMATION

The financial statements of the Corporation included in this Short Form Prospectus are reported in United States dollars and have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board.

The: (i) carve-out financial statements for the Covis Business attached as Appendix A to this Short Form Prospectus; (ii) financial statements and information contained in the business acquisition report dated June 9, 2014 relating to the acquisition of Donnatal®, incorporated by reference herein; and (iii) financial statements and information contained in the business acquisition report dated December 12, 2014 relating to the acquisition of Zonegran®, incorporated by reference herein are reported in United States dollars and have been prepared in accordance with United States generally accepted accounting principles (“**U.S. GAAP**”), and may not be comparable to the financial statements of the Corporation or any companies prepared in accordance with IFRS.

NON-IFRS AND NON-U.S. GAAP MEASURES

This Short Form Prospectus and the documents incorporated by reference herein contain references to certain measures that are not recognized under IFRS or U.S. GAAP. These non-IFRS and non-U.S. GAAP measures are used by the Corporation and Covis, respectively, as indicators of financial performance and may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable. The Corporation believes these measures provide useful supplemental information that may assist investors in assessing their investment in Subscription Receipts.

References to non-IFRS and non-U.S. GAAP measures used by the Corporation and/or in respect of the Covis Portfolio throughout this Short Form Prospectus or in documents incorporated by reference are EBITDA, Adjusted EBITDA and Adjusted EPS of the Corporation and/or the Covis Portfolio and have the following meanings:

“**EBITDA**” is defined as net income adjusted for net interest expense, income tax expense, depreciation and amortization. Management uses EBITDA to assess the Corporation’s and/or Covis’ operating performance, as applicable.

“**Adjusted EBITDA**” is defined as EBITDA adjusted for one-time charges, including costs associated with acquisitions and the Corporation’s listing on the TSX, non-recurring gains, non-cash items such as unrealized gains/losses on derivative instruments, share based compensation, changes in fair value of contingent consideration, and realized/unrealized gains / losses related to foreign exchange revaluation.

“**Adjusted EPS**” is presented on a fully diluted basis and is calculated as net income, adding back one-time charges, including costs associated with acquisitions and the Corporation’s listing on the TSX, non-recurring gains, non-cash

items such as unrealized gains/losses on derivative instruments, share based compensation, changes in fair value of contingent consideration, and realized/unrealized gains/losses related to foreign exchange revaluation, depreciation, amortization, and tax effect of all adjustments.

Investors are cautioned that these non-IFRS and non-U.S. GAAP measures should not be considered an alternative to net earnings for the period (as determined in accordance with IFRS and U.S. GAAP, as applicable) as an indicator of the Corporation's performance or the Covis Portfolio's performance, as applicable, or an alternative to cash flows from operating, financing and investing activities as a measure of liquidity. The Corporation's or the Covis Portfolio's method of calculating such non-IFRS and non-U.S. GAAP measures, as applicable, may differ from the methods used by other issuers and, accordingly, the Corporation's or the Covis Portfolio's non-IFRS and non-U.S. GAAP measures, as applicable, may not be comparable to similar measures used by other issuers.

Please refer to "*Concordia Following the Acquisition - Select Pro Forma Consolidated Financial Information*" for a reconciliation of the non-IFRS and non-U.S. GAAP measures used by the Corporation and Covis in this Short Form Prospectus.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere, or incorporated by reference, in this Short Form Prospectus. Please refer to the “Glossary of Terms” for the meaning of certain terms used in this Short Form Prospectus.

CONCORDIA HEALTHCARE CORP.

Concordia is a diverse healthcare company that targets the following three areas through its various divisions: (a) legacy pharmaceutical products (the Legacy Pharmaceuticals Division); (b) specialized healthcare distribution that services the growing diabetic market (the Specialty Healthcare Distribution Division or SHD Division); and (c) the acquisition and/or development of orphan drugs (the Orphan Drugs Division).

Concordia’s Legacy Pharmaceuticals Division consists of the following Legacy Products: (i) Kapvay® (clonidine extended release tablets), which is used to treat attention deficit hyperactivity disorder; (ii) Orapred ODT ® (prednisolone sodium phosphate orally disintegrating tablets), an anti-inflammatory used in the treatment of certain pulmonary diseases such as asthma; (iii) Ulesfia® Lotion 5% (benzyl alcohol), which is a topical treatment for pediculosis (head lice); (iv) Donnatal® (belladonna alkaloids, phenobarbital), an adjunctive therapy used in the treatment of irritable bowel syndrome and acute enterocolitis; and (v) Zonegran® (zonisamide), an adjunctive therapy used in the treatment of partial seizures in adults with epilepsy. Concordia’s Specialty Healthcare Distribution Division, which operates through the trade name “Complete Medical Homecare”, is a United States national internet, retail and mail-order provider of diabetes testing supplies and other healthcare products. Concordia’s Orphan Drugs Division consists of Photofrin®. Photodynamic therapy with Photofrin® is marketed by Concordia’s subsidiary, Pinnacle Biologics, Inc., in the United States and is FDA approved for the treatment of three rare forms of cancer.

THE ACQUISITION

On March 9, 2015, the Corporation and its subsidiary, CPI, entered into the Covis Purchase Agreement with Covis to acquire the Covis Portfolio and certain related assets. The Covis Portfolio includes Dibenzyl® (Dibenzyl®), Nilandron®, Lanoxin®, Plaquenil®, Uroxatral®, Dyrenium®, Zantac®, DuToprol®, Parnate®, Zinacef®, Fortaz® and Kayexalate®, as well as authorized generic contracts for each of Lanoxin®, Plaquenil®, Parnate®, Dibenzyl® and Dyrenium® (including a product distributed by a third party in Australia pursuant to the terms of a distribution agreement). The Dibenzyl® and Dyrenium® authorized generics have not been launched as at the date of this Short Form Prospectus.

Under the terms of the Covis Purchase Agreement, the Corporation has agreed to acquire the Covis Portfolio and certain related assets for US\$1.2 billion in cash. Completion of the Acquisition, which is expected to close in the second quarter of 2015, is subject to customary closing conditions (including receipt of required regulatory approvals). The Acquisition will be financed through the net proceeds of the Offering and debt financing. See “*The Acquisition*” and “*Details of the Acquisition*”.

THE COVIS PORTFOLIO

Covis is a global specialty pharmaceutical company providing therapeutic solutions to patients. Covis’ product portfolio addresses life threatening and other serious medical conditions in various therapeutic areas including: cardiovascular, central nervous system, oncology and acute care markets. Covis has diversified its product portfolio through the acquisition of mature, cash flow generating, non-promoted assets. Most of its products have lost patent protection and have been subject to generic competition for many years, however these legacy pharmaceutical products have longstanding medical benefits and continue to generate significant revenue.

Almost all of Covis’ net sales for the year ended December 31, 2014 were generated in the United States. The pharmaceutical industry and regulatory environment in which Covis operates are substantially the same as that in which the Corporation operates. See “*The Covis Portfolio*”.

ACQUISITION RATIONALE

Concordia believes the Acquisition is aligned with its strategy of pursuing accretive acquisitions of legacy pharmaceutical products. The Corporation believes the Acquisition is highly complementary to its existing business and that it is likely to result in strategic and financial benefits to Concordia, due to the following:

- The Acquisition will create a diversified specialty pharmaceutical company through the addition of 12 branded products and five authorized generic contracts and a product distributed by a third party in Australia pursuant to the terms of a distribution agreement, reducing the relative contribution of Concordia's largest product, Donnatal®, as a percentage of total revenue from approximately 41% to approximately 21% on a pro forma basis for the year ended December 31, 2014;
- The Covis Portfolio is comprised of mature products that require limited promotional support and minimal development spending and are therefore expected to provide increased cash flows to Concordia;
- The characteristics of the Covis Portfolio are well aligned with Concordia's Legacy Products business model which focuses on products that are well known and have a predictable and reliable supply chain;
- On a pro forma basis following the Acquisition, the Corporation expects to have increased earnings and cash flows and improved access to capital markets as a result of its enhanced size and diversification, providing the Corporation with the ability to manage its indebtedness and de-lever over time while opportunistically pursuing its acquisition-driven growth strategy;
- Concordia expects to be able to immediately realize synergies of approximately US\$20 million from the elimination of redundant distribution and operating expenses; and
- The Acquisition is expected to generate significant financial returns, including increasing Concordia's expected 2015 Adjusted EPS by more than 50% including the benefit of synergies.

See "Acquisition Rationale".

CONCORDIA FOLLOWING THE ACQUISITION

Concordia believes that, subsequent to the completion of the Acquisition, the Corporation will possess a number of attributes and competitive advantages that should enable it to maintain and grow revenues and operating cash flow.

- *Sustainable Legacy Products Portfolio* - Giving effect to the Acquisition, the Corporation's Legacy Products portfolio will be comprised of a total of 23 products, which includes the branded products and authorized generic contracts and a product distributed by a third party in Australia pursuant to the terms of a distribution agreement. The majority of the Corporation's products and the Covis Portfolio have a long prescription history, an established prescriber base and a proven safety and efficacy profile.
- *Diversified Revenue Stream* - Concordia expects that the Acquisition will significantly increase its size and scale while reducing its reliance on any individual product. The Corporation believes that this enhanced diversification will increase the expected stability of its aggregate revenue base going forward.
- *Scalable Business Model* - The Corporation is not exposed to the headcount and fixed costs of operating a pharmaceutical manufacturing facility. The Corporation believes that its limited fixed costs together with its targeted development and promotional spending will continue to enable the Corporation to maintain attractive Adjusted EBITDA margins and generate free cash flow.
- *Reliable Outsourced Manufacturing and Service Providers* - Concordia believes that its partnerships with service providers will continue to enable the Corporation to produce and deliver high quality, safe and reliable products without unnecessary fixed costs or capital investments along the supply chain.
- *Strong Financial Profile with High Margins and Cash Flow Generation* - Concordia benefits from a high cash flow conversion profile. The Corporation expects that the Acquisition will further enhance its ability to generate cash flow. The Corporation intends to employ its cash flow to manage its indebtedness and de-lever over time while opportunistically pursuing its acquisition-driven growth strategy to continue to enhance its product portfolio.

- *Track Record of Successfully Growing the Business Through Acquisitions* - The current management team has a demonstrated track record of successfully identifying, acquiring and integrating products and businesses in order to drive growth and realize synergies. Over the last two years, the Corporation has successfully completed five acquisitions (not including the Acquisition) of varying size and complexity.
- *Strong Management with Extensive Industry Experience* - Certain members of the Corporation's executive management team and Board have, on average, 15 years of pharmaceutical product acquisition and operational experience.

See "Concordia Following the Acquisition".

SELECT PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth Concordia's selected unaudited pro forma consolidated financial information as at December 31, 2014 and for the year ended December 31, 2014 after giving effect to (i) the acquisition of Donnatal® and the acquisition of Zonegran®, and as at December 31, 2014 and for the year ended December 31, 2014; and (ii) after giving effect to the acquisitions of Donnatal® and Zonegran® and the Covis Business, in each case as if such acquisition had been effective on January 1, 2014.

The selected unaudited pro forma consolidated financial information set forth below and included elsewhere in this Short Form Prospectus are for illustrative purposes only and not necessarily indicative of results of operations that would have occurred as at or for the year ended December 31, 2014 had the acquisitions of Donnatal® and Zonegran® and the Covis Business been effective January 1, 2014 or of the results of operations expected in 2015 and future years. The following pro forma financial information has been prepared by management of the Corporation on the basis of the information contained in this Short Form Prospectus, or in documents incorporated by reference herein. This pro forma financial information is not a forecast or a projection of future results. The actual results of the combined operations for any period, whether before or after the Acquisition Closing, will likely vary from the amounts set forth in the following pro forma financial information and such variation may be material. See "Non-IFRS And Non-U.S. GAAP Measures", "Concordia Following the Acquisition - Select Pro Forma Consolidated Financial Information" and "Risk Factors - Risk Factors Related to the Acquisition and the Debt Financing".

	Concordia Fiscal Year ended December 31, 2014	Adjustments		Concordia (including Donnatal®/ Zonegran®) Fiscal Year ended December 31, 2014	Covis Business Fiscal Year ended December 31, 2014	Adjustments Related to the Acquisition ⁽¹⁾	Pro Forma Donnatal®/ Zonegran® and the Covis Business Fiscal Year ended December 31, 2014
(US\$ thousands)		Donnatal® January 1 to May 15, 2014	Zonegran® January 1 to September 30, 2014				
Consolidated Statement of Earnings							
Revenue	122,191	17,607	17,281	157,079	151,534	-	308,613
Cost of Sales	17,989	900	4,311	23,200	12,939	-	36,139
Gross Profit	<u>104,202</u>	<u>16,707</u>	<u>12,970</u>	<u>133,879</u>	<u>138,595</u>	<u>-</u>	<u>272,474</u>
Operating Expenses							
General and administrative	20,663	3,280	1,994	25,937	32,920	-	58,857
Business acquisition related costs	13,521	-	-	13,521	-	9,250	22,771
Selling and marketing	10,229	1,159	566	11,954	-	-	11,954
Research and development	9,301	94	-	9,395	-	-	9,395
Share-based compensation	4,484	-	-	4,484	2,690	(2,690)	4,484
Depreciation Expense	131	114	-	245	-	-	245
Total Operating Expenses	<u>58,329</u>	<u>4,647</u>	<u>2,560</u>	<u>65,536</u>	<u>35,610</u>	<u>6,560</u>	<u>107,706</u>
Operating Income	<u>45,873</u>	<u>12,060</u>	<u>10,410</u>	<u>68,343</u>	<u>102,985</u>	<u>(6,560)</u>	<u>164,768</u>
Other Income and Expenses							
Interest expense	12,194	-	-	12,194	10,523	67,691	90,408
Change in fair value of contingent consideration	2,629	-	-	2,629	-	-	2,629
Amortization of intangible assets	11,039	-	-	11,039	36,117	32,412	79,568
Foreign exchange loss	696	-	-	696	-	-	696
Other (income) expense	203	-	38	241	(159)	-	82
Income (loss) before tax	<u>19,112</u>	<u>12,060</u>	<u>10,372</u>	<u>41,544</u>	<u>56,504</u>	<u>(106,663)</u>	<u>(8,615)</u>
Income taxes	7,522	-	3,994	11,516	3,353	(7,633)	7,236
Net income (loss)	<u>11,590</u>	<u>12,060</u>	<u>6,378</u>	<u>30,028</u>	<u>53,151</u>	<u>(99,030)</u>	<u>(15,851)</u>

	Concordia Fiscal Year ended December 31, 2014	Adjustments		Concordia (including Donnatal®/ Zonegran®) Fiscal Year ended December 31, 2014	Covis Business Fiscal Year ended December 31, 2014	Adjustments Related to the Acquisition ⁽¹⁾	Pro Forma Donnatal®/ Zonegran® and the Covis Business Fiscal Year ended December 31, 2014
(US\$ thousands)		Donnatal® January 1 to May 15, 2014	Zonegran® January 1 to September 30, 2014				
Consolidated Balance Sheet Data:							
Cash and Cash Equivalents ⁽²⁾	42,770	n/a	n/a	42,770	-	(11,191)	31,579
Working Capital Balance ⁽²⁾	49,090	n/a	n/a	49,090	56,564	(64,421)	41,233
Total Assets ⁽²⁾	592,700	n/a	n/a	592,700	324,458	864,351	1,781,509
Total Debt ⁽²⁾	283,851 ⁽³⁾	n/a	n/a	283,851	147,772 ⁽⁴⁾	813,297	1,244,920
Total Shareholders' Equity ⁽²⁾	257,550	n/a	n/a	257,550	157,663	70,077	485,290
Other Financial and Operating Metrics:							
Adjusted EBITDA ⁽⁵⁾	64,009	12,174	10,410	86,593	123,507		210,100
Adjusted EBITDA Margin ⁽⁶⁾	52.4%	69.1%	60.2%	55.1%	81.5%		68.1%
Reconciliation of Net Income to EBITDA and Adjusted EBITDA:							
Net Income (Loss)	11,590	12,060	6,378	30,028	53,151		(15,851)
Depreciation and Amortization	11,170	114	-	11,284	36,280		79,976 ⁽⁷⁾
Interest Expense	12,194	-	-	12,194	10,523		90,408
Income Taxes	7,522	-	3,994	11,516	3,353		7,236
EBITDA⁽⁵⁾	42,476	12,174	10,372	65,022	103,307		161,769
Change in Fair Value of contingent consideration	2,629	-	-	2,629	-		2,629
Stock-Based Compensation	4,484	-	-	4,484	2,690		4,484
Acquisition Related Costs	13,521	-	-	13,521	2,445		25,216 ⁽⁸⁾
Foreign Exchange Loss (Gain)	696	-	-	696	-		696
Other (Income) Expense	203	-	38	241	(159)		82
Discontinued Sales & Marketing Expenses ⁽⁹⁾	-	-	-	-	15,224		15,224
Adjusted EBITDA⁽⁵⁾	64,009	12,174	10,410	86,593	123,507		210,100

Notes:

- (1) See the pro forma financial statements of the Corporation attached hereto as Appendix B for details regarding the pro forma adjustments relating to the Acquisition.
- (2) Working capital is defined as current assets less accounts payable, accrued liabilities, provisions and royalties payable. Pro forma balances for cash and cash equivalents, working capital balance, total assets, total debt and total shareholders' equity have been calculated assuming the completion of the Offering only and do not contemplate the exercise of the Over-Allotment Option.
- (3) Total debt includes short-term and long-term portions of long-term debt, notes payable and purchase consideration payable.
- (4) Total debt includes short-term and long-term portions of long-term debt.
- (5) EBITDA and Adjusted EBITDA represents a non-IFRS and non-U.S. GAAP measure. See "Non-IFRS And Non-U.S. GAAP Measures" for the definition of EBITDA and Adjusted EBITDA. The pro forma calculation of EBITDA does not incorporate synergies of approximately US\$20 million that management expects to realize through the Acquisition. Please refer to the above table for a reconciliation of reported net income to EBITDA and Adjusted EBITDA.
- (6) Adjusted EBITDA margin represents Adjusted EBITDA divided by revenue.
- (7) Includes amortization of intangible assets of US\$79,568 from the unaudited pro forma consolidated income statement for the year ended December 31, 2014, depreciation expense of US\$245 from Concordia (including Donnatal® / Zonegran®) and depreciation expense of US\$163 from Covis (see page 7 of the carve-out financial statements for the Covis Portfolio for the years ended December 31, 2013 and December 31, 2014 included as Appendix A to this Short Form Prospectus).
- (8) Includes acquisition related costs of US\$22,771 from the unaudited pro forma consolidated income statement for the year ended December 31, 2014 and US\$2,445 of acquisition related costs included in Covis' general and administrative expenses.
- (9) Represents one-time costs related to a selling and marketing initiative, which was discontinued in October 2014.

THE OFFERING

Issuer:	Concordia Healthcare Corp.
Offering Price:	\$85.00 per Subscription Receipt
Amount:	\$320,001,200
Closing Date:	On or about April 8, 2015, or on such other date as may be agreed upon by the Corporation and RBC Dominion Securities Inc., on behalf of the Underwriters.
Issue:	3,764,720 Subscription Receipts. See “ <i>Description of Subscription Receipts</i> ”.
Over-Allotment Option:	The Corporation has granted the Underwriters the Over-Allotment Option, exercisable in whole or in part, at any time and from time to time, in the sole discretion of the Underwriters, up to the earlier of: (i) 30 days after and including the Closing Date; and (ii) the occurrence of the Termination Event, to purchase up to an additional 564,708 Additional Subscription Receipts at a price of \$85.00 per Additional Subscription Receipt, or if the Escrowed Proceeds have been released to the Corporation, 564,708 Additional Common Shares at a price of \$85.00 per Additional Common Share, to cover over-allotments, if any, and for market stabilization purposes. The grant of the Over-Allotment Option and the Additional Subscription Receipts or Additional Common Shares, as applicable, issuable upon exercise of the Over-Allotment Option are hereby qualified for distribution under this Short Form Prospectus. A person who acquires Additional Subscription Receipts or Additional Common Shares, as applicable, issuable on the exercise of the Over-Allotment Option acquires such Additional Subscription Receipts or Additional Common Shares under this Short Form Prospectus regardless of whether the over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “<i>Plan of Distribution</i>”.
Use of Proceeds:	The net proceeds to the Corporation from this Offering, after deducting the Underwriters’ Fee and expenses of the Offering, are estimated to be approximately \$306,351,152 or approximately \$352,431,325 if the Underwriters exercise the Over-Allotment Option in full (in each case excluding any Earned Interest). The Corporation intends to use the proceeds from the Offering to fund, in part: (i) the Purchase Price; and (ii) the fees and expenses incurred in connection with the Acquisition. In the event the Over-Allotment Option is exercised, any additional net proceeds will be allocated to the partial satisfaction of the Purchase Price and/or general corporate purposes. See “<i>Use of Proceeds</i>”.
Subscription Receipts:	Each Subscription Receipt will entitle the holder thereof to receive, upon the delivery of the Escrow Release Notice and the Acquisition Closing, without any action on the part of the holder thereof and without payment of additional consideration, and subject to the terms and conditions of the Subscription Receipt Agreement, one Common Share. Provided that the Escrow Release Conditions have been met on or before the Escrow Release Deadline, immediately prior to the Acquisition Closing, the Corporation will deliver the Escrow Release Notice to the Escrow Agent and RBC Dominion Securities Inc. and the Escrowed Proceeds, less any amounts required to satisfy the payment of the Dividend Equivalent Amount and less the remaining 50% of the Underwriters’ Fee, will be released by the Escrow Agent to the Corporation and used by the Corporation as described under “<i>Use of Proceeds</i>”. Concurrent with the Acquisition Closing, the Escrow Agent will deliver the appropriate number of Common Shares plus any Dividend Equivalent Amount (less applicable withholding taxes, if any) to each registered holder of Subscription Receipts without any further action by such holder and without payment of additional consideration.

If the Termination Event occurs, the Escrow Agent will return to each holder of Subscription Receipts, commencing on the fifth business day following the Termination Date, an amount equal to the full subscription price for such holder's Subscription Receipts plus an amount equal to such holder's *pro rata* portion of any Earned Interest and Deemed Interest (less applicable withholding taxes, if any).

See "*Description of Subscription Receipts*".

Escrowed Proceeds:

The Subscription Receipts will be issued at the closing of the Offering pursuant to the Subscription Receipt Agreement. The gross proceeds from the sale of the Subscription Receipts, less the costs and expenses of the Underwriters and the Initial Underwriters' Fee will be delivered to, and held by, the Escrow Agent and invested in an interest bearing account with a Schedule I Canadian bank pending the earlier of the release of the Escrowed Proceeds following delivery of the Escrow Release Notice and the occurrence of the Termination Event. See "*Description of Subscription Receipts*".

Escrow Release Conditions:

The Escrow Release Conditions will be met if all conditions, undertakings and other matters to be satisfied prior to completion of the Acquisition in accordance with the Covis Purchase Agreement have been met or waived, without amendment or material waiver, other than the payment of the Purchase Price and any other amounts required under the Covis Purchase Agreement for which the Escrowed Proceeds are required, in whole or in part. See "*Description of Subscription Receipts*".

Listing and Trading:

The TSX has conditionally approved the listing of the Subscription Receipts distributed under this Short Form Prospectus and the Common Shares issuable upon exchange of the Subscription Receipts. Listing is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before June 23, 2015. See "*Plan of Distribution*".

Risk Factors:

An investment in the Subscription Receipts involves significant risks that should be carefully considered by prospective investors before purchasing such securities. The risks outlined in this Short Form Prospectus and in the documents incorporated by reference herein should be carefully reviewed and considered by prospective investors in connection with an investment in the Subscription Receipts. See "*Cautionary Note Regarding Forward-Looking Information*" and "*Risk Factors*".

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Short Form Prospectus from documents filed with the securities commissions or similar authorities in each of the Provinces of Canada. Copies of the documents incorporated by reference herein may be obtained on request without charge from the Secretary of the Corporation at 277 Lakeshore Rd. East, Suite 302, Oakville, Ontario, L6J 1H9, telephone (905) 842-5150, and are also available electronically at www.sedar.com. The filings of the Corporation through SEDAR are not incorporated by reference in this Short Form Prospectus except as specifically set out herein.

The following documents, filed by the Corporation with the securities commissions or similar authorities in each of the Provinces of Canada, are specifically incorporated by reference into, and form an integral part of, this Short Form Prospectus:

- (a) annual information form of the Corporation for the year ended December 31, 2014 dated March 19, 2015 (“**AIF**”);
- (b) audited consolidated financial statements of the Corporation for the year ended December 31, 2014, together with the notes thereto and the auditor’s report thereon (the “**Annual Financial Statements**”);
- (c) management’s discussion and analysis of financial condition and result of operations of the Corporation for the year ended December 31, 2014;
- (d) business acquisition report dated June 9, 2014 relating to the acquisition of Donnatal®;
- (e) business acquisition report dated December 12, 2014 relating to the acquisition of Zonegran®;
- (f) the management information circular of the Corporation dated May 23, 2014 relating to the Corporation’s annual general and special meeting of shareholders held on June 27, 2014;
- (g) the material change report dated March 16, 2015 relating to the announcement of the Acquisition;
- (h) the material change report dated March 17, 2015 relating to the announcement of the Offering; and
- (i) the “template version” of the “marketing materials” dated March 17, 2015 (as such terms are defined in National Instrument 44-101 - *Short Form Prospectus Distributions* (“**NI 41-101**”)) consisting of the term sheet in respect of the Offering.

Any document of the type referred to in section 11.1 of Form 44-101F1 of NI 41-101 (excluding confidential material change reports), if filed by the Corporation with a securities commission or similar regulatory authority in Canada after the date of this Short Form Prospectus and prior to the termination of the Offering, shall be deemed to be incorporated by reference in this Short Form Prospectus.

Any statement contained in this Short Form Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Short Form 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. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Short Form Prospectus. 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 or statement 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.

MARKETING MATERIALS

Any “template version” of “marketing materials” (as such terms are defined in NI 41-101) has been incorporated by reference in this Short Form Prospectus. However, such “template version” of “marketing materials” will not form part of this Short Form Prospectus to the extent that the contents of the “template version” of “marketing materials” are modified or superseded by a statement contained in this Short Form Prospectus. Any “template version” of “marketing materials” filed on SEDAR after the date of this Short Form Prospectus and before the termination of the distribution under the Offering will be deemed to be incorporated by reference into this Short Form Prospectus.

ELIGIBILITY FOR INVESTMENT

In the opinion of Fasken Martineau DuMoulin LLP, counsel to the Corporation, and Torys LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder (the “**Regulations**”) in force on the date hereof, provided that the Common Shares are listed on the date hereof on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSX), the Common Shares, if issued on the date hereof, would be qualified investments under the Tax Act on the date hereof for a trust governed by a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a deferred profit sharing plan, a registered education savings plan, a tax-free savings account (“**TFSA**”), or a registered disability savings plan (collectively, “**Registered Plans**”). The Subscription Receipts, if issued on the date hereof, would be qualified investments under the Tax Act and the Regulations on the date hereof for Registered Plans provided that either: (i) the Subscription Receipts are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSX); or (ii) the Corporation is a “public corporation” as defined in the Tax Act and provided that the Corporation is not, and deals at arm’s length (for the purposes of the Tax Act) with, each person who is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of such Registered Plans.

The Subscription Receipts and Common Shares will generally not be “prohibited investments” for a trust governed by a TFSA, RRSP or RRIF provided the holder of the TFSA or the annuitant under the RRSP or RRIF, as applicable: (i) deals at arm’s length with the Corporation for purposes of the Tax Act; and (ii) does not have a “significant interest” (within the meaning of subsection 207.01(4) of the Tax Act) in the Corporation. In addition, the Common Shares will not be a “prohibited investment” for such a trust if such Common Shares are “excluded property” for such trust as defined in subsection 207.01(1) of the Tax Act. If the Subscription Receipts or Common Shares are a “prohibited investment”, the holder or annuitant, as the case may be, will be subject to penalty taxes as set out in the Tax Act. **Holders of trusts governed by a TFSA and annuitants under an RRSP or RRIF should consult their own tax advisors to ensure that the Subscription Receipts and Common Shares would not be a prohibited investment in their particular circumstances.**

CONCORDIA HEALTHCARE CORP.

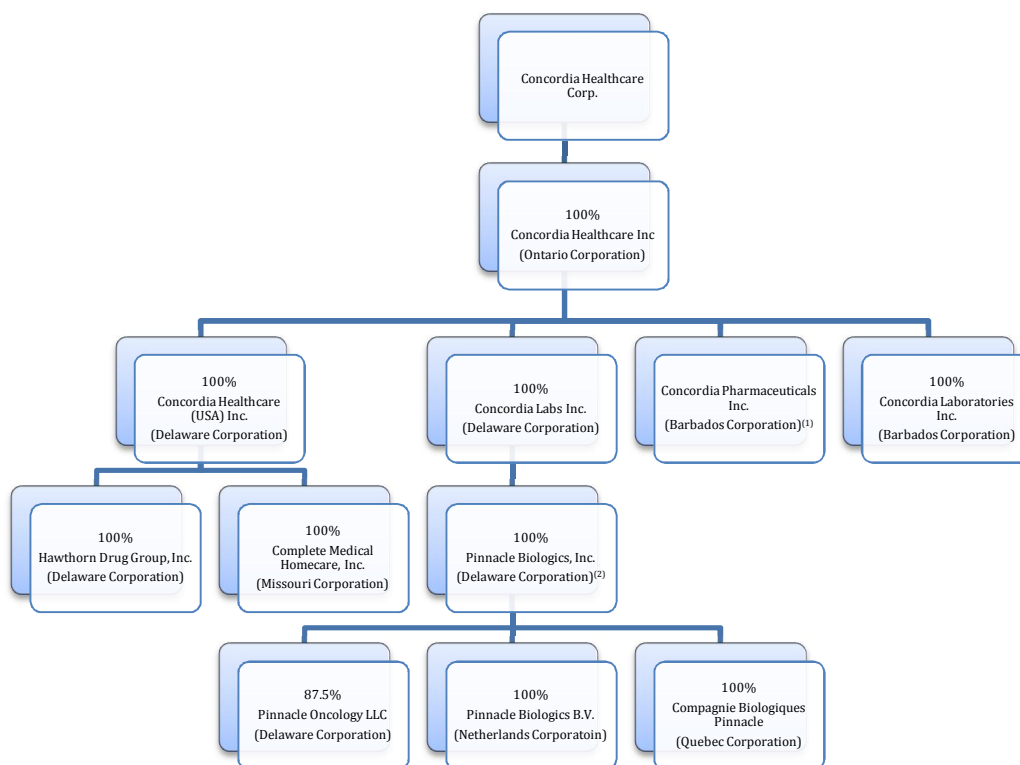
Name, Address and Incorporation

Concordia Healthcare Corp. was incorporated pursuant to the provisions of the *Business Corporations Act* (Ontario) on January 20, 2010, under the name “Mercari Acquisition Corp.”. The Corporation completed its initial public offering on May 6, 2010, and was listed on the TSX Venture Exchange (“**TSX-V**”) as a capital pool company and subsequently on the NEX board of the TSX-V. On December 18, 2013, and prior to the completion of its qualifying transaction, the Corporation changed its name to “Concordia Healthcare Corp.” and completed a consolidation of its share capital on a basis of one post-consolidation Common Share for every 48.08 common shares existing immediately before the consolidation. The Corporation completed its qualifying transaction pursuant to the policies of the TSX-V by way of a reverse takeover of the Corporation by the shareholders of Concordia Healthcare Inc. on December 20, 2013. The Common Shares were delisted from the NEX and relisted for trading on the TSX under the symbol “CXR” on December 24, 2013. On January 30, 2014, the Common Shares were initially posted and quoted for trading on the OTCQX, under the trading symbol “CHEHF”.

The registered and head office of the Corporation is located at 277 Lakeshore Rd. East, Suite 302, Oakville, Ontario, L6J 1H9. The Corporation’s records office is located at 333 Bay St., Suite 2400, Toronto, Ontario M56 2T6.

Intercorporate Relationships

The Corporation’s business is carried on through its various subsidiaries. The following chart illustrates, as at March 27, 2015, the Corporation’s subsidiaries, including their respective jurisdiction of incorporation and percentage of voting securities in each that are held by the Corporation either directly or indirectly:



Note:

- (1) Concordia Pharmaceuticals Inc. is owned as to 50% by the Corporation and 50% by Concordia Healthcare Inc.
- (2) Pinnacle Biologics, Inc. has a dormant subsidiary existing under the laws of India, Pinnacle Biopharma India Private Limited.

General Description of the Business

Concordia is a diverse healthcare company that targets the following three areas through its various divisions: (a) legacy pharmaceutical products (the Legacy Pharmaceuticals Division); (b) specialized healthcare distribution that services the growing diabetic market (the Specialty Healthcare Distribution Division or SHD Division); and (c) the acquisition and/or development of orphan drugs (the Orphan Drugs Division).

Concordia's Legacy Pharmaceuticals Division consists of the following products (the "**Legacy Products**"): (i) Kapvay® (clonidine extended release tablets), which is used to treat attention deficit hyperactivity disorder; (ii) Orapred ODT ® (prednisolone sodium phosphate orally disintegrating tablets), an anti-inflammatory used in the treatment of certain pulmonary diseases such as asthma; (iii) Ulesfia® Lotion 5% (benzyl alcohol), which is a topical treatment for pediculosis (head lice); (iv) Donnatal® (belladonna alkaloids, phenobarbital), an adjunctive therapy used in the treatment of irritable bowel syndrome and acute enterocolitis; and (v) Zonogran® (zonisamide), an adjunctive therapy used in the treatment of partial seizures in adults with epilepsy. Concordia's Specialty Healthcare Distribution Division, which operates through the trade name "Complete Medical Homecare", is a United States national internet, retail and mail-order provider of diabetes testing supplies and other healthcare products. Concordia's Orphan Drugs Division consists of Photofrin®. Photodynamic therapy with Photofrin® is marketed by Concordia's subsidiary, Pinnacle Biologics, Inc., in the United States and is FDA approved for the treatment of three rare forms of cancer.

These three business units are run as separate divisions but are inter-related. The cash-flow generated from the sale of the Legacy Products is used to fund operations and is also intended to fund the expansion of indications for potential orphan drugs. The Specialty Healthcare Distribution Division provides additional growth and cash-flow generation for the Corporation. Additionally, through its registered pharmacy operation, the SHD Division provides a specialty distribution capability for specialty pharmaceutical products and orphan drugs once acquired and/or developed. All three of these divisions are operated through a corporate organization that provides executive leadership, industry experience and financial and capital markets experience. These three divisions are identified as reportable segments under IFRS for the purposes of disclosure in the Corporation's financial statements and the Corporation's accounting records are kept in accordance with IFRS. The Corporation's fiscal year ends December 31. Concordia operates from five primary locations, including: Oakville, Ontario; St. Michael, Barbados; North Kansas City, Missouri; Chicago, Illinois; and Charlottesville, Virginia.

THE ACQUISITION

On March 9, 2015, the Corporation and its subsidiary, CPI, entered into the Covis Purchase Agreement with Covis to acquire the Covis Portfolio and certain related assets.

Under the terms of the Covis Purchase Agreement, the Corporation has agreed to acquire the Covis Portfolio and certain related assets for US\$1.2 billion in cash. Completion of the Acquisition, which is expected to close in the second quarter of 2015, is subject to customary closing conditions (including receipt of required regulatory approvals). The Acquisition will be financed through the net proceeds of the Offering and debt financing.

THE COVIS PORTFOLIO

General Description of the Covis Business

Covis is a global specialty pharmaceutical company providing therapeutic solutions to patients. Covis' product portfolio addresses life threatening and other serious medical conditions in various therapeutic areas including: cardiovascular, central nervous system, oncology and acute care markets. Covis has diversified its product portfolio through the acquisition of mature, cash flow generating, non-promoted assets. Most of its products have lost patent protection and have been subject to generic competition for many years, however these legacy pharmaceutical products have longstanding medical benefits and continue to generate significant revenue.

Almost all of Covis' net sales for the year ended December 31, 2014 were generated in the United States. The pharmaceutical industry and regulatory environment in which Covis operates are substantially the same as that in which the Corporation operates. See "*Concordia Healthcare Corp. - General Description of the Business*" in the AIF for a description.

History and Development

In December 2011, affiliates of Cerberus Capital Management along with minority investors Princeton Biopharma Capital Partners, LLC and Bourne Partners founded Covis in conjunction with the purchase of a portfolio of six branded pharmaceutical products from GlaxoSmithKline (“**GSK**”). These products acquired from GSK address serious medical conditions in the cardiovascular, central nervous system and acute care injectables markets. In April 2013, Covis acquired a portfolio of five branded pharmaceuticals from Sanofi in additional therapeutic areas (the “**Sanofi Acquisition**”). Since the Sanofi Acquisition, Covis continued executing its growth strategy by completing additional acquisitions, including transactions with AstraZeneca AB (“**AZ**”) in February 2014 and WellSpring Pharmaceutical Corporation (“**WellSpring**”) in October 2014. These transactions enabled Covis to diversify its product portfolio of branded and authorized generic pharmaceutical products.

In addition to growth by acquisition, Covis executed targeted product lifecycle management strategies that have driven organic growth during the year ended 2014. The three key organic growth initiatives for 2014 were: (i) the introduction of an authorized generic of Lanoxin® tablets, distributed by Par Pharmaceutical Companies, Inc. (“**Par**”); (ii) the introduction of an authorized generic of Plaquenil®, distributed by Prasco, LLC (“**Prasco**”); and (iii) the targeted promotion of Nilandron®.

Unless otherwise noted, the product, manufacturing and other applicable information hereafter presented in this section refers only to the Covis Portfolio and does not contain or include the Covis products which are not part of the Acquisition.

2014 Key Developments

The following transactions and key developments occurred during the year ended December 31, 2014:

- In January 2014, Covis partnered with Par to distribute an authorized generic of Lanoxin® tablets. The generic Lanoxin® (digoxin) market has significant volume with relatively few competitors, which created a compelling authorized generic market opportunity. Since its authorized generic launch, Par’s share of the generic market has grown relative to its competitors, resulting in significant incremental revenue for Covis.
- In January 2014, Covis launched two new low dosage strength Lanoxin® tablets. In conjunction with these launches, Covis entered into a cardiology sales and marketing pilot program to raise awareness of the new dosage strengths. The program consisted of new marketing materials and a sales force with approximately 40 representatives targeting high prescribing digoxin cardiologists. Ultimately, Covis determined that the cost (an expected US\$15 million to US\$17 million per year) exceeded the revenue benefit of the targeted sales force and decided to terminate the sales and marketing pilot program in October 2014. The new dosage strengths remain available for patients.
- In February 2014, Covis acquired a prescription cardiology combination drug, DuToprol®, from AZ. This product was a complementary strategic addition to Covis’ cardiology portfolio.
- In September 2014, Covis launched a sales and marketing program around Nilandron®. The program utilizes a focused, full-time promotional sales force with complimentary support through medical sales liaisons in the oncology and urology markets aimed at increasing product awareness and revenue with relatively minimal expense. Nilandron® benefits from no generic competition, due in part to FDA guidelines regarding review and approval of new generics.
- In October 2014, Covis acquired two niche prescription cardiology drugs, Dibenzyline® and Dyrenium®, from WellSpring. These non-promoted products were complementary to the Covis product portfolio and presented lifecycle management opportunities. Covis’ United States distributor and wholesalers began stocking and selling products in October and the revenue that they generated only contributed to Covis’ results in the fourth quarter of 2014. Dibenzyline® pricing was re-positioned similarly to other comparable pre-surgery treatments accounting for its limited patient population.
- In December 2014, Covis partnered with Prasco to launch an authorized generic of Plaquenil®. Within the generic Plaquenil® (hydroxychloroquine) market, the active pharmaceutical ingredient (“**API**”) supplier to Ranbaxy (who previously held more than 90% of the market) voluntarily withdrew all of its products from the market in the United States in response to issues with its manufacturing source. The unmet demand resulting from Ranbaxy’s withdrawal posed a compelling opportunity to launch an authorized generic of Plaquenil® to capture a significant portion of the generic market for hydroxychloroquine.

Covis Business Divisions

Covis operates in two business divisions: Covis Pharma S.à.r.l. (“**Covis Pharma**”) and Covis Injectables S.à.r.l. (“**Covis Injectables**”).

Covis Pharma

Covis Pharma provides both branded and authorized generic pharmaceuticals in tablet form to the United States and one product is also distributed in Australia. In 2014, Covis Pharma comprised approximately 95.4% of Covis’ net sales and approximately 97.6% of its gross profit (at standard cost of goods before overhead allocations or reserves for excess and obsolescence). Covis Pharma’s products are managed by a small team that oversees its primarily outsourced business model. Internally, its principal functions include managing supply chain, quality assurance, product development, finance, general administration and business development. Key outsourced functions include manufacturing, warehousing, sales and marketing, and distribution.

Covis Pharma’s products are primarily sold through distribution partners that focus on specialty markets in the United States. The branded products are contracted and distributed through Covis Pharmaceuticals, Inc. (“**Covis Pharmaceuticals**”), which distributes all Covis branded products in the United States, and Boucher & Muir Pty Ltd. (“**BNM**”), which distributes Dibenzylidine® in Australia. Covis’ authorized generic products are distributed through its relationships with generic distributors Par, Rising Pharmaceuticals, Inc. (“**Rising**”) and Prasco. Each of these distributors sells through traditional wholesalers and/or directly to retailers such as CVS, Walgreens and RiteAid. Covis Pharma uses Cardinal Health, a wholesale storage and distribution company operating out of La Vergne, Tennessee, to warehouse and distribute its products, which is the same logistics and warehouse provider used by Concordia.

Covis Injectables

Covis Injectables provides branded sterile intravenous pharmaceuticals designed to be administered directly into the blood or muscle through hypodermic needles. In 2014, Covis Injectables comprised 4.6% of Covis’ net sales and 2.4% of gross profit (at standard cost of goods before overhead allocations or reserves for excess and obsolescence). Covis Injectables utilizes an outsourced business model substantially similar to that used by Covis Pharma, including the use of Covis Pharmaceuticals to contract and distribute injectable products in the United States. However, the injectable products are primarily sold by Covis’ distributors through institutional channels such as hospitals and are contracted with group purchasing organizations. Covis Injectables also uses Cardinal Health to warehouse and distribute its products.

Products and Markets

Lanoxin®

Lanoxin® (digoxin) is used to treat congestive heart failure and atrial fibrillation. The product launched in 1952 and lost patent protection in 1999. According to Symphony Health Solutions, digoxin is a commonly prescribed oral medication with a total of 7.1 million prescriptions in 2014, including generics. Lanoxin® has a narrow therapeutic index and may be potentially fatal if taken in the wrong dosage, thus increasing the scrutiny surrounding generic versions and raising the barrier to entry to new market entrants. Branded Lanoxin® has been on the market since 1952 and has not experienced a product recall. Moreover, the third party manufacturer which currently manufactures the Lanoxin® tablets for Covis under a long term supply contract has been manufacturing Lanoxin® since the 1970s.

Market Size and Position

Heart failure is characterized by the less than normal movement of blood from the heart to the tissues. According to projections from the U.S. Center for Disease Control (“**CDC**”), an estimated 5.1 million people in the United States had heart failure in 2013. Projections of the American Heart Association further indicate that, by 2030, the prevalence of heart failure will increase 25% from 2010 estimates.

Atrial fibrillation is a condition characterized by uncoordinated atrial activation and consequently ineffective atrial contraction. Over time, this can lead to reduced cardiac output, other rhythm abnormalities, and cardiac events such as myocardial infarction (heart attack). According to an article published in the Journal of the American Medical Association, more than 2 million adults (20 years of age or older) in the United States have atrial fibrillation, and this

number is expected to grow to more than 5.6 million by 2050. Atrial fibrillation is treated in a variety of ways, both procedural and pharmacologic. One of the goals in treating atrial fibrillation is controlling heart rate, which is treated with beta blockers, calcium channel blockers, amiodarone, and/or Lanoxin®.

Lanoxin® lost patent protection in 1999, after which several generics entered the market. According to Symphony Health Solutions, the branded product's market share has since been declining and currently has a 1.7% prescription volume share of total digoxin molecule in 2014.

Marketing Strategy

In February 2014, Covis launched a promotional and medical education campaign for low dose strengths of Lanoxin® through a third party distributor in the United States. Covis launched the campaign to raise awareness regarding this new clinical data as part of its sales and marketing pilot program for two new low doses of Lanoxin® (0.0625mg and 0.125mg), which are not substitutable and do not have generic equivalents. This campaign included a sales and marketing pilot program with approximately 40 sales representatives targeting approximately 5,000 physicians. The sales force targeted physicians that utilized digoxin to treat heart failure patients. The long term objective was to build brand loyalty with the new strengths and shift the market to lower doses. The expected cost of the sales and marketing pilot program was approximately US\$15 million to US\$17 million per year. The sales and marketing pilot program was discontinued in October 2014 after US\$15.2 million (including wind down costs to terminate the initiative) had been expended due to material underperformance to Covis' plan.

Prior to and in preparation of launching the sales and marketing pilot program, Covis implemented price adjustments based on market assessments.

Competitive Landscape and Authorized Generics

Currently, Lanoxin® has five generic competitors in the market, including generics manufactured by Lannett, Global, Mylan, and Westward, and the authorized generic launched by Covis with Par in January 2014. Due to the narrow therapeutic index of Lanoxin®, resulting from its low dosage strengths, Covis believes that Lanoxin® will face relatively low market competition. This is due to difficulty to manufacture and ensure consistent quality, which was evidenced by several recalls of certain competing digoxin generics.

Historical Revenue Contribution

In the year ended December 31, 2014, Lanoxin® represented approximately 8.5% of Covis' net revenue and Lanoxin® authorized generic represented 24.0% of Covis' net revenue.

Plaquenil®

Plaquenil® (hydroxychloroquine) was originally approved by the FDA in April 1955. It is indicated in the treatment of malaria, as well as the autoimmune diseases lupus and rheumatoid arthritis. It is one of only a few products available for the treatment of lupus. Plaquenil® has experienced generic competition since September 1994, with six active generics currently in the market.

Market Size and Position

Malaria is a mosquito-borne disease caused by the plasmodium parasite that is transmitted by mosquito bites. The World Health Organization estimated there were approximately 198 million cases of malaria worldwide, with approximately 584,000 deaths due to the disease, in 2013. CDC estimates that there are approximately 1,500 cases of malaria in the United States each year. This mainly implicates international travelers returning to the United States. Plaquenil® is recommended for treatment of uncomplicated malaria (not severe) that is chloroquine-sensitive.

Systemic lupus erythematosus (“**lupus**”) is an auto-immune disorder in which a person's immune system produces antibodies to its own cells, leading to widespread inflammation and tissue damage. Lupus primarily affects younger women, although it can occur anywhere from infancy to old age. CDC estimates of the prevalence of lupus vary from approximately 322,000 to 1.5 million cases per year in the United States. The disease is characterized by periods of illness and remission, but there is no cure for lupus, so treatment is focused on using immunosuppressive drugs, of which Plaquenil® is one, to minimize the damage to tissues and organs. In 2011, the FDA approved the first new drug for lupus in over 50 years: Benlysta (GSK). Benlysta acts by inhibiting the survival of B cells. Accordingly, Covis'

believes that its launch has not obviated the need for other immunosuppressive drugs, and usage of drugs in Plaquenil®'s class has increased since Benlysta approval.

Rheumatoid arthritis (“RA”) is a systemic inflammatory disease which manifests itself in an inflammatory process that primarily affects the synovial membrane of joints. There is no cure for RA, which, according to the CDC, is estimated to affect approximately 1.5 million people in the United States.

Plaquenil® lost patent protection in 1995 and there are currently six active generics in the market. According to Symphony Health Solutions, Plaquenil® held a 0.9% share of total prescriptions for the hydroxychloroquine molecule in 2014.

Marketing Strategy

Upon acquisition of Plaquenil® in April 2013, Covis implemented price adjustments. Covis has engaged in no marketing for Plaquenil® since acquiring the product in April 2013. Covis’ goal has been to maintain stable branded product revenues as the brand matured.

Competitive Landscape and Authorized Generics

Currently, Plaquenil® has six generic competitors in the market, including generics manufactured by Ranbaxy, Mylan, Sandoz, Zydus, and Actavis, and the authorized generic launched by Covis in December 2014 with Covis’ partner, Prasco. In its first full month in the market, the Prasco authorized generic was able to attain greater than 7% of total molecule prescription volume (approximately 2.6 million tabs of approximately 36.3 million total monthly market tabs) based upon Symphony Health Solutions data. Since launch, the Prasco authorized generic has continued to gain market share and due to competitor manufacturing capacity issues Covis believes that increased market share should be sustainable.

Historical Revenue Contribution

In the year ended December 31, 2014, Plaquenil® represented approximately 15.0% of Covis’ net revenue and Plaquenil® authorized generic represented 2.9% of Covis’ net revenue.

Nilandron®

Nilandron® (nilutamide) is used in the treatment of advanced prostate cancer and was originally approved for use by the FDA in September 1996. The product patent expired in 2001 but there is currently no generic competitor in the market. Two new products have been introduced for prostate cancer over the past four years, Zytiga (J&J) and Xtandi (Astellas). Both of these drugs show a survival advantage versus other agents. These new drugs launched at significantly higher prices per month for patients, which Covis believes creates an opportunity for Nilandron®. A sales and marketing pilot program is ongoing in which Covis is attempting to improve utilization in patients who are suffering from prostate cancer.

Market Size and Position

Prostate cancer is one of the most common types of cancer in the United States, with over 220,000 new cases predicted by the American Cancer Society in 2015. It is estimated that approximately 27,000 men will die from prostate cancer in the United States in 2015, according to the American Cancer Society. Until recently, the standard of care for prostate cancer began with surgery or radiation therapy to the prostate, followed by drugs that prevent the production of androgens in the body. Nilandron® is in a class of drugs called non-steroidal androgen antagonists (“NSAAs”), and competes primarily with other drugs in the same class (such as Casodex and Eulexin). If these drugs fail, physicians usually move on to chemotherapeutic drugs, including docetaxel. The treatment of prostate cancer has evolved with the introduction of newer therapeutic agents such as Zytiga and Xtandi, which are anti-androgen drugs that work differently from NSAAs, including Nilandron®, Casodex and Eulexin.

According to Symphony Health Solutions, Nilandron® held a 1.1% share of total prescriptions for drugs in the NSAA class in 2014.

Marketing Strategy

To renew interest and understanding of Nilandron® as a treatment alternative, Covis began a sales and marketing pilot program with five sales representatives in September 2014. To improve sales force efficiency and determine promotional sensitivity, the sales force size was increased to ten sales representatives in January 2015.

Covis' goal for the sales and marketing program is to determine if the market will respond to Nilandron® promotion. Although launched for frontline use in combination with surgical castration in metastatic prostate cancer, Nilandron® use has been primarily relegated to treatment, prior to the initiation of chemotherapy, for patients who are intolerant to or do not respond to bicalutamide (Casodex). Recent market availability of androgen receptor antagonists launched as improved alternatives to prior chemotherapy have changed market dynamics and treatment choices for physicians. The new therapies were launched at significantly higher prices to existing therapies.

In addition, Nilandron® is supported by a specialty pharmacy and coupon program (the “**Covis Patient Access Program**”). The Covis Patient Access Program ensures product availability and assists patients by reducing their out of pocket costs for Nilandron®. The Covis Patient Access Program, although in its early stages, has already reduced the rate of prescription abandonment at the pharmacy. In the event that the patient is either uninsured or underinsured, the patient can apply to receive his or her Nilandron® prescription through the Covis Patient Access Program.

Competitive Landscape

The primary competitors to Nilandron® are other NSAAs (Casodex, Eulexin). Generic Casodex (bicalutamide) is the market leader in volume (with approximately 40,000 total prescriptions per month). Nilandron® currently generates approximately 400 total prescriptions per month. Nilandron® does not have any generic competition, nor does Covis anticipate any generic launches in the near term.

Historical Revenue Contribution

In the year ended December 31, 2014, Nilandron® represented approximately 17.1% of Covis' net revenue.

Dibenzyliline®

Dibenzyliline® (phenoxybenzamine) is a long-acting alpha-blocker for use in pre-surgical preparation for pheochromocytoma, a rare, usually benign tumor of the adrenal gland, to control episodes of hypertension and sweating. Dibenzyliline® is typically used prior to surgery to restore blood pressure to normal levels. It is also used over long periods of time to manage symptoms in unresectable disease and/or metastatic patients. It was originally approved for use by the FDA in 1953. There are no generic competitors in the market.

Market Size and Position

Pheochromocytoma is a rare tumor, with an annual incidence of approximately 500 to 1,600 patients per year in the United States. The primary treatment for pheochromocytoma is surgery to remove the tumor. Dibenzyliline® is commonly used at least 7 to 10 days before surgery to block catecholamine effects, with shorter acting alpha blockers used just before and during surgery.

There is one other competitor with the same indication: Demser (Valeant Pharmaceuticals). Currently, Dibenzyliline® has 95% share of total prescription volume of catecholamine antagonists, as reported by Symphony Health Solutions.

Marketing Strategy

Dibenzyliline® is not actively promoted nor has Covis planned any sales and marketing programs. To ensure product availability and timely delivery to patients, Covis partnered with a specialty pharmacy to support patients and physicians through the prescribing process. In addition, the Covis Patient Access Program can help patients that are uninsured or underinsured with out of pocket expenses for Dibenzyliline®.

Competitive Landscape

Demser, which is marketed by Valeant Pharmaceuticals, is the only branded competitor with the same indication.

Historical Revenue Contribution

In the year ended December 31, 2014, Dibenzyl® represented 15.9% of Covis' net revenue.

Other Drugs

Uroxatral®

Uroxatral® (alfuzosin) is an alpha-blocker used in the treatment of benign prostatic hyperplasia (“**BPH**”), a non-cancerous enlargement of the prostate most commonly suffered by older men, which increases resistance to urine flow. According to a study published in 2006 in the American Journal of Managing Care, BPH is common, with prevalence increasing from 8% of men aged 31 to 40 years, up to 90% of men in their 80s. Alpha blockers relax smooth muscle in the prostate and bladder neck, thus decreasing blockage of urine flow. The primary treatment options for BPH are alpha blockers or 5-alpha reductase inhibitors. Uroxatral® is one of five alpha blockers on the market, along with Flomax (tamsulosin, Boehringer Ingelheim), Rapaflo (silodosin, Actavis), Hytrin (terazosin, Abbvie), Cardura (doxazosine, Pfizer). Most of these drugs are generically available.

Uroxatral® launched in June 2003 and lost patent protection in 2012, after which time, five generic competitors entered the market. Torrent is the generic market leader, followed by Mylan and Apotex. As reported by Symphony Health Solutions, Uroxatral® had a 1.8% share of total alfuzosin prescriptions in 2014. In the year ended December 31, 2014, Uroxatral® represented 6.0% of Covis' net revenue.

Parnate®

Parnate® is a monoamine oxidase inhibitor (“**MAOI**”) used to treat severe depression. MAOIs typically serve as the last line of therapy after other classes of drugs, such as selective serotonin reuptake inhibitors or tricyclic antidepressants, have proven inadequate. This relegation to last line of therapy is driven by a concern about a hypertensive crisis that can occur when Parnate® is taken with certain foods.

First introduced in 1961, Parnate® has retained approximately 9% share of total molecule volume through 2014, as reported by Symphony Health Solutions. Covis launched an authorized generic in November 2012 that currently has an estimated market share of 20% of total molecule prescription volume. In the year ended December 31, 2014, Parnate® and its authorized generic represented 2.3% of Covis' net revenue.

Dutoprol®

Dutoprol® is an anti-hypertensive/diuretic combination therapy that is used to treat hypertension. Many patients with moderate hypertension are not adequately controlled by just one drug, so physicians will add drugs from more than one class to increase the likelihood of controlling the disease. Dutoprol® was introduced in 2013 by AZ with limited promotional support. After less than a year, AZ de-prioritized Dutoprol® and stopped all promotion to focus on other products. Dutoprol® does not have generic competitors. According to Symphony Health Solutions, Dutoprol® held a 0.4% share of total prescription volume for the basket of metoprolol and hydrochlorothiazide in 2014. In the year ended December 31, 2014, Dutoprol® represented 1.7% of Covis' net revenue.

Dyrenium®

Dyrenium® is a diuretic used in the treatment of edema associated with congestive heart failure, cirrhosis of the liver and the nephrotic syndrome, a non-specific kidney disorder. Dyrenium® does not remove potassium and therefore is especially effective in the treatment of patients who are vulnerable to low levels of potassium in the blood. The product was first launched in 1964 but does not have any generic competition in the market. According to Symphony Health Solutions, Dyrenium® generated approximately 44,700 total prescriptions in the United States in 2014. In the year ended December 31, 2014, Dyrenium® represented 1.8% of Covis' net revenue.

Production and Supply

Covis owns or licenses both the manufacturing and United States distribution rights to its products, outsourcing both of these components of the value chain. Covis does not engage in research and engages in limited product development. Most of Covis' supply contracts are long term and are for finished products only.

Covis directly sources API for Fortaz® and Zinacef® frozen premixed bags (manufactured and packaged by Baxter), and Lanoxin® tablets (manufactured and packaged by Patheon). In certain cases the raw materials used to manufacture Covis' pharmaceutical products are available only from a single supplier. For example, Centroflora (formerly Boehringer Ingelheim) is the only approved supplier for the Digoxin API. In these cases, Covis typically builds a greater than one year strategic stock of API to ensure continuity of supply. Even when more than one supplier exists, Covis may choose, and in some cases has chosen, only to list one supplier in its applications submitted to the FDA. It is generally accepted practice in API sourcing to use only one well established supplier. Any change in a supplier not previously approved must then be submitted through a formal approval process with the FDA.

The raw API for each product is then sent to secondary manufacturers who produce the bulk drug product and finish packaging used by the end user. The most significant contractual agreements for these services are with GSK, Baxter, Patheon (formerly DSM Pharmaceuticals), AZ, WellSpring and Sanofi; all of which are certified to be in compliance with current Good Manufacturing Practices ("cGMP"), as required by the FDA. Covis has not experienced a material product recall with its current manufacturers. Covis' contracts with manufacturers generally provide for testing of raw material and components to be used in production; creation of artwork; cleaning, process and method validation activities; qualification of equipment, facilities and utilities used for the manufacture of products; cGMP manufacture and testing according to the registered specifications; chemical quality control; control of microbiological contamination; warehousing of product prior to dispatch; stability studies; documentation retention policies; sample retention policies; communication of regulatory inspections and outcome; the right for Covis to audit the facilities; responsibilities for communication to the regulatory agencies; handling of product complaints and returns.

The facilities of Covis' API suppliers and finished product secondary manufacturers have been inspected by the FDA and, where applicable, by the local regulatory authorities and are in compliance with required cGMP standards for continued commercial manufacturing.

Customers and Distribution

Covis' direct customers are: (a) Covis Pharmaceuticals, a limited risk distributor, which distributes Covis' branded products; (b) Prasco, a third party distributor of the authorized generic version of Plaquenil®; (c) Par, a third party distributor of the authorized generic version of Lanoxin®; and (d) Rising, a third party distributor of the authorized generic version of Parnate®. The only distributor outside of the United States is BNM, which distributes Dibenzyl® in Australia. Under the terms of the distribution agreement with Covis Pharmaceuticals, Covis Pharmaceuticals retains 10% of net realizable sales of the products it distributes.

Following completion of the Acquisition, the Corporation expects that the distribution agreements between Covis Pharma and Covis Pharmaceuticals will be terminated, while the agreements with Covis Injectables, Rising, Par, BNM and Prasco will be assigned to the Corporation. Following completion of the Acquisition, the Corporation expects to integrate the distribution of the Covis Portfolio into the Corporation's supply chain.

Covis' customers sell to a small number of large pharmaceutical wholesale distributors and large retail pharmacy chains. In North America, wholesalers and retail drug chains have undergone, and are continuing to undergo, significant consolidation.

Covis uses third party warehouses and distribution centers for certain finished goods in the United States, which Covis believes results in efficiencies, long-term cost savings, and also risk mitigation for overall operations as compared to in-house warehousing and distribution. All facilities are certified for current Good Distribution Practices, as required by the FDA. The principle third party logistics provider and shipper for Covis' products are Cardinal Health and United Parcel Service, respectively.

Selling and Marketing

Covis executes selling and marketing initiatives through each of its respective United States distributors and does not directly contract nor employ any selling or marketing companies in the United States. Covis' distributors market branded or authorized generic products indirectly to independent pharmacies, managed care organizations, hospitals, nursing homes, pharmacy benefit management companies and government entities. These customers, called "indirect customers," purchase Covis' products primarily through its distributors. The end users are the individual patients to whom the products are prescribed by healthcare providers. Below is a summary of Covis Pharmaceuticals' key distributor customers:

Covis Pharmaceuticals Distributors	Share of Covis Pharmaceuticals Revenue for Year Ended December 31, 2013	Share of Covis Pharmaceuticals Revenue for Year Ended December 31, 2014
McKesson	50.0%	44.0%
ABC	24.4%	27.2%
Cardinal	21.5%	22.2%

Covis Pharmaceuticals employs 13 employees in functional areas of trade, distribution, contracting and contract management, finance and general and administrative expenses. Covis Pharmaceuticals works with a Contracted Sales Organization for execution of its Nilandron® sales and marketing program.

The retail channel includes retail pharmacies (such as Walgreens, Wal-Mart and CVS), mail order pharmacies, food chains and independent pharmacies, and is characterized by direct cost structure (i.e., products are paid for out of pocket by end consumers or insurance providers). The institutional channel includes hospitals, health maintenance organizations, clinics, home health care providers, nursing homes and United States federal facilities that utilize group purchasing organizations to negotiate prices with the wholesalers through contractual arrangements. The ultimate consumer in the institutional channel is usually covered by a third party (including health plans, Medicaid, Medicare, and the Departments of Veterans Affairs and Defense) and as a result, these costs are usually incorporated into the overall procedure expense.

Intellectual Property Matters

Covis owns or exclusively licenses rights in the United States to the trademarks for each of the products comprising the Covis Portfolio. With the exception of Uroxatral®, Covis does not currently own or license any patents that cover any of the products comprising the Covis Portfolio. Covis also owns or licenses rights to certain manufacturing know-how related to the Covis Portfolio. In addition, Covis' supply agreements for certain products in the Covis Portfolio contain restrictions on the suppliers' ability to provide similar products to third parties.

As of March 14, 2015, Covis holds 15 New Drug Applications that have been approved by the FDA for the marketing, sale and distribution of the Covis Portfolio in the United States and its territories.

Operational Matters

Covis has 15 full time employees at its Zug, Switzerland headquarters that are focused on quality, supply chain, regulatory, product development and finance. Covis also leverages consultants for specific functional support. Following the completion of the Acquisition, the Corporation will integrate all corporate activities with respect to the Covis Portfolio to its systems and business. The Corporation will not be taking on any of the employees of Covis in connection with the Acquisition.

Legal Matters

Investigations/Compliance Matters

On December 5, 2014, Covis received a subpoena from the United States Department of Justice, Antitrust Division, requesting certain documents relating to Lanoxin®. Covis is unable to assess potential outcomes of the investigation at this time. Under the terms of the Covis Purchase Agreement, Covis retained all pre-closing liabilities with respect to the Covis Portfolio, including any liability associated with any pending litigation, regulatory or other legal investigation. See "Risk Factors - Risks Factors Related to the Business".

ACQUISITION RATIONALE

Concordia believes the Acquisition is aligned with its strategy of pursuing accretive acquisitions of legacy pharmaceutical products. The Corporation believes the Acquisition is highly complementary to its existing business and that it is likely to result in strategic and financial benefits to Concordia, due to the following:

- The Acquisition will create a diversified specialty pharmaceutical company through the addition of 12 branded products and five authorized generic contracts and a product distributed by a third party in Australia pursuant to the terms of a distribution agreement, reducing the relative contribution of Concordia's largest product, Donnatal®, as a percentage of total revenue from approximately 41% to approximately 21% on a pro forma basis for the year ended December 31, 2014;
- The Covis Portfolio is comprised of mature products that require limited promotional support and minimal development spending and are therefore expected to provide increased cash flows to Concordia;
- The characteristics of the Covis Portfolio are well aligned with Concordia's Legacy Products business model which focuses on products that are well known and have a predictable and reliable supply chain;
- On a pro forma basis following the Acquisition, the Corporation expects to have increased earnings and cash flows and improved access to capital markets as a result of its enhanced size and diversification, providing the Corporation with the ability to manage its indebtedness and de-lever over time while opportunistically pursuing its acquisition-driven growth strategy;
- Concordia expects to be able to immediately realize synergies of approximately US\$20 million from the elimination of redundant distribution and operating expenses; and
- The Acquisition is expected to generate significant financial returns, including increasing Concordia's expected 2015 Adjusted EPS by more than 50% including the benefit of synergies.

Expected Synergies from the Acquisition

Concordia expects to realize immediate revenue and costs synergies in connection with the Acquisition. The expected synergies are comprised of two components: distributor savings and operating expense reductions. Given the asset acquisition structure of the Acquisition and the ability of Concordia to immediately operate the Covis Portfolio within its existing infrastructure, Concordia expects that the benefits will be immediately realizable with little to no cost to Corporation.

Distribution Savings

Covis Pharmaceuticals currently serves as Covis' limited risk distributor of branded products in the United States. Under the terms of the distribution agreement between Covis and Covis Pharmaceuticals, Covis Pharmaceuticals retains 10% of net realizable sales of the products it distributes, resulting in a commensurate reduction in the net sales of Covis. Following the Acquisition Closing, the Corporation expects that the distribution agreements between Covis Pharma and Covis Pharmaceuticals will be terminated and that Concordia will sell Covis' branded tablet products directly to wholesalers using its existing distribution infrastructure. The elimination of these agreements is expected to result in an immediate increase to net revenue, with no incremental associated costs, on all of Covis' branded tablet products. For the fiscal year 2014, these distribution savings would have resulted in an increase in net revenue and gross profit of approximately US\$12 million.

Operating Expense Reductions

Under the terms of the Covis Purchase Agreement, the Corporation will not be acquiring any existing Covis corporate infrastructure or its resulting overhead personnel and other operating expenses. In the year ended December 31, 2014, Covis had normalized operating expenses of approximately US\$15 million, which will not be continued under Concordia's ownership. Concordia estimates that its ongoing operating expenses will increase by approximately US\$7 million as a result of the Acquisition, resulting in net operating expenses savings of approximately US\$8 million on a pro forma basis for the year ended December 31, 2014 relative to Covis' standalone results. There will be no costs associated with the elimination of redundant operating expenses as all overhead infrastructure and related expenses will remain at Covis.

CONCORDIA FOLLOWING THE ACQUISITION

Competitive Strengths Following the Acquisition

Concordia believes that, subsequent to the completion of the Acquisition, the Corporation will possess a number of attributes and competitive advantages that should enable it to maintain and grow revenues and operating cash flow.

Sustainable Legacy Products Portfolio

Concordia's current portfolio of established, branded legacy products is comprised of a total of 5 products, each of which has generated and continues to generate stable income. Giving effect to the Acquisition, the Corporation's Legacy Products portfolio will be comprised of a total of 23 products, which includes the branded products and authorized generic contracts and a product distributed by a third party in Australia pursuant to the terms of a distribution agreement. The majority of the Corporation's products and the Covis Portfolio have a long prescription history, an established prescriber base and a proven safety and efficacy profile. As a result, the Corporation believes that limited sales and marketing expenditures are required to support the Covis Portfolio. Concordia believes that its Legacy Products portfolio will continue to provide a stable revenue base that may be supplemented through the acquisition of additional established brands and products.

Diversified Revenue Stream

Concordia expects that the Acquisition will significantly increase its size and scale while reducing its reliance on any individual product. The Corporation's current largest revenue-generating product, Donnatal®, which represented approximately 41% of Concordia's standalone 2014 revenue (reflecting the full year contribution of Donnatal® and Zonegran®), will be reduced to approximately 21% of revenue on a pro forma basis after giving effect to the Acquisition. Additionally, on a pro forma basis the Corporation's top 3 products will represent approximately 46% of Concordia's 2014 total revenue. The Corporation believes that this enhanced diversification will increase the expected stability of its aggregate revenue base going forward.

Scalable Business Model

Concordia currently relies on high quality third party manufacturing for its product supply. Covis also utilizes a third party vendor based manufacturing model. As a result, the Corporation is not exposed to the headcount and fixed costs of operating a pharmaceutical manufacturing facility. The Corporation's growth strategy, which is primarily based on acquiring mature branded products, does not rely on significant investments in research and development or manufacturing capabilities. The Corporation believes that its limited fixed costs together with its targeted development and promotional spending will continue to enable the Corporation to maintain attractive Adjusted EBITDA margins and generate free cash flow. Additionally, Concordia believes that its Canadian domicile and Barbadian corporate structure enables the Corporation to achieve a favorable effective tax rate.

Reliable Outsourced Manufacturing and Service Providers

Concordia entered into outsourcing relationships with leading providers of pharmaceutical contract services for many of the operational functions associated with its business and the Corporation intends to continue to pursue this strategy in the future. The products in the Covis Portfolio are also manufactured by reliable third parties. Warehousing, distribution, logistics, customer service and accounts receivable activities are performed by Cardinal Specialty Pharmaceutical Services, a leading third party logistics provider to the pharmaceutical industry. All aspects of regulatory affairs and pharmacovigilance have been outsourced to the Mapi Group. Concordia believes that its partnerships with these service providers will continue to enable the Corporation to produce and deliver high quality, safe and reliable products without unnecessary fixed costs or capital investments along the supply chain.

Strong Financial Profile with High Margins and Cash Flow Generation

The Corporation's business has historically demonstrated the ability to generate stable cash flows. Concordia benefits from a high cash flow conversion profile. The Corporation's cash flow generation, can be attributed to attractive gross margins, controlled operating expenses and low capital expenditures. The Corporation expects that the Acquisition will further enhance its ability to generate cash flow. On a pro forma basis for the 2014 fiscal year, before incorporating benefits of synergies, the Corporation would have generated gross profit of US\$267 million and Adjusted EBITDA of US\$210 million, representing a gross profit margin of 88% and an Adjusted EBITDA margin of 68%. Concordia expects that the combination of profit margins, limited capital expenditures requirements and a favorable effective tax rate will enable the Corporation to generate stable cash flow going forward. The Corporation intends to employ its cash

flow to manage its indebtedness and de-lever over time while opportunistically pursuing its acquisition-driven growth strategy to continue to enhance its product portfolio.

Track Record of Successfully Growing the Business Through Acquisitions

The current management team has a demonstrated track record of successfully identifying, acquiring and integrating products and businesses in order to drive growth and realize synergies. Over the last two years, the Corporation has successfully completed five acquisitions (not including the Acquisition) of varying size and complexity. Examples of these acquisitions include the additions of Zonegran® in September 2014 and Donnatal® in May 2014. These acquisitions contributed to Concordia's growth in pro forma revenue of approximately 290% in 2014, from approximately US\$40 million in 2013 to approximately US\$157 million in 2014. The Acquisition is expected to increase the Corporation's scale, earnings and cash flow thereby providing improved access to capital markets and the ability to manage its indebtedness and de-lever over time while opportunistically pursuing the Corporation's acquisition-driven growth strategy.

Strong Management with Extensive Industry Experience

Certain members of the Corporation's executive management team and Board have, on average, 15 years of pharmaceutical product acquisition and operational experience. The Corporation's Chief Executive Officer, Mark Thompson, has spent his career in pharmaceutical mergers and acquisitions, having completed more than US\$2.5 billion of product transactions (not including the Acquisition). As a result, Mr. Thompson has a broad network within the industry. Certain members of the Corporation's management team are also experienced in various aspects of pharmaceutical operations, including product development, clinical research, technology transfer, manufacturing, regulatory affairs, sales and marketing. The Corporation's Barbadian subsidiaries are also run by seasoned pharmaceutical executives. In addition, management of the Corporation and the Board maintain a material ownership interest in the business in order to further align interests.

Effect on Financial Position

The Acquisition complements the Corporation's Legacy Pharmaceutical Division. The Corporation has no current plans or proposals for material changes in its business affairs or the affairs of the Covis Business, which may have a significant effect on the results of operations and financial position of the Corporation.

Select Pro Forma Consolidated Financial Information

The following table sets forth Concordia's selected unaudited pro forma consolidated financial information as at December 31, 2014 and for the year ended December 31, 2014 after giving effect to (i) the acquisition of Donnatal® and the acquisition of Zonegran®, and as at December 31, 2014 and for the year ended December 31, 2014; and (ii) after giving effect to the acquisitions of Donnatal® and Zonegran® and the Covis Business, in each case as if such acquisition had been effective on January 1, 2014.

The selected unaudited pro forma consolidated financial information of Concordia and the Covis Business as at December 31, 2014 and for the year ended December 31, 2014 has been derived from and should be read in conjunction with: (i) the Annual Financial Statements; (ii) the carve-out financial statements for the Covis Business attached as Appendix A to this Short Form Prospectus; (iii) the financial statements and information contained in the business acquisition report dated June 9, 2014 relating to the acquisition of Donnatal®, incorporated by reference herein; and (iv) the financial statements and information contained in the business acquisition report dated December 12, 2014 relating to the acquisition of Zonegran®, incorporated by reference herein.

The selected unaudited pro forma consolidated financial information set forth below and included elsewhere in this Short Form Prospectus are for illustrative purposes only and are not necessarily indicative of results of operations that would have occurred as at or for the year ended December 31, 2014 had the acquisitions of Donnatal® and Zonegran® and the Covis Business been effective January 1, 2014 or of the results of operations expected in 2015 and future years. The following pro forma financial information has been prepared by management of the Corporation on the basis of the information contained in this Short Form Prospectus, or in documents incorporated by reference herein. This pro forma financial information is not a forecast or a projection of future results. The actual results of the combined operations for any period, whether before or after the Acquisition Closing, will likely vary from the amounts set forth in the following pro forma financial information and such variation may be material. See "Non-IFRS And Non-U.S. GAAP Measures" and "Risk Factors - Risk Factors Related to the Acquisition and the Debt Financing".

	Concordia Fiscal Year ended December 31, 2014	Adjustments		Concordia (including Donnatal®/ Zonegran®) Fiscal Year ended December 31, 2014	Covis Business Fiscal Year ended December 31, 2014	Adjustments	Pro Forma Donnatal®/ Zonegran® and the Covis Business Fiscal Year ended December 31, 2014
(US\$ thousands)		Donnatal® January 1 to May 15, 2014	Zonegran® January 1 to September 30, 2014			Related to the Acquisition ⁽¹⁾	
Consolidated Statement of Earnings							
Revenue	122,191	17,607	17,281	157,079	151,534	-	308,613
Cost of Sales	17,989	900	4,311	23,200	12,939	-	36,139
Gross Profit	104,202	16,707	12,970	133,879	138,595	-	272,474
Operating Expenses							
General and administrative	20,663	3,280	1,994	25,937	32,920	-	58,857
Business acquisition related costs	13,521	-	-	13,521	-	9,250	22,771
Selling and marketing	10,229	1,159	566	11,954	-	-	11,954
Research and development	9,301	94	-	9,395	-	-	9,395
Share-based compensation	4,484	-	-	4,484	2,690	(2,690)	4,484
Depreciation Expense	131	114	-	245	-	-	245
Total Operating Expenses	58,329	4,647	2,560	65,536	35,610	6,560	107,706
Operating Income	45,873	12,060	10,410	68,343	102,985	(6,560)	164,768
Other Income and Expenses							
Interest expense	12,194	-	-	12,194	10,523	67,691	90,408
Change in fair value of contingent consideration	2,629	-	-	2,629	-	-	2,629
Amortization of intangible assets	11,039	-	-	11,039	36,117	32,412	79,568
Foreign exchange loss	696	-	-	696	-	-	696
Other (income) expense	203	-	38	241	(159)	-	82
Income (loss) before tax	19,112	12,060	10,372	41,544	56,504	(106,663)	(8,615)
Income taxes	7,522	-	3,994	11,516	3,353	(7,633)	7,236
Net income (loss)	11,590	12,060	6,378	30,028	53,151	(99,030)	(15,851)
Consolidated Balance Sheet Data:							
Cash and Cash Equivalents ⁽²⁾	42,770	n/a	n/a	42,770	-	(11,191)	31,579
Working Capital Balance ⁽²⁾	49,090	n/a	n/a	49,090	56,564	(64,421)	41,233
Total Assets ⁽²⁾	592,700	n/a	n/a	592,700	324,458	864,351	1,781,509
Total Debt ⁽²⁾	283,851 ⁽³⁾	n/a	n/a	283,851	147,772 ⁽⁴⁾	813,297	1,244,920
Total Shareholders' Equity ⁽²⁾	257,550	n/a	n/a	257,550	157,663	70,077	485,290
Other Financial and Operating Metrics:							
Adjusted EBITDA ⁽⁵⁾	64,009	12,174	10,410	86,593	123,507		210,100
Adjusted EBITDA Margin ⁽⁶⁾	52.4%	69.1%	60.2%	55.1%	81.5%		68.1%
Reconciliation of Net Income to EBITDA and Adjusted EBITDA:							
Net Income (Loss)	11,590	12,060	6,378	30,028	53,151		(15,851)
Depreciation and Amortization	11,170	114	-	11,284	36,280		79,976 ⁽⁷⁾
Interest Expense	12,194	-	-	12,194	10,523		90,408
Income Taxes	7,522	-	3,994	11,516	3,353		7,236
EBITDA⁽⁵⁾	42,476	12,174	10,372	65,022	103,307		161,769
Change in Fair Value of contingent consideration	2,629	-	-	2,629	-		2,629
Stock-Based Compensation	4,484	-	-	4,484	2,690		4,484
Acquisition Related Costs	13,521	-	-	13,521	2,445		25,216 ⁽⁸⁾
Foreign Exchange Loss (Gain)	696	-	-	696	-		696
Other (Income) Expense	203	-	38	241	(159)		82
Discontinued Sales & Marketing Expenses ⁽⁹⁾	-	-	-	-	15,224		15,224
Adjusted EBITDA⁽⁵⁾	64,009	12,174	10,410	86,593	123,507		210,100

Notes:

- (1) See the pro forma financial statements of the Corporation attached hereto as Appendix B for details regarding the pro forma adjustments relating to the Acquisition.
- (2) Working capital is defined as current assets less accounts payable, accrued liabilities, provisions and royalties payable. Pro forma balances for cash and cash equivalents, working capital balance, total assets, total debt and total shareholders' equity have been calculated assuming the completion of the Offering only and do not contemplate the exercise of the Over-Allotment Option.
- (3) Total debt includes short-term and long-term portions of long-term debt, notes payable and purchase consideration payable.
- (4) Total debt includes short-term and long-term portions of long-term debt.
- (5) EBITDA and Adjusted EBITDA represents a non-IFRS and non-U.S. GAAP measure. See "Non-IFRS And Non-U.S. GAAP Measures" for the definition of EBITDA and Adjusted EBITDA. The pro forma calculation of EBITDA does not incorporate synergies of approximately US\$20 million that management expects to realize through the Acquisition. Please refer to the above table for a reconciliation of reported net income to EBITDA and Adjusted EBITDA.
- (6) Adjusted EBITDA margin represents Adjusted EBITDA divided by revenue.
- (7) Includes amortization of intangible assets of US\$79,568 from the unaudited pro forma consolidated income statement for the year ended December 31, 2014, depreciation expense of US\$245 from Concordia (including Donnatal® / Zonegran®) and depreciation expense of US\$163 from Covis (see page 7 of the carve-out financial statements for the Covis Portfolio for the years ended December 31, 2013 and December 31, 2014 included as Appendix A to this Short Form Prospectus).
- (8) Includes acquisition related costs of US\$22,771 from the unaudited pro forma consolidated income statement for the year ended December 31, 2014 and US\$2,445 of acquisition related costs included in Covis' general and administrative expenses.
- (9) Represents one-time costs related to a selling and marketing initiative, which was discontinued in October 2014.

DETAILS OF THE ACQUISITION

On March 9, 2015, the Corporation and its subsidiary, Concordia Pharmaceuticals Inc. (“CPI” or the “**Purchaser**”), entered into the Covis Purchase Agreement with Covis to acquire the Covis Portfolio and certain related assets. Pursuant to the Covis Purchase Agreement, the Purchaser has agreed to acquire the Covis Portfolio and the assets required for or used primarily in connection with the business of Covis in respect of its operation of the Covis Portfolio, consisting of commercializing, manufacturing, labeling, packaging, marketing, promoting, storage, selling, distributing and transporting of the Covis Portfolio, whether directly or indirectly through third parties (collectively, the “**Covis Business**”). The Purchaser also agreed to assume and discharge certain specifically enumerated liabilities, including those arising out of the operation or ownership of the Covis Business from and after the closing of the transactions contemplated by the Covis Purchase Agreement (the “**Acquisition Closing**”). The Corporation and Covis Holdings are parties to the Covis Purchase Agreement as parent guarantors of certain of their subsidiaries’ obligations, specifically: (i) the Corporation has guaranteed the Purchaser’s obligations under the Covis Purchase Agreement, including with respect to financing the Acquisition, its payment obligations with respect to the Purchase Price, indemnification and termination fee, and also has made certain fundamental representations and warranties; and (ii) Covis Holdings has agreed to cause its subsidiary seller entities to perform their obligations with respect to the sale of the Covis Portfolio, guaranteed performance by such seller entities of those obligations and assumption of related liabilities under the Covis Purchase Agreement and related ancillary agreements, and also has made certain fundamental representations and warranties.

Covis Purchase Agreement

The following is a summary of the material terms of the Covis Purchase Agreement. This summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the provisions of the Covis Purchase Agreement, a copy of which has been filed on SEDAR at www.sedar.com.

Purchase Price and Escrow

The purchase price payable by the Purchaser to Covis at the Acquisition Closing is US\$1.2 billion in cash (the “**Purchase Price**”). A portion of the Purchase Price will be deposited with an escrow agent to be held in escrow until the 12 month anniversary of the Acquisition Closing to satisfy certain indemnification obligations of Covis.

Representations and Warranties

The Covis Purchase Agreement contains representations and warranties made by Covis in favor of the Purchaser that are customary for a transaction of this nature and size, including, *inter alia*, with respect to: corporate organization, authority and validity and related matters; consents and approvals; governmental authorization; absence of certain material changes affecting the Covis Business; litigation; compliance with laws and regulations; taxes, product registration, product distribution practices and product liability; intellectual property ownership, licenses and claims; ownership of the Covis Portfolio and other asset-related matters; assumed and shared contracts; financial statements and internal controls; inventory and insurance. The Purchaser made certain customary representations and warranties in favor of Covis, including, *inter alia*, with respect to: corporate organization, authority and validity and related matters, consents and approvals, government authorizations, litigation, the nature and availability of financing and solvency of the Purchaser.

Covenants

The Covis Purchase Agreement contains customary covenants of Covis commencing on the execution of the Covis Purchase Agreement and surviving the Acquisition Closing until fully performed, or, subject to certain limited and customary exceptions, terminating upon the earlier termination of the Covis Purchase Agreement. Covis has covenanted to, *inter alia*: (i) provide the Purchaser with access to information, books and records with respect to the Covis Business; (ii) conduct the Covis Business in the ordinary course and refrain from taking certain actions without first obtaining the Purchaser’s consent; (iii) take certain actions with respect to product registration, the transfer of existing product registrations to the Purchaser upon the Acquisition Closing and the termination or transfer of certain contracts; (iv) obtain required third party consents and, in consultation with the Purchaser, deliver notifications to third parties such as counterparties to shared contracts, suppliers, distributors and customers; (v) grant a license to use its trademarked labels, National Drug Codes and related rights after the Acquisition Closing; (vi) repay and obtain relevant releases for existing debt; (vii) refrain from soliciting officer, management and certain other key employees of the Corporation after the Acquisition Closing; (viii) maintain confidentiality; (ix) cooperate regarding returned products,

rebates, reimbursements and chargebacks; (x) grant know-how licenses as they relate to the Covis Portfolio; and (xi) negotiate and reach agreement on definitive forms of agreements with respect to the Transition Services Agreement, the escrow agreement, assignment and assumption agreements and other forms of agreement reasonably necessary for the implementation and consummation of the Acquisition.

The Covis Purchase Agreement also generally requires the Corporation and Covis and their respective affiliates to cooperate and use their reasonable best efforts to take all necessary and appropriate action to effect the contemplated transaction and related financing, including actions with respect to offering documentation, regulatory filings and approvals and other third party consents, approvals and authorizations. Covis has agreed to refrain from soliciting alternative acquisition proposals from third parties, and the Purchaser has the right to seek specific performance of the Covis Purchase Agreement if Covis violates such covenant.

Closing Conditions

The Covis Purchase Agreement sets forth certain mutual conditions that must be satisfied or, if legally permissible, waived prior to the Acquisition Closing, including that there be no order or law restraining the consummation of the acquisition, nor any pending proceeding seeking any such order, and that the waiting period required under the United States federal *Hart-Scott-Rodino Antitrust Improvements Act* of 1976 has expired or terminated. The Corporation received early termination of the waiting period under the *Hart-Scott-Rodino Antitrust Improvements Act* of 1976 on March 25, 2015.

The Acquisition Closing is also subject to, *inter alia*, the following conditions for the benefit of the Purchaser, each of which must be satisfied or waived prior to the Acquisition Closing: (i) certain fundamental representations and warranties relating to the business and assets of Covis must be true and correct in all material respects as of signing and as of the Acquisition Closing, including representations and warranties relating to corporate organization and authority, the use of brokers, the absence of material change, legal and regulatory compliance, and assets; (ii) all other representations and warranties of Covis must be true and correct as of the signing and as of the Acquisition Closing (disregarding for this purpose all materiality and material adverse effect qualifications) except where the failure to be true and correct would not reasonably be expected to have a material adverse effect on the Covis Business; (iii) Covis must have performed and complied in all material respects with its obligations under the Covis Purchase Agreement; (iv) at the Acquisition Closing, Covis' existing debt must have been satisfied, discharged and released; and (v) Covis must deliver certain documents at the Acquisition Closing, including customary officers' certificates, a receipt for payment of the purchase price and execution of certain ancillary agreements relating to, *inter alia*, transitional services, intellectual property and the escrow account.

The Acquisition Closing is also subject to, *inter alia*, the following conditions for the benefit of Covis, each of which must be satisfied or waived prior to the Acquisition Closing: (i) certain fundamental representations and warranties of the Purchaser, including those relating to corporate organization and authority, must be true and correct in all material respects as of the signing and as of the Acquisition Closing; (ii) all other representations and warranties of the Purchaser must be true and correct except where the failure to be true and correct would not prevent, materially delay or materially impair the Purchaser's ability to complete the acquisition; (iii) the Purchaser must have performed and complied in all material respects with its obligations under the Covis Purchase Agreement; and (iv) the Purchaser must deliver certain documents, including customary officers' certificates, execution of certain ancillary agreements relating to, *inter alia*, transitional services, intellectual property and the escrow account.

Although pursuant to the terms of the Covis Purchase Agreement the Acquisition Closing is not conditioned on the Purchaser obtaining financing for the transaction, the Acquisition Closing is conditioned on Covis delivering to the Purchaser certain information to provide to potential purchasers of securities of and lenders to the Corporation, including purchasers of the Subscription Receipts offered hereby, and purchasers of debt securities the Corporation may issue. Among other requirements, such information may not contain an untrue statement of material fact or omit to state any material fact with respect to the Covis Business necessary in order to make such information not misleading.

Non-Assignable Assets

In addition, although pursuant to the terms of the Covis Purchase Agreement, the Acquisition Closing is not conditioned upon Covis obtaining any third party consents or approvals (other than expiration or termination of the waiting period required under the United States federal *Hart-Scott-Rodino Antitrust Improvements Act* of 1976), in the event that the sale, assignment, sublease, transfer, conveyance or delivery to the Purchaser of any asset to be acquired pursuant to the terms of the Covis Purchase Agreement is prohibited by applicable law or any third party (including any

government entity or contractual counter party), the Acquisition Closing will nonetheless proceed unless the failure to obtain any such conveyance or delivery would result in a net negative impact on the consolidated annual revenues of the Covis Business (subject to certain exclusions) in excess of 10% as measured against the consolidated revenues of the Covis Business (subject to certain exclusions), taken as a whole for the fiscal year 2014. In such circumstances or if the parties otherwise agree, the Acquisition Closing will proceed only if the net negative impact is cured prior to the Acquisition Closing or, if not curable, Covis has agreed to provide to the Purchaser certain “work around” arrangements (including subleasing, sublicensing or subcontracting) in order to provide to the Purchaser the economic and operational equivalent of the asset (for the duration or useful life of such asset had it been transferred at the Acquisition Closing), and Covis has agreed to hold in trust for and pay to the Purchaser promptly upon receipt thereof, all income, proceeds and other monies received by Covis in connection with any such asset.

Indemnification Provisions

Under the terms of the Covis Purchase Agreement, Covis agrees to indemnify the Purchaser and its affiliates and their respective directors, officers, agents, employees, successors and assigns (“**Purchaser Indemnified Parties**”) subject to certain limitations and exceptions, from any and all losses, damages and liabilities related to, among others: (i) all liabilities not specifically assumed by the Purchaser, including, subject to certain limited exceptions, liabilities arising out of or resulting from the operation or ownership of the Covis Business prior to the Acquisition Closing; (ii) Covis’ breach of the Covis Purchase Agreement; (iii) any transfer taxes for which Covis is responsible; and (iv) subject to certain additional limitations, certain specified retained liabilities. The Covis Purchase Agreement provides that in no event shall Covis Pharma and Covis Injectables be liable to indemnify the Purchaser Indemnified Parties for losses in the aggregate in excess of an amount equal to 12% of the Purchase Price (the “**Cap**”), other than for any losses related to certain specified retained liabilities, in which event Covis Pharma and Covis Injectables shall be liable to indemnify the Purchaser Indemnified Parties for all such losses in an aggregate amount not to exceed US\$120 million.

Under the terms of the Covis Purchase Agreement, the Purchaser will indemnify Covis, its affiliates and their respective directors, officers, employees and successors and assigns (the “**Seller Indemnified Parties**”), subject to certain limitations and exceptions, from any and all losses, damages and liabilities related to: (i) specifically enumerated assumed liabilities, including liabilities arising out of or resulting from the operation or ownership of the Covis Business after the Acquisition Closing; and (ii) any breach by the Purchaser of the Covis Purchase Agreement. In no event is the Purchaser liable to indemnify the Seller Indemnified Parties for losses in the aggregate in excess of the Cap.

Termination

The Covis Purchase Agreement may be terminated at any time prior to the Acquisition Closing in certain specified circumstances: (i) by written agreement of the parties; (ii) by notice of either party if the Acquisition Closing has not occurred by the Escrow Release Deadline (and the terminating party’s breach is not a principal cause of the failure of the Acquisition Closing to occur by such date); (iii) by either party if the other party has committed a material breach of the Covis Purchase Agreement that impairs its ability to consummate the transaction and such breach is not cured within 30 days; (iv) by either party if a final, non-appealable governmental order has been issued that permanently restrains or prohibits the transaction; or (v) by Covis if the conditions to the Purchaser’s obligation to close have been satisfied, the Purchaser is in receipt of all information needed to sell its securities under an equity offering, including this Offering, or any debt offering and the Purchaser fails to consummate the Acquisition Closing following receipt of written confirmation from Covis that they are ready, willing and able to complete the Acquisition.

If the Covis Purchase Agreement is terminated by Covis due to the failure of the Purchaser to close, under certain circumstances, the Corporation will be obligated to pay to Covis a termination fee of US\$75,000,000.

Remedies: Specific Performance and Non-Recourse

Pursuant to the Covis Purchase Agreement, the Purchaser and Covis have agreed that a breach or failure to perform the provisions of the Covis Purchase Agreement in accordance with its specific terms would cause irreparable damage. Accordingly, a breach or threatened breach by Covis or the Purchaser entitles the other party to seek specific performance of the agreement in court by injunction or other equitable relief except that specific performance is not available to Covis under circumstances in which the termination fee has been paid by the Purchaser and is not available to Covis to cause the Purchaser to complete the Acquisition unless: (i) Covis has provided certain financial and other information to the Purchaser and a certain period of time has ended, all as contemplated in the Covis Purchase Agreement; (ii) all mutual conditions and conditions to the Purchaser’s obligation to close have been satisfied or, if

only capable of satisfaction at the time of the Acquisition Closing, were capable of being satisfied at such time; and (iii) Covis has irrevocably confirmed that if specific performance is granted, then the Acquisition will be consummated. Both parties have agreed that they will not oppose such a remedy on the basis that damages or other legal remedies would be sufficient.

Governing Law

The Covis Purchase Agreement and all related claims and defenses are governed by the laws of the State of Delaware except that claims relating to financing are governed by the laws of the State of New York.

Transition Services Agreement

Pursuant to the Covis Purchase Agreement, the Purchaser and Covis have agreed to enter into a transition services agreement in connection with the Acquisition Closing (the “**Transition Services Agreement**”) pursuant to which it is expected that the Purchaser and Covis will provide certain transition services to one another relating to, among other things, rebates and chargebacks consistent with the applicable provisions of the Covis Purchase Agreement; marketing, trade and supply chain support; financial reporting assistance; maintenance of certain contracts; and event reporting and similar regulatory matters. Failure by Covis to meet its obligations under the Transition Services Agreement could have a material adverse effect on the Corporation’s business, financial condition and results of operations, as the Corporation may not be able to fully realize the benefits of the Acquisition. See “*Risk Factors - Risks Related to the Acquisition and the Debt Financing*”.

Financing the Acquisition

The Acquisition will be financed through the net proceeds of the Offering and debt financing. Accordingly, the Corporation has entered into a commitment letter (the “**Commitment Letter**”) with Royal Bank of Canada, Morgan Stanley Senior Funding, Inc., The Toronto-Dominion Bank and General Electric Capital Corporation (collectively, the “**Commitment Parties**”) pursuant to which, the Commitment Parties have agreed to provide senior secured credit facilities on the Acquisition Closing Date in an aggregate principal amount of up to US\$750 million comprising: (i) a senior secured revolving credit facility (the “**Revolving Facility**”) in an aggregate principal amount of up to US\$100 million; and (ii) a senior secured term loan facility (the “**Term Facility**”) in an aggregate principal amount of up to US\$650 million (together, the “**Bank Facilities**”). All obligations of the Corporation under the Bank Facilities will be guaranteed by all material subsidiaries of the Corporation and secured by first priority (subject to permitted liens) perfected security interests in the assets of the Corporation and the assets of and equity interests in its material subsidiaries.

In addition: (i) Royal Bank of Canada, Morgan Stanley Senior Funding, Inc. and The Toronto-Dominion Bank have agreed to provide the Corporation a senior unsecured bridge facility (the “**Bond Bridge Facility**”) on the Acquisition Closing Date in an aggregate principal amount of up to US\$710 million less the aggregate gross proceeds provided by any senior unsecured notes and gross proceeds in excess of US\$150 million provided by any new equity issued by the Corporation, including the Subscription Receipts to be issued under the Offering, on or prior to the Acquisition Closing Date; and (ii) Royal Bank of Canada has agreed to provide the Corporation a senior unsecured equity bridge facility (the “**Equity Bridge Facility**”) on the Acquisition Closing in an aggregate principal amount of up to US\$150 million less the aggregate amount of any new equity issued by the Corporation, including the Subscription Receipts to be issued under the Offering, on or prior to the Acquisition Closing Date (collectively with the Bank Facilities, the “**Credit Facilities**”). All obligations of the Corporation under the Bond Bridge Facility and the Equity Bridge Facility will be guaranteed by all material subsidiaries of the Corporation. The Credit Facilities are subject to the completion of definitive documentation which will contain customary representations and warranties and restrictive covenants for facilities of this nature.

The Term Facility will mature on the seventh anniversary of the Acquisition Closing Date (unless extended by the lenders under the Term Facility) and the Revolving Facility will mature on the fifth anniversary of the Acquisition Closing Date (unless extended by the lenders under the Revolving Facility).

Subject to market conditions, the Corporation intends to raise up to US\$610 million by way of a private placement of debt securities, in which case and after giving effect to the issuance of the Common Shares underlying the Subscription Receipts, no loans will be drawn under the Bond Bridge Facility or the Equity Bridge Facility at the Acquisition Closing. There can be no assurances that the Corporation will be able to issue and sell such debt securities in the manner contemplated or that such private placement or the Offering will be completed.

Prior Valuations

Neither the Corporation nor Covis has obtained, within the last 12 months, a valuation opinion required by securities legislation or a Canadian exchange or market to support the consideration to be paid pursuant to the Acquisition.

Parties to the Acquisition

The Acquisition does not involve an informed person, associate or affiliate of the Corporation.

CONSOLIDATED CAPITALIZATION

The following table sets forth the Corporation's cash and cash equivalents and capitalization at December 31, 2014, on an actual basis and on an as adjusted basis to give effect to the Offering, the Acquisition, a private placement of debt securities of US\$610,000,000 and the drawing down of the Credit Facilities. The following table should be read in conjunction with the Annual Financial Statements that are incorporated by reference into this Short Form Prospectus.

Designation	Authorized	As at December 31, 2014	As at December 31, 2014, after giving effect to the Offering ⁽¹⁾ , the Acquisition, a private placement and the Credit Facilities ⁽²⁾
Cash and Cash Equivalents	N/A	US\$42,769,886	US\$31,578,886 ⁽¹⁾
Long Term Debt ⁽³⁾	N/A	US\$253,481,379 ⁽⁴⁾	US\$1,214,550,000 ⁽²⁾⁽⁴⁾
Notes Payable	N/A	US\$5,262,158	US\$5,262,158
Purchase Consideration Payable	N/A	US\$25,108,460	US\$25,108,460
Share Capital	Unlimited Common Shares	US\$247,035,195 (28,861,239 Common Shares)	US\$491,293,455 ⁽¹⁾⁽⁵⁾ (32,625,959 Common Shares)

Notes:

- (1) After giving effect to the Acquisition but without giving effect to the exercise of the Over-Allotment Option and based on the issuance of an aggregate of 3,764,720 Common Shares upon the exchange of 3,764,720 Subscription Receipts issued pursuant to the Offering for gross proceeds of \$320,001,200 less the Underwriters' Fee of \$12,800,048 and the deduction of the expenses of the Offering, estimated to be approximately \$850,000 and excluding the tax effect of share issue costs or any Earned Interest. If the Over-Allotment Option was exercised in full, after giving effect to the Acquisition and such exercise of the Over-Allotment Option, based on the issuance of an aggregate of 4,329,428 Common Shares upon the exchange of 4,329,428 Subscription Receipts issued pursuant to the Offering for gross proceeds of \$368,001,380 less the Underwriters' Fees of \$14,720,055 and the deduction of the expenses of the Offering, estimated to be approximately \$850,000 and excluding the tax effect of share issue costs and any Earned Interest, shareholder' equity would be US\$528,033,851 (33,190,667 Common Shares).
- (2) Assuming the Corporation raises US\$610,000,000 by way of a private placement of debt securities, draws down US\$650,000,000 under the Credit Facilities and incurs debt issuance costs of US\$45,450,000. Long-term debt is presented net of debt issuance costs. See "Details of the Acquisition - Financing the Acquisition".
- (3) Represents the Corporation's amended and restated senior secured credit facility with General Electric Capital Corporation, Health Financial Services and a syndicate of lenders dated September 30, 2014 (the "GE Amended Credit Agreement"). As at December 31, 2014, the Corporation had outstanding indebtedness under the GE Amended Credit Agreement in the principal amount of US\$260,750,000, which is carried on the Corporation's balance sheet net of unamortized debt issuance costs of US\$7,268,621. The GE Amended Credit Agreement bears a variable interest rate and matures on October 1, 2020, with fixed repayments required over the term to maturity, as well as mandatory repayments based on excess cash flow generated by the Corporation as defined in the GE Amended Credit Agreement, calculated annually. Interest rates are calculated at the US Prime Rate or LIBOR plus applicable margins based on a leverage table. The GE Amended Credit Agreement is secured by the assets of the Corporation and the assets of its material subsidiaries. The GE Amended Credit Agreement was used by the Corporation to fund the Corporation's acquisition of Donnatal® and Zonegran®, respectively. Management of the Corporation anticipates that borrowings under the GE Amended Credit Agreement will be repaid in full concurrent with the Acquisition Closing.
- (4) The Corporation's long term debt transactions were completed in US\$.
- (5) Based on an exchange rate of US\$1.00 = \$1.25421 being the forward contract rate obtained by the Corporation. While the forward contract rate does not apply to any proceeds raised pursuant to any exercise of the Over-Allotment Option, such exchange rate has for illustrative purposes been used for converting any proceeds so received into United States dollars under this "Consolidated Capitalization". See "Use of Proceeds".

There have been no material changes to the Corporation's share and loan capitalization on a consolidated basis since December 31, 2014, except as set forth under the sections entitled "Prior Sales" and "Details of the Acquisition - Financing the Acquisition".

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Underwriters have severally agreed to purchase, as principals, and the Corporation has agreed to sell, subject to compliance with all necessary legal requirements and pursuant to the terms and conditions of the Underwriting Agreement, on the Closing Date, not less than all of the Subscription Receipts at the Offering Price, payable in cash to the Escrow Agent against delivery of the Subscription Receipts. The obligations of

the Underwriters under the Underwriting Agreement are several and may be terminated at their discretion upon the occurrence of certain stated events, including in the event that: (a) there shall be any material change in the affairs of the Corporation, which, in the reasonable opinion of the Underwriters (or any of them), has or would be expected to have a significant adverse effect on the market price or value of the Common Shares; (b) (i) any inquiry, action, suit, investigation or other proceeding (whether formal or informal) is commenced, announced or threatened or any order made by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality including, without limitation, the TSX or any securities regulatory authority or any law or regulation is enacted or changed which in the sole opinion of the Underwriters (or any of them), acting reasonably, could operate to prevent or materially restrict the trading of the Subscription Receipts or the Common Shares or materially and adversely affects or will materially and adversely affect the market price or value of the Subscription Receipts or the Common Shares; or (ii) if there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence or any law or regulation which in the sole opinion of the Underwriters seriously adversely affects, or involves, or will seriously adversely affect, or involve, the financial markets or the business, operations or affairs of the Corporation and certain of its subsidiaries taken as a whole; (c) the Corporation is in breach of any material term, condition or covenant of the Underwriting Agreement or any material representation or warranty given by the Corporation in the Underwriting Agreement is or becomes false; and (d) any Underwriter and the Corporation agree in writing to terminate the Underwriting Agreement. The Underwriters are, however, obligated to take up and pay for all of the Subscription Receipts if any of the Subscription Receipts are purchased under the Underwriting Agreement.

In consideration of the agreement of the Underwriters to purchase the Subscription Receipts and for the services rendered by the Underwriters in connection with the Offering, the Underwriters will be paid an aggregate cash commission representing 4.0% of the gross proceeds of the Offering. The Initial Underwriters' Fee is payable on the Closing Date and the remaining 50% of the Underwriters' Fee is payable upon the Acquisition Closing. If the Escrowed Proceeds are returned to holders of the Subscription Receipts, the Underwriters will only receive the Initial Underwriters' Fee plus the costs and expenses in connection with the Offering. The Offering Price was determined by negotiation among the Corporation and the Co-Lead Underwriters, on behalf of the Underwriters.

The Corporation has granted the Underwriters the Over-Allotment Option, exercisable in whole or in part, at any time and from time to time, in the sole discretion of the Underwriters, up to the earlier of: (i) 30 days after and including the Closing Date; and (ii) the occurrence of the Termination Event, to purchase up to an additional 564,708 Additional Subscription Receipts at a price of \$85.00 per Additional Subscription Receipt, or if the Escrowed Proceeds have been released to the Corporation, 564,708 Additional Common Shares at a price of \$85.00 per Additional Common Share, to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised following the Escrowed Proceeds having been released to the Corporation, the Underwriters' Fee in connection therewith shall be payable to the Underwriters' in full upon the issuance of the Additional Common Shares. The grant of the Over-Allotment Option and the Additional Subscription Receipts or Additional Common Shares, as applicable, issuable upon exercise of the Over-Allotment Option are hereby qualified for distribution under this Short Form Prospectus. A person who acquires Additional Subscription Receipts or Additional Common Shares, as applicable, issuable on the exercise of the Over-Allotment Option acquires such Additional Subscription Receipts or Additional Common Shares under this Short Form Prospectus regardless of whether the over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters' Fee and net proceeds to the Corporation (before payment of the expenses of the Offering) will be \$368,001,380, \$14,720,055 and \$353,281,325, respectively.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the Closing Date of the Offering will occur on or about April 8, 2015, or on such other date as may be agreed upon by the Corporation and RBC Dominion Securities Inc., on behalf of the Underwriters and, in any event, on or before a date not later than 42 days after the date of the receipt for this Short Form Prospectus.

The Underwriters are entitled under the Underwriting Agreement to customary indemnification by the Corporation against certain liabilities and expenses.

Pursuant to the Underwriting Agreement, the Corporation has agreed that it will not, directly or indirectly, issue, announce an intention to issue, sell, or agree or offer to sell, any Common Shares or any securities convertible into or exchangeable for or exercisable to acquire Common Shares from the date of the Underwriting Agreement until 90 days after the Closing Date without the prior written consent of RBC Dominion Securities Inc., on behalf of the Underwriters (which consent shall not be unreasonably withheld, delayed or conditioned), except in connection with: (i) the issuance and sale of the Additional Subscription Receipts or Additional Common Shares, as applicable, (if the

Over-Allotment Option is exercised); (ii) the grant or exercise of outstanding options and other similar issuances pursuant to the Corporation's stock option plan, long term incentive plan and any other share compensation arrangements outstanding as of the date of the Underwriting Agreement, including, for greater certainty, the sale of any Common Shares issued thereunder and the issuance of Common Shares pursuant to outstanding compensation options and options granted to former directors of the Corporation; (iii) the issuance of securities of the Corporation in connection with property, share and/or asset acquisitions, and (iv) the issuance of Common Shares pursuant to the Corporation's purchase of the Specialty Healthcare Distribution Division.

The Corporation has agreed to use its commercially reasonable efforts to cause, each of the directors and officers (as specified by RBC Dominion Securities Inc.) of the Corporation and their respective associates to execute agreements, in favour of the Underwriters, agreeing not to, for a period ending on the date that is 90 days following the Closing Date, directly or indirectly: (i) offer, sell, contract to sell, transfer, assign, secure, pledge, lend or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, any Common Shares or other securities of the Corporation owned, directly or indirectly, by such officers or directors or their associates; or (ii) make any short sale, engage in any hedging transaction, or enter into any swap or other arrangement or agreement that transfers any of the economic consequences of ownership of any Common Shares or securities of the Corporation; or (iii) otherwise publicly announce any intention to do any of the restricted activities, whether through the facilities of a stock exchange, by private placement or otherwise, unless (a) the prior written consent of RBC Dominion Securities Inc. on behalf of the Underwriters (such consent not to be unreasonably withheld, delayed or conditioned) has been obtained, or (b) there is a take-over bid or similar transaction, or plan of arrangement or other business combination, involving a change of control of the Corporation generally made to all shareholders of the Corporation to which such persons will tender their Common Shares, and subject to such other customary exceptions as may be agreed by the Corporation and RBC Dominion Securities Inc.

Pursuant to policy statements of certain Canadian provincial securities regulators, the Underwriters may not, throughout the period of distribution under this Short Form Prospectus, bid for or purchase Common Shares for their own account or for accounts over which they exercise control or direction. The foregoing restriction is subject to exceptions, provided the bid or purchase is not engaged in for the purposes of creating actual or apparent trading in, or raising the price of, the Common Shares. These exceptions include bid or purchases permitted by the by-laws and rules of applicable regulatory authorities and stock exchanges, including 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, and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Subject to applicable laws, the Underwriters may, pursuant to the first mentioned exception, in connection with the Offering, over-allot or effect transactions intended to stabilize or maintain the market price of the Subscription Receipts or the Common Shares at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

After the Underwriters have made reasonable efforts to sell the Subscription Receipts at the Offering Price, the Underwriters may decrease the Offering Price for the Subscription Receipts and may further change the Offering Price from time to time to amounts no greater than the Offering Price. In the event the Offering Price of the Subscription Receipts is reduced, the compensation received by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Subscription Receipts is less than the gross proceeds paid by the Underwriters to the Escrow Agent for the Subscription Receipts. Any such reduction will not affect the proceeds received by the Corporation.

There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this Short Form Prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the Subscription Receipts and the extent of issuer regulation. See "Risk Factors".

The TSX has conditionally approved the listing of the Subscription Receipts distributed under this Short Form Prospectus and the Common Shares issuable upon exchange of the Subscription Receipts. Listing is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before June 23, 2015.

The Subscription Receipts will be offered in each of the provinces of Canada through those Underwriters or their affiliates who are registered to offer the Subscription Receipts 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 Subscription Receipts outside of Canada on a prospectus exempt basis.

The Subscription Receipts offered hereby have not been and will not be registered under 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. This Short Form Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. The Underwriting Agreement permits the Underwriters through their U.S. registered broker-dealer affiliates to offer and resell the Subscription Receipts that they have acquired pursuant to the Underwriting Agreement in the United States to persons who are “qualified institutional buyers,” as such term is defined in Rule 144A under the U.S. Securities Act, where such offers and sales are made in compliance with Rule 144A under the U.S. Securities Act and applicable state securities laws. Moreover, the Underwriting Agreement provides that the Underwriters will offer and sell the Subscription Receipts outside of the United States only in accordance with Regulation S under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, any offer or sale of the Subscription Receipts within the United States by any dealer, whether or not participating in the Offering, may violate the registration requirements of the U.S. Securities Act if that offer or sale is made otherwise than in accordance with an applicable exemption from registration under the U.S. Securities Act. The Subscription Receipts that are sold in the United States will be “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act. The capitalized terms used and not defined in this paragraph shall have the meanings ascribed thereto by Regulation S under the U.S. Securities Act.

The Short Form Prospectus is only being (and may only be) distributed to and directed at: (i) persons outside the United Kingdom; or (ii) persons in the United Kingdom who are (a) a “qualified investor” within the meaning of Section 86(7) of FSMA and (b) within the categories of persons referred to in Article 19 (investment professionals) of the Order (all such persons together being referred to as “relevant persons”). The Subscription Receipts are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the Subscription Receipts will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Short Form Prospectus or any of its contents. This Short Form Prospectus is not a prospectus for the purposes of Section 85(1) of FSMA or an approved prospectus within the meaning of Section 85(7) of FSMA and has not been prepared in accordance with the prospectus rules contained in the handbook of the FCA published and updated from time to time by the FCA (acting in its capacity as the United Kingdom Listing Authority). Accordingly, this Short Form Prospectus has not been, and will not be, examined or approved as a prospectus by the FCA under Section 87A of FSMA or by London Stock Exchange plc and has not been filed with the FCA pursuant to the rules published by the FCA implementing the Prospectus Directive. This Short Form Prospectus has not been approved by a person authorized under FSMA, for the purposes of Section 21 of FSMA and such approval would be required for any recipient of this document not within the exemption contained in Article 19 (investment professionals) of the Order or any other applicable exemption of the Order.

USE OF PROCEEDS

Proceeds

The net proceeds to the Corporation from this Offering, after deducting the Underwriters’ Fee and expenses of the Offering, are estimated to be approximately \$306,351,152, or approximately \$352,431,325 if the Underwriters exercise the Over-Allotment Option in full (in each case excluding any Earned Interest). See “*Plan of Distribution*”.

Principal Purposes

The Corporation intends to use the proceeds from the Offering to fund, in part: (i) the Purchase Price; and (ii) the fees and expenses incurred in connection with the Acquisition.

The following table illustrates the estimated uses of the proceeds of this Offering.

Use of Proceeds	Amount ⁽¹⁾	
Partial satisfaction of the Purchase Price ⁽²⁾	\$304,851,152	US\$243,062,288 ⁽³⁾
Partial satisfaction of fees and expenses incurred in connection with the Acquisition	\$1,500,000	US\$1,195,972 ⁽³⁾
Net proceeds to the Corporation	\$306,351,152	US\$244,258,260 ⁽³⁾

Notes:

(1) Without giving effect to the exercise of the Over-Allotment Option.

(2) The Acquisition will be financed through the net proceeds of the Offering and debt financing. See “*Details of the Acquisition - Financing the Acquisition*”.

(3) Based on an exchange rate of US\$1.00 = \$1.25421 being the forward contract rate obtained by the Corporation.

The Corporation intends to spend the funds available to it as stated in this Short Form Prospectus; however, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary. See “*Risk Factors - Risks Relating to the Offering*”.

In the event the Over-Allotment Option is exercised, any additional net proceeds will be allocated to the partial satisfaction of the Purchase Price and/or general corporate purposes.

The Escrowed Proceeds will be held in escrow by the Escrow Agent pending the release of the Escrowed Proceeds in accordance with the terms of the Subscription Receipt Agreement. See “*Cautionary Note Regarding Forward-Looking Information*”, “*Description of Subscription Receipts*”, “*Plan of Distribution*” and “*Risk Factors*”.

As the Offering is denominated in Canadian dollars and the Purchase Price is payable in United States dollars, the Corporation has entered into an unsecured foreign currency forward contract with an option dated settlement window to hedge its exposure to exchange rate fluctuations (such hedge does not apply to any proceeds raised in connection with any exercise of the Over-Allotment Option). The Corporation intends to close out the foreign currency derivative to settle the forward contract in connection with the Acquisition Closing. See “*Risk Factors*”.

DESCRIPTION OF SUBSCRIPTION RECEIPTS

The following is a summary of the material attributes and characteristics of the Subscription Receipts. This summary does not purport to be complete and is subject to, and qualified in its entirety by, reference to the terms of the subscription receipt agreement (the “**Subscription Receipt Agreement**”) between the Corporation, the Escrow Agent and RBC Dominion Securities Inc. (on behalf of the Underwriters) to be dated the Closing Date.

The Subscription Receipts will be issued at the closing of the Offering pursuant to the Subscription Receipt Agreement. The gross proceeds from the sale of the Subscription Receipts, less the costs and expenses of the Underwriters and the Initial Underwriters’ Fee will be delivered to, and held by, the Escrow Agent and invested in an interest bearing account with a Schedule I Canadian bank pending the earlier of the release of the Escrowed Proceeds following delivery of the Escrow Release Notice and the occurrence of the Termination Event. The Subscription Receipt Agreement will contain customary anti-dilution provisions with respect to the Subscription Receipts.

Provided that the Escrow Release Conditions have been met on or before 5:00 p.m. (Toronto time) on September 5, 2015 (the “**Escrow Release Deadline**”), immediately prior to the Acquisition Closing, the Corporation will deliver a notice of closing (the “**Escrow Release Notice**”) to the Escrow Agent and RBC Dominion Securities Inc. and the Escrowed Proceeds, less any amounts required to satisfy the payment of the Dividend Equivalent Amount and less the remaining 50% of the Underwriters’ Fee, will be released by the Escrow Agent to the Corporation and used by the Corporation as described under “*Use of Proceeds*”.

The Escrow Release Conditions will be met if all conditions, undertakings and other matters to be satisfied prior to completion of the Acquisition in accordance with the Covis Purchase Agreement have been met or waived, without amendment or material waiver, other than the payment of the Purchase Price and any other amounts required under the Covis Purchase Agreement for which the Escrowed Proceeds are required, in whole or in part (the “**Escrow Release Conditions**”).

Concurrent with the Acquisition Closing, the Corporation will issue and deliver to the Escrow Agent a direction to issue one Common Share for each Subscription Receipt then outstanding (subject to any applicable adjustment). The registered holders of Subscription Receipts will receive, without any further action by such holder and without payment of additional consideration, one Common Share for each Subscription Receipt held plus an amount equal to the dividends that have been declared on the Common Shares by the Corporation for which record dates have occurred during the period from the Closing Date to but excluding the Acquisition Closing Date (less any applicable withholding taxes, if any) (“**Dividend Equivalent Amount**”); provided that to the extent that such amount represents dividends for which record dates have occurred and have not yet been paid, such amount will not be payable to registered holders of Subscription Receipts (unless the Corporation otherwise elects) until the corresponding dividend is paid to holders of Common Shares. Any Dividend Equivalent Amount payable shall be paid by way of a *pro rata* portion of Earned Interest, and if such funds are not sufficient, the excess shall be paid as a refund of the subscription price for the Subscription Receipts by way of a *pro rata* portion of the Escrowed Proceeds. Contemporaneously with the Acquisition

Closing, or as soon as possible thereafter, the Corporation will issue a press release stating that the Acquisition has been completed and that the Common Shares underlying the Subscription Receipts have been issued.

Pursuant to the Subscription Receipt Agreement, RBC Dominion Securities Inc. (on behalf of the Underwriters) must consent to the waiver of any material provision or to any material amendments of the terms and conditions of the Covis Purchase Agreement.

If the Termination Event occurs, the Escrow Agent will return to each holder of Subscription Receipts, commencing on the fifth business day following the Termination Date, an amount equal to the full subscription price for such holder's Subscription Receipts plus an amount equal to such holder's *pro rata* portion of any Earned Interest and Deemed Interest (less applicable withholding taxes, if any). In the event that the Escrowed Proceeds are less than the amount owed to the holders of Subscription Receipts, such shortfall will be paid by the Corporation who will deposit an amount equal to such shortfall with the Escrow Agent prior to the time on which the payment is required to be paid pursuant to the Subscription Receipt Agreement.

Holders of the Subscription Receipts are not shareholders and the Subscription Receipts do not carry any voting rights as shareholders whatsoever. Holders of the Subscription Receipts are only entitled to receive: (i) Common Shares at the Acquisition Closing together with any Dividend Equivalent Amount; or (ii) a return of the subscription price for their Subscription Receipts, together with a *pro rata* portion of any Earned Interest and Deemed Interest, in each case as applicable, as described above.

From time to time while the Subscription Receipts are outstanding, the Corporation and RBC Dominion Securities Inc. (on behalf of the Underwriters) and the Escrow Agent may, subject to the Subscription Receipt Agreement and regulatory approval, without the consent of the holders of the Subscription Receipts, amend or supplement the Subscription Receipt Agreement for certain purposes, including making any change that is not inconsistent with the Subscription Receipt Agreement as may be necessary or desirable with respect to matters or questions arising thereunder that in the opinion of the Escrow Agent, does not prejudice the rights of the holders of Subscription Receipts. The Subscription Receipt Agreement provides for other modifications and alterations thereto and to the Subscription Receipts issued thereunder by way of an Extraordinary Resolution. The term "**Extraordinary Resolution**" is defined in the Subscription Receipt Agreement to mean a resolution passed by the affirmative votes of the holders of not less than 66⅔% of the number of outstanding Subscription Receipts represented and voted at a meeting of Subscription Receipt holders or an instrument or instruments in writing signed by the holders of not less than 66⅔% of the number of outstanding Subscription Receipts.

Booked-Based System

Delivery and Form

Subscription Receipts will be issued in the form of fully-registered global subscription receipts (the "**Global Subscription Receipt Certificates**") held by, or on behalf of CDS, or recorded electronically through the non-certificated issue ("**NCI**") system of CDS, in either case as custodian for its CDS Participants.

Except in limited circumstances, all Subscription Receipts will be represented in the form of Global Subscription Receipt Certificates registered in the name of CDS or its nominee or will be delivered electronically through the NCI system of CDS. Purchasers of Subscription Receipts represented by Global Subscription Receipts Certificates or an NCI position will not receive definitive Subscription Receipts in fully-registered form ("**Definitive Subscription Receipts**"). Rather, the Subscription Receipts will be represented only in "book-entry only" form (unless the Corporation, in its sole discretion, elects to prepare and deliver Definitive Subscription Receipts). Beneficial interests in the Subscription Receipts, constituting ownership of the Subscription Receipts, will be represented through book-entry accounts of institutions (including the Underwriters) acting on behalf of beneficial owners, as direct and indirect CDS Participants. Each purchaser of a Subscription Receipt represented by a Global Subscription Receipt Certificate or recorded electronically through the NCI system of CDS will receive a customer confirmation of purchase from the Underwriter or registered dealer from whom the Subscription Receipt is purchased in accordance with the practices and procedures of the selling Underwriter or registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its CDS Participants having interests in Subscription Receipts.

If CDS notifies the Corporation that it is unwilling or unable to continue as depository in connection with the Subscription Receipts, or if at any time CDS ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the Corporation is unable to locate a qualified successor, or if the Corporation elects, in its sole discretion, to terminate the book-entry system, beneficial owners of Subscription Receipts represented by Global Subscription Receipt Certificates or recorded electronically through the NCI system of CDS at such time will receive Definitive Subscription Receipts.

The Common Shares issued upon the exchange of the Subscription Receipts will be delivered electronically through the NCI system of CDS. Concurrent with the Acquisition Closing, the Corporation, via its transfer agent, will electronically deliver the Common Shares registered to CDS or its nominee. Transfers of ownership of Common Shares in Canada must be effected through a CDS Participant, which includes securities brokers and dealers, banks and trust companies. All rights of shareholders who hold Common Shares in CDS must be exercised through, and all payments or other property to which such shareholders are entitled, will be made or delivered by CDS or the CDS Participant through which the shareholder holds such Common Shares. A holder of a Common Share participating in the NCI system will not be entitled to a certificate or other instrument from the Corporation or the Corporation's transfer agent evidencing that person's interest in or ownership of Common Shares, nor, to the extent applicable, will such holder be shown on the records maintained by CDS, except through an agent who is a CDS Participant.

Transfer and Exchange of Subscription Receipts

Transfers of beneficial ownership in Subscription Receipts represented by Global Subscription Receipts Certificates or recorded electronically through the NCI system of CDS will be effected through records maintained by CDS for such Subscription Receipts or its nominees (with respect to interests of CDS Participants) and on the records of CDS Participants (with respect to interests of persons other than CDS Participants). Unless the Corporation elects, in its sole discretion, to prepare and deliver Definitive Subscription Receipts, beneficial owners who are not CDS Participants in the depository's book-entry system, but who desire to purchase, sell or otherwise transfer ownership of or other interests in Global Subscription Receipts Certificates or recorded electronically through the NCI system of CDS, may do so only through CDS Participants in the depository's book-entry system.

The ability of a beneficial owner of an interest in a Subscription Receipt represented by a Global Subscription Receipt Certificate or recorded electronically through the NCI system of CDS to pledge such Subscription Receipt or otherwise take action with respect to such owner's interest in a Subscription Receipt may be limited due to the lack of a physical certificate.

Neither the Corporation nor the Underwriters will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Subscription Receipts held by CDS or its nominee or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Subscription Receipts; or (iii) any advice or representation made by or with respect to CDS and contained in this Short Form Prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of a CDS Participant. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and beneficial owners of the Subscription Receipts must look solely to CDS Participants for any payments on the Subscription Receipts paid by, or on behalf of, the Corporation to CDS.

DESCRIPTION OF COMMON SHARES

The authorized capital of the Corporation consists of an unlimited number of Common Shares. As of March 27, 2015, 28,873,739 Common Shares were issued and outstanding.

There are no special rights or restrictions attached to the Common Shares. The Common Shares rank equally as to all benefits which might accrue to the holders thereof, including the right to receive dividends out of monies of the Corporation properly applicable to the payment of dividends if and when declared by the Board and to participate ratably in the remaining assets of the Corporation in any distribution on a dissolution or winding-up. There are no provisions restricting the issuance of Common Shares or any other material restrictions.

All shareholders are entitled to receive a notice of all meetings of shareholders to be convened by the Corporation. At any general meeting, on a show of hands every shareholder who is present in person or by proxy and entitled to vote has one vote, and on a poll, every shareholder who is entitled to vote has one vote for each Common Share held and may exercise such vote either in person or by proxy.

DIVIDEND POLICY

There are no restrictions in the Corporation's articles preventing the Corporation from paying dividends. Any dividend to be approved by the Board may require third-party consents under the Corporation's loan facilities. In addition, in the event that the Corporation is not in compliance with its obligations under the GE Amended Credit Agreement, the Corporation's ability to pay distributions or dividends on its Common Shares may be restricted by the GE Amended Credit Agreement. All of the Common Shares are entitled to an equal share in any dividends declared and paid. The Board will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Corporation's financial position at the relevant time. See "Risk Factors" in this Short Form Prospectus and in the AIF.

Commencing during the six month period ended June 30, 2014, the Corporation has paid a quarterly dividend of US\$0.075 on each Common Share. Future dividend decisions will consider the Corporation's then-current business results, cash requirements and financial condition.

PRIOR SALES

Common Shares

The following table summarizes details of the Common Shares issued by the Corporation during the 12-month period prior to the date of this Short Form Prospectus:

Date of Issuance	Price per Security	Number of Securities
May 15, 2014	\$30.50	4,605,833 ⁽¹⁾
July 29, 2014	\$11.50	50,000 ⁽²⁾
September 4, 2014	US\$3.00	300,000 ⁽³⁾
February 23, 2015	US\$3.00	12,500 ⁽⁴⁾

Notes:

- (1) Issued in connection with the Donnatal® acquisition based on the closing price of the Common Shares on May 15, 2014 of \$30.50 per share converted to US\$ using the May 15, 2014 Bank of Canada closing exchange rate of US\$1.00 = \$1.0877.
- (2) Issued upon exercise of 50,000 options exercised by an executive officer of the Corporation.
- (3) Issued upon exercise of 300,000 options exercised by an executive officer of the Corporation.
- (4) Issued upon exercise of 12,500 options exercised by an employee of the Corporation.

Stock Options

The following table summarizes details of the stock options to purchase common shares issued or to be issued by the Corporation during the 12-month period prior to the date of this Short Form Prospectus:

Date of Issuance	Price per Security	Number of Securities
April 17, 2014	\$21.50	50,000 ⁽¹⁾
June 2, 2014	\$32.50	5,000 ⁽¹⁾
August 15, 2014	\$34.30	95,000 ⁽¹⁾
February 11, 2015	\$58.38	50,000 ⁽¹⁾

Note:

- (1) Issued to certain employees of the Corporation pursuant to the Corporation's stock option plan.

In addition, the Board approved the grant of 370,000 stock options to certain executive officers of the Corporation on November 11, 2014. As the Corporation was in a blackout period at the time of the approval of the grant, and continues to be in a blackout period as at March 27, 2015, these stock options have been neither priced nor issued and will not be priced nor issued until 24 hours after the expiration of the blackout period.

Restricted Share Units

The following table summarizes details of the RSUs issued or to be issued by the Corporation during the 12-month period prior to the date of this Short Form Prospectus:

Date of Issuance	Price per Security	Number of Securities
February 13, 2015	N/A	1,000 ⁽¹⁾

Note:

- (1) Issued to a former non-executive director of the Corporation. These RSUs vested on February 27, 2015 and were paid out by the Corporation in cash in the amount of US\$55,326.86.

The Board approved the grant of 4,000 RSUs to the non-executive directors of the Corporation on November 11, 2014. As the Corporation was in a blackout period at the time of the approval of the grant, and continues to be in a blackout period as at March 27, 2015, these RSUs have not been granted, and will not be granted until 24 hours after the expiration of the blackout period.

The Board also approved an employee bonus proposal which provides for the granting of RSUs having an aggregate value of US\$833,365 to certain employees of the Corporation in connection with the performance of such employees during the fiscal year ended December 31, 2014. As the Corporation was in a blackout period at the time of the approval of the proposal, and continues to be in a blackout period as at March 27, 2015, these RSUs have not been granted and will not be granted until 24 hours after the expiration of the blackout period.

The Board approved the grant of such number of RSUs having a value of US\$125,000 to each of the non-executive directors of the Corporation for each fiscal year commencing on and after January 1, 2015. As the Corporation was in a blackout period at the time of the approval of the grant, and continues to be in a blackout period as at March 27, 2015, the RSUs to be granted for fiscal 2015 have not been granted and will not be granted until 24 hours after the expiration of the blackout period.

The Board also approved the grant of 15,000 RSUs to an employee of the Corporation on November 11, 2014. As the Corporation was in a blackout period at the time of the approval of the grant, and continues to be in a blackout period as at March 27, 2015, these RSUs have not been granted, and will not be granted until 24 hours after the expiration of the blackout period.

On March 17, 2015, the Board approved the grant of such number of RSUs having an aggregate value of up to US\$175,000 to certain newly hired employees of the Corporation. As the Corporation was in a blackout period at the time of the approval of the grant, and continues to be in a blackout period as at March 27, 2015, these RSUs have not been granted, and will not be granted until 24 hours after the expiration of the blackout period.

Deferred Share Units

The Corporation did not issue any deferred share units under the Corporation's long term incentive plan during the 12-month period prior to the date of this Short Form Prospectus.

TRADING PRICE AND VOLUME

The Common Shares are currently listed on the TSX under the trading symbol "CXR". On March 27, 2015, the last trading day prior to the date of this Short Form Prospectus, the closing price of the Common Shares on the TSX was \$85.75 and on March 16, 2015, the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the TSX was \$86.95.

The following table sets forth the reported intraday high and low prices and the trading volume for the Common Shares on the TSX for the 12-month period prior to the date of this Short Form Prospectus.

<u>Month</u>	TSX ⁽¹⁾		<u>Volume</u>
	<u>High</u>	<u>Low</u>	
	<u>\$</u>	<u>\$</u>	
2014			
March	17.75	13.57	6,053,405
April	25.00	15.99	6,583,954
May	37.20	24.60	5,125,732
June	35.65	29.92	5,490,520
July	38.75	33.74	2,944,954
August	36.32	32.58	3,098,506
September	37.22	32.81	4,950,997
October	43.01	33.42	4,697,327
November	49.00	40.20	4,063,579
December	48.31	41.34	4,068,435
2015			
January	55.01	45.09	4,559,993
February	66.11	54.65	4,524,810
March 1 to 27	91.16	62.80	8,874,207

Note:

(1) High and low price based on intraday high and low share prices. Source for data in the above table is TMX Group. Past performance should not be seen as an indicator of future performance.

RELATIONSHIP BETWEEN THE UNDERWRITERS AND THE CORPORATION

Certain of the Underwriters (RBC Dominion Securities Inc. and TD Securities Inc.) are respective affiliates of financial institutions that are, among other lenders, members of a syndicate of lenders under the GE Amended Credit Agreement and that have entered into the Commitment Letter pursuant to which they have agreed to provide, among other things, certain financing in connection with the Acquisition. Consequently, the Corporation may be considered to be a “connected issuer” of RBC Dominion Securities Inc. and/or TD Securities Inc. under applicable Canadian securities laws. The Corporation has not yet been provided any financing under the Credit Facilities contemplated in the Commitment Letter. All obligations of the Corporation under the Bank Facilities forming part of the Credit Facilities will be secured by first priority perfected security interests in the assets of the Corporation and the assets of and equity interests in its material subsidiaries. As at March 27, 2015, the Corporation was indebted to a syndicate of lenders under the GE Amended Credit Agreement in an amount of US\$254.8 million. The Corporation’s obligations under the GE Amended Credit Agreement are secured by first priority perfected security interests in the assets of the Corporation and the assets of its material subsidiaries. There has been no material adverse change in the financial position of the Corporation, and the value of the assets pledged as security for the GE Amended Credit Agreement have not materially changed since the indebtedness was incurred.

The Corporation is not in default of any of its obligations to such lenders under the Credit Facilities or the GE Amended Credit Facility. Since the execution of the agreements relating to each of the Credit Facilities or the GE Amended Credit Facility, the lenders thereunder have not waived a breach on the Corporation’s part or on the part of the Corporation’s subsidiaries. The decision to issue the Subscription Receipts and the determination of the terms of the distribution of the Subscription Receipts were made through negotiation between the Corporation and the Co-Lead Underwriters, on behalf of the Underwriters. The Canadian financial institution of which RBC Dominion Securities Inc. and TD Securities Inc. are an affiliate do not have any involvement in such decision or determination. As a consequence of the Offering, each of RBC Dominion Securities Inc. and TD Securities Inc. will receive its proportionate share of the Underwriters’ Fee.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Fasken Martineau DuMoulin LLP, counsel to the Corporation, and Torys LLP, counsel to the Underwriters, the following summary describes the principal Canadian federal income tax considerations that generally apply to a purchaser who acquires as beneficial owner Subscription Receipts pursuant to this Offering and, if applicable, Common Shares acquired in exchange for Subscription Receipts and who, at all relevant times, for purposes of the Tax Act: (i) deals at arm’s length with the Corporation; (ii) is not affiliated with the Corporation; and (iii) holds the Subscription Receipts and any Common Shares acquired in exchange for such Subscription Receipts as capital property (a “**Holder**”). Generally, the Subscription Receipts and Common Shares will be capital property to a Holder provided the Holder does not acquire or hold them in the course of carrying on a business or as part of an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Tax Act and the Regulations, and an understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency made public prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice whether by legislative, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those discussed herein.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular holder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, prospective purchasers of Subscription Receipts should consult their own tax advisors having regard to their own particular circumstances.

Holders Resident in Canada

This portion of the summary only applies to a Holder who, at all relevant times, for purposes of the Tax Act, is, or is deemed to be, resident in Canada (a “**Resident Holder**”). Certain Resident Holders who may not otherwise be considered to hold their Common Shares as capital property may be entitled to make or may have already made the

irrevocable election permitted by subsection 39(4) of the Tax Act to have their Common Shares that are acquired in exchange for Subscription Receipts (and all other “**Canadian securities**”, as defined in the Tax Act) owned by such Resident Holder in the taxation year in which the election is made and in all subsequent taxation years deemed to be capital property. Resident Holders whose Subscription Receipts might not otherwise be considered to be capital property should consult their own tax advisors. Such election does not apply to Subscription Receipts. This portion of the summary does not apply to: (i) a purchaser that is a “specified financial institution”; (ii) a purchaser an interest in which would be a “tax shelter investment”; (iii) a purchaser that is, for purposes of certain rules (referred to as the mark-to-market rules) applicable to securities held by financial institutions, a “financial institution”; (iv) a purchaser that reports its “Canadian tax results” in a currency other than Canadian currency; (v) a purchaser that is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of Subscription Receipts, controlled by a non-resident corporation for the purposes of the foreign affiliate dumping rules in section 212.3 of the Tax Act, or (vi) a purchaser that has entered into or will enter into with respect to the purchaser’s Subscription Receipts or Common Shares, a “derivative forward agreement”, each as defined in the Tax Act. Such purchasers should consult their own tax advisors.

Exchange of Subscription Receipts

No capital gain or capital loss will be realized by a Resident Holder on the exchange of Subscription Receipts for Common Shares.

The cost of a Common Share acquired on the exchange of a Subscription Receipt to a Resident Holder will be equal to the cost of the Subscription Receipt to the Resident Holder (subject to reduction in the event of a partial refund of the subscription price of Subscription Receipts as described under the heading “Certain Canadian Federal Income Tax Considerations - Holders Resident in Canada - Payment of Dividend Equivalent Amount” below). The adjusted cost base to the Resident Holder of Common Shares so acquired will be determined by averaging the cost of such Common Shares with the adjusted cost base of all other Common Shares owned at that time by the Resident Holder as capital property.

Termination of Subscription Receipts

As described above under the heading “Description of Subscription Receipts”, if the Termination Event occurs, holders of Subscription Receipts will receive an amount equal to the subscription price thereof plus their pro rata share of any Earned Interest and Deemed Interest.

A Resident Holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year the amount of any such interest accrued to the Resident Holder to the end of the Resident Holder’s taxation year, or that is receivable or received by the Resident Holder before the end of that taxation year, except to the extent that such interest was included in computing the Resident Holder’s income for a preceding taxation year.

Any other Resident Holder that is entitled to receive its share of Earned Interest or Deemed Interest will be required to include in computing income for a taxation year such interest that is receivable or received by the Resident Holder in that taxation year, depending upon the method regularly followed by the Resident Holder in computing income.

A Resident Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax on its “aggregate investment income”, which is defined in the Tax Act to include interest income.

Payment of Dividend Equivalent Amount

As described above under the heading “Description of Subscription Receipts”, if Common Shares are issued in exchange for Subscription Receipts, the Corporation will make a cash payment to the holders of Subscription Receipts in respect of each Subscription Receipt in respect of a Dividend Equivalent Amount. The Dividend Equivalent Amount, if any, paid to a Resident Holder of Subscription Receipts by the Corporation will be paid by way of a pro rata share of any Earned Interest. The amount of such interest will generally be included in the income of the Resident Holder. If the amount of this interest is less than the Dividend Equivalent Amount, the Corporation will pay to the Resident Holder the amount of any shortfall as a partial refund of the subscription price of the Subscription Receipts. Such shortfall amount generally will reduce the cost to the Resident Holder of the Common Shares acquired on the exchange of the Subscription Receipts.

For greater certainty, no part of the Dividend Equivalent Amount will be considered to be a dividend, and therefore no part will benefit from the gross-up and dividend tax credit rules normally applicable in respect of taxable dividends received by individuals from "taxable Canadian corporations" (as defined in the Tax Act). Where the Dividend Equivalent Amount is received by a corporation, the amount will not be deductible in computing the corporation's taxable income and will not result in the requirement to pay the refundable Part IV tax.

Other Dispositions of Subscription Receipts

On the disposition or deemed disposition of a Subscription Receipt, other than on the exchange of the Subscription Receipt for a Common Share or a disposition of the Subscription Receipt to the Corporation if the Termination Event occurs, a Resident Holder will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition exceed (or are exceeded by) the aggregate of the Resident Holder's adjusted cost base of the Subscription Receipt and any reasonable costs of disposition. The cost to a Resident Holder of a Subscription Receipt will generally be the amount paid to acquire the Subscription Receipt.

Dividends on Common Shares

A Resident Holder will be required to include in computing its income for a taxation year any dividends received (or deemed to be received) on the Common Shares. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules that apply to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit applicable to any dividends designated by the Corporation as "eligible dividends" in accordance with the provisions of the Tax Act. A dividend received (or deemed to be received) on the Common Shares by a Resident Holder that is a corporation will generally be deductible in computing the corporation's taxable income. There may be limitations on the Corporation's ability to designate its dividends on the Common Shares as "eligible dividends".

A Resident Holder that is, or is deemed to be, a "private corporation", for the purposes of Part IV of the Tax Act, or any other corporation controlled, whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a refundable tax of 33⅓% under Part IV of the Tax Act on dividends received (or deemed to be received) on the Common Shares to the extent such dividends are deductible in computing the Resident Holder's taxable income for the taxation year.

A dividend received by a Resident Holder who is an individual (other than certain trusts) on the Common Shares may give rise to alternative minimum tax under the Tax Act, depending on the individual's circumstances.

Dispositions of Common Shares

Generally, on a disposition or deemed disposition of a Common Share (other than to the Corporation, unless purchased by the Corporation in the open market in the normal manner in which shares are normally purchased by any member of the public in the open market), a Resident Holder will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base to the Resident Holder of the Common Share immediately before the disposition or deemed disposition.

Tax Treatment of Capital Gains and 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 by the Resident Holder in the year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years subject to the detailed rules in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of any dividends received (or deemed to be received) by the Resident Holder on such Common Share or a share for which the Common Share is substituted or exchanged to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a Common Share is owned by a partnership or

trust of which a corporation, trust or partnership is a member or beneficiary. Such Resident Holders should consult their own advisors.

Capital gains realized by a Resident Holder who is an individual (other than certain trusts) may give rise to a liability for alternative minimum tax under the Tax Act.

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

Holders Not Resident in Canada

This portion of the summary only applies to a Holder who, at all relevant times, for purposes of the Tax Act, is not, and is not deemed to be, resident in Canada and does not use or hold and is not deemed to use or hold the Subscription Receipts or Common Shares in a business carried on in Canada (a “**Non-Resident Holder**”). Special rules, which are not discussed in this summary, may apply to a non-Canadian holder that is an insurer that carries on an insurance business in Canada and elsewhere. In addition, this portion of the summary does not apply to a Holder that is, or does not deal at arm’s length with, a “specified shareholder” (as defined in subsection 18(5) of the Tax Act) of the Corporation.

Exchange of Subscription Receipts

A Non-Resident Holder will not realize any capital gain or capital loss upon the acquisition of Common Shares pursuant to the terms of Subscription Receipts.

Termination of Subscription Receipts

As described above under the heading “*Description of Subscription Receipts*”, if the Termination Event occurs, holders of Subscription Receipts will receive an amount equal to the subscription price thereof plus their pro rata share of any Earned Interest and Deemed Interest. In that event, a Non-Resident Holder will not be subject to Canadian withholding tax under the Tax Act on such interest paid or credited to the Non-Resident Holder.

Payment of Dividend Equivalent Amount

As described above under the heading “*Description of Subscription Receipts*”, if Common Shares are issued in exchange for Subscription Receipts, the Corporation will make a cash payment to the holders of Subscription Receipts in respect of each Subscription Receipt in respect of a Dividend Equivalent Amount. The Dividend Equivalent Amount (including the interest portion thereof), if any, paid to a Non-Resident Holder of Subscription Receipts by the Corporation will be paid by way of a pro rata share of any Earned Interest. A Non-Resident Holder will not be subject to Canadian withholding tax under the Tax Act on such interest paid or credited to the Non-Resident Holder unless such interest constitutes “participating debt interest” within the meaning of the Tax Act. If the amount of this interest is less than the Dividend Equivalent Amount (including the interest portion thereof), the Corporation will pay to the Non-Resident Holder the amount of any shortfall as a partial refund of the subscription price of the Subscription Receipts. Such shortfall amount generally will reduce the cost to the Non-Resident Holder of the Common Shares acquired on the exchange of the Subscription Receipts. Non-Resident Holders are advised to consult their own tax advisors regarding the tax consequences of the receipt of a Dividend Equivalent Amount.

Dividends on Common Shares

Dividends paid or credited on the Common Shares or deemed to be paid or credited on the Common Shares to a Non-Resident Holder will be subject to Canadian withholding tax at the rate of 25%, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax convention. For example, under the Canada-U.S. Income Tax Convention (1980) (the “**Convention**”), where dividends on the Common Shares are considered to be paid to or derived by a Non-Resident Holder that is the beneficial owner of the dividends and is a United States resident for the purposes of, and is entitled to full benefits in accordance with, the provisions of the Convention, the applicable rate of Canadian withholding tax is generally reduced to 15%.

Dispositions

A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain realized on a disposition or deemed disposition of Subscription Receipts or Common Shares, unless the Subscription Receipts or Common Shares, as the case may be, are “taxable Canadian property” of the Non-Resident Holder for purposes of the Tax Act and the Non-Resident Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, the Subscription Receipts and Common Shares will not constitute “taxable Canadian property” of a Non-Resident Holder at a particular time provided that the Common Shares are listed at that time on a “designated stock exchange” (which currently includes the TSX), unless at any particular time during the 60-month period that ends at that time: both: (i) (A) the Non-Resident Holder, (B) persons with whom the Non-Resident Holder does not deal with at arm’s length, (C) partnerships in which the Non-Resident Holder or a person described in (B) holds an interest directly or indirectly through one or more partnerships or (D) any combination of (A) to (C) owned 25% or more of the issued shares of any class or series of the capital stock of the Corporation; 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: (a) real or immovable properties situated in Canada, (b) “Canadian resource properties” (as defined in the Tax Act), (c) “timber resource properties” (as defined in the Tax Act), and (d) options in respect of, or interests in, or for civil law rights in, property in any of the foregoing whether or not the property exists. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Subscription Receipts and Common Shares may be deemed to be taxable Canadian property. Non-Resident Holders whose Subscription Receipts or Common Shares may constitute taxable Canadian property should consult their own tax advisors.

RISK FACTORS

Before making an investment decision, prospective purchasers of Subscription Receipts should carefully consider the information described in this Short Form Prospectus and the documents incorporated by reference herein. There are certain risks inherent in an investment in the Subscription Receipts and Common Shares, including the following factors, the factors described under the heading “Risk Factors - Risk Factors Related to the Business” in the AIF (pages 46 through 64) and “Risk Factors - Risk Factors Related to the Common Shares” in the AIF (on pages 64 through 68), and any other factors described in a document incorporated by reference herein, which investors should carefully consider before investing. The risk factors pertaining to the Corporation’s business, financial condition and results of operations would also apply to the assets and business of Covis that are being acquired by the Corporation pursuant to the Acquisition. Some of the following factors and the factors described in the documents incorporated by reference herein are interrelated and, consequently, investors should treat such risk factors as a whole. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Short Form Prospectus and in the documents incorporated by reference herein. If any of the following or other risks occur, it could have a material adverse effect on the business, financial condition and results of operations and the trading price of the Subscription Receipts or the Common Shares, which could decline, and investors may lose all or part of their investment. Additional risks and uncertainties of which the Corporation currently is unaware or that are unknown or that it currently deems to be immaterial could have a material adverse effect on the Corporation’s business, financial condition and results of operations. The Corporation cannot assure you that it will successfully address any or all of these risks. The risks described in this Short Form Prospectus and in the documents incorporated by reference herein describe certain currently known material factors, any of which could have a material adverse effect on the Corporation’s business, financial condition and results of operations. There is no assurance that any risk management steps taken will avoid future loss due to the occurrence of the risks described in this Short Form Prospectus and in the documents incorporated by reference herein or other unforeseen risks.

Risk Factors Related to the Business

The Corporation is subject to risks associated with the enforcement of anti-trust and competition laws.

Pharmaceutical companies in the United States have faced lawsuits and investigations pertaining to violations of antitrust and competition laws. The Corporation’s drug products and products acquired from Covis could be subject to antitrust or competition law challenge that, if successful, could affect the Corporation’s ability to set prices for its drug products or enter into agreements with respect thereto. A successful antitrust or competition law challenge against the Corporation could result in the imposition of significant fines by one or more authorities, and/or in decisions preventing the Corporation from further expanding its business, and/or third parties (such as competitors and customers) initiating

civil litigation claiming damages caused by anticompetitive practices. A violation of any such law could result in civil penalties, mitigation, significant capital expenditures or require changes in the Corporation's business practices, which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

On February 12, 2015, Concordia received a civil investigative demand ("CID") from the United States Federal Trade Commission regarding Kapvay® and a competitive supply agreement between CPI and a generic drug manufacturer. The CID is a request for documentation and information to determine whether CPI (the generic manufacturer of Kapvay®), the counterparty to the agreement or their affiliates or any other person has engaged in unfair methods of competition in or affecting commerce by entering into agreements relating to Kapvay®. CPI and Concordia are cooperating with the information requests. The Corporation is unable to assess potential outcomes of the investigation at this time. See "Legacy Pharmaceuticals Division - Legacy Products - Kapvay® - Genericization of Kapvay®" and "Legal Proceedings and Regulatory Matters" in the AIF.

On December 5, 2014, Covis Pharma received a subpoena from the U.S. Department of Justice, Antitrust Division, requesting certain documents relating to its product Lanoxin®. Pursuant to the Covis Purchase Agreement, the Corporation did not assume liabilities associated with any potential action arising in connection therewith and has a right to indemnification, under certain circumstances, for losses directly arising from any such action. However, to the extent market or regulatory conditions require the Corporation to alter its pricing of Lanoxin® after the completion of the Acquisition, it could have a material adverse effect on the Corporation's business, financial condition and results of operations. See "The Covis Portfolio - Legal Matters".

Risk Factors Related to the Acquisition and Debt Financing

The Corporation could fail to complete the Acquisition or complete the Acquisition on different terms.

The completion of the Acquisition is subject to the satisfaction of a number of conditions and may not occur. These conditions include, among others: (i) obtaining necessary regulatory approvals; (ii) performance by each party of its obligations and covenants; and (iii) running of the period to finance the Acquisition. If these conditions are not met or the Acquisition is not completed by September 5, 2015, either Covis or the Corporation may choose not to proceed with the Acquisition, the Corporation would not realize any anticipated benefits from the Acquisition and in certain circumstances, the Corporation could be required to pay a termination fee in the amount of US\$75,000,000. Moreover, purchasers will not receive Common Shares for their Subscription Receipts if the Acquisition Closing does not occur. In such an event, the Escrow Agent will return to each holder of Subscription Receipts, commencing on the fifth business day following the Termination Date, an amount equal to the full subscription price for such holder's Subscription Receipts plus an amount equal to such holder's *pro rata* portion of any Earned Interest and Deemed Interest (less applicable withholding taxes, if any).

There can be no assurance that even if the Acquisition is completed, it will be completed on the same or similar terms to those set out in this Short Form Prospectus. In addition, the ongoing business of the Corporation may be adversely affected as a result of the costs (including opportunity costs) incurred in respect of pursuing the Acquisition, and the Corporation could experience negative reactions from the financial markets, which could cause a decrease in the market price of the Corporation's securities, particularly if the market price reflects market assumptions that the Acquisition will be completed or completed on certain terms. The Corporation may also experience negative reactions from its customers and employees and there could be negative impact on the Corporation's ability to attract future acquisition or in-license opportunities. Failure to complete the Acquisition or a change in the terms of the Acquisition could each have a material adverse effect on the Corporation's business, financial condition and results of operations.

The Corporation could fail to successfully integrate the Covis Portfolio into the business of the Corporation.

If the Acquisition is completed, the success of the Acquisition will depend, in part, on the ability of the Corporation to realize the anticipated benefits and synergies from integrating the Covis Portfolio into the businesses of the Corporation. If the Corporation is not able to achieve these objectives, or is not able to achieve these objectives on a timely basis, the anticipated benefits of the Acquisition may not be realized fully or at all. In addition, the actual integration may result in additional and unforeseen expenses, which could reduce the anticipated benefits and synergies of the Acquisition, and may also result in additional and unforeseen matters that require the attention of management, which could divert management's focus and the Corporation's resources from other strategic opportunities and operational matters. Failure to successfully integrate the Covis Portfolio for any of these reasons could have a material adverse effect on the Corporation's business, financial condition and results of operations.

The Corporation could sell, spin off or otherwise dispose of products in the Covis Portfolio instead of integrating them into the business of the Corporation.

The Corporation may decide to sell, spin off or otherwise dispose of certain products in the Covis Portfolio in connection with or shortly after the Acquisition Closing. If it does, it may not properly value such products and dispose of products that are more valuable than the Corporation expected, or it may underestimate liabilities that would be retained by the Corporation following the disposition of such products. Although the Corporation believes that the value of the Acquisition is tied to the Covis Portfolio that it expects to retain, to the extent the Corporation errs in its determination of the materiality, value and liabilities associated with assets it disposes, the Corporation could fail to realize the benefits it expects from the Acquisition, which in turn could have a material adverse effect on the Corporation's business, financial condition and results of operations.

The Acquisition could impact the operations of the Corporation.

In connection with the Acquisition, some customers of the Corporation or Covis may delay or defer purchasing decisions, which could negatively impact the revenues, earnings, cash flows and expenses of the Corporation and the Covis Portfolio, regardless of whether the Acquisition is completed. The Corporation may also be subject to successor liability claims, including matters related to taxes, product liability, and government proceedings in connection with the Covis Portfolio. Any contractual guarantees or indemnities provided in connection with such liability claims or liabilities identified in the Corporation's due diligence may be of limited benefit because of time limits, enforceability, deductibles and caps on claim amounts, creditworthiness, and other factors. Any such claims could have a material adverse effect on the Corporation's business, financial condition and results of operations.

The Corporation may be unable to obtain the regulatory clearances required to complete the Acquisition or, in order to do so, the Corporation and Covis may be required to comply with material restrictions or satisfy material conditions.

The Acquisition is subject to review by the Antitrust Division of the United States Department of Justice and the United States Federal Trade Commission, under the United States federal *Hart-Scott-Rodino Antitrust Improvements Act* of 1976, and potentially by state regulatory authorities. In addition, the completion of the Acquisition is subject to the condition that no law, injunction, judgment or ruling by a governmental authority is in effect enjoining, restraining, preventing or prohibiting the Acquisition. The Corporation can provide no assurance that all required regulatory clearances will be obtained in order to complete the Acquisition. If a governmental authority objects to the Acquisition, the Corporation may be required to divest some assets or completion could be delayed in order to obtain antitrust clearance. There can be no assurance as to the cost, scope or impact of the actions that may be required to obtain antitrust approval. The Corporation received early termination of the waiting period under the *Hart-Scott-Rodino Antitrust Improvements Act* of 1976 on March 25, 2015.

The Corporation will incur substantial transaction-related costs in connection with the Acquisition such that the Corporation may not be able to achieve the benefits and cost savings expected to be realized as a result of the Acquisition.

The Corporation expects to incur a number of non-recurring transaction-related costs associated with assessing and completing the Acquisition, integrating the Covis Portfolio with the assets of the Corporation and achieving desired synergies. These fees and costs will be substantial. Non-recurring transaction costs include, but are not limited to, fees paid to legal, financial and accounting advisors, filing fees and printing costs. Additional unanticipated costs may be incurred in the integration of the operations and businesses of the Corporation with the Covis Portfolio. Such costs may include increases in other expenses unrelated to the Acquisition, which may offset the cost savings and other synergies from the Acquisition.

The estimates of benefits and cost savings associated with the Acquisition reflect estimates and assumptions made by the Corporation, and it is possible that these estimates and assumptions may not ultimately reflect actual results. In addition, these estimated cost savings may not actually be achieved in the timeframe anticipated or at all. If the Corporation fails to realize anticipated benefits, cost savings, synergies or revenue enhancements, it could have a material adverse effect on the Corporation's business, financial condition and results of operations. There can be no assurance that the elimination of certain duplicative costs, as well as the realization of other efficiencies related to the integration of the Covis Portfolio into the Corporation's business, will offset the incremental transaction-related costs over time. Thus, any net benefit may not be achieved in the near term, the long term or at all.

The Corporation is expanding and diversifying its business in connection with the Acquisition, which expansion and diversification may not be successful.

The Corporation may encounter financial and operational difficulties in integrating the Covis Portfolio with the assets of the Corporation or in managing the Covis Portfolio successfully. The Corporation cannot be certain of the degree and scope of operational and integration problems that may arise. In addition, with the Acquisition, the Corporation is significantly diversifying its involvement in the pharmaceutical industry. The Corporation may not be successful in developing and integrating the Covis Portfolio and this could have a material adverse effect on the Corporation's business, financial condition and results of operations.

The Acquisition is structured as an asset purchase, which may prevent the transfer of some of the Covis Portfolio to the Corporation due to contractual provisions restricting the assignment of assets, and subjects the Corporation to the risk that creditors of Covis may seek payment from the Corporation of liabilities retained by Covis or challenge the Acquisition.

The Acquisition is structured as the purchase of assets, primarily consisting of Covis pharmaceutical products and related intellectual property. This structure may limit the transferability of some of the Covis Portfolio, including contracts that have contractual provisions limiting their assignment or lead to increased costs associated with such transfers. Furthermore, certain vendor contracts which the Corporation may seek to acquire for use during the transition period following the Acquisition may not be assignable to the Corporation, which may disrupt the Corporation's operation and the integration of the Covis Portfolio.

Pursuant to the Corporation's agreements with Covis, the Corporation is not assuming certain liabilities that will be retained by Covis, and there is no assurance that these liabilities will be paid by Covis following the closing. Creditors of Covis may seek satisfaction of such liabilities from the Corporation and whether or not such creditors are ultimately successful, such actions could be distracting and costly to the Corporation. The Corporation's agreements with Covis provide the Corporation with rights to indemnification with respect to any claims asserted against the Corporation with respect to these liabilities, and the Corporation will escrow a portion of the Acquisition consideration to secure these rights. However, the escrowed consideration will be held for a limited time, and the escrowed consideration may ultimately not be sufficient to cover the Corporation's legal costs and other expenses to enforce these rights, even if a court eventually determines that the Corporation does not have any legal liability relative to the sellers liabilities.

The Corporation may become obligated to pay tax liabilities of Covis, which may result in a decrease in the Corporation's capital earmarked for growth.

Under theories of successor liability, taxing authorities may claim that the Corporation is obligated to pay amounts owed by Covis. If the taxes are not paid by the responsible parties, the Corporation may be required to pay the outstanding tax balances. The Corporation has received representations, warranties, and indemnification from Covis and will pursue reimbursement if it becomes obligated to pay any such tax balances. Payments, if made, will deplete the Corporation's capital earmarked for growth and could have a negative impact on the Corporation's business, financial condition and results of operations.

Following the Acquisition, the Corporation's actual financial position and results of operations may differ materially from the unaudited pro forma consolidated financial data included in this Short Form Prospectus.

The unaudited pro forma consolidated financial information contained in this Short Form Prospectus is presented for illustrative purposes only and may not be an indication of what the Corporation's financial position or results of operations would have been had the Acquisition been completed on the dates indicated. The unaudited pro forma consolidated financial information has been derived from the audited and unaudited financial statements of the Corporation, Covis and certain acquired assets and certain adjustments and assumptions have been made regarding the Corporation after giving effect to the Acquisition. The assets and liabilities of the Corporation have been measured at fair value based on various preliminary estimates using assumptions that management believes are reasonable based on information currently available. The process for estimating the fair value of the Covis Portfolio and assumed liabilities requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed.

Differences between preliminary estimates in the unaudited pro forma consolidated financial information and the final acquisition accounting will occur and could have a material impact on the pro forma consolidated financial information and the Corporation's financial position and future results of operations. In addition, the assumptions used in preparing

the pro forma consolidated financial information may not prove to be accurate, and other factors may affect the Corporation's financial condition or results of operations following the Acquisition. Any potential decline in the Corporation's financial condition or results of operations may cause significant variations in the trading price of the Common Shares following the Acquisition. See "Concordia Following the Acquisition - Select Pro Forma Consolidated Financial Information" and Appendix B to this Short Form Prospectus.

Forward-looking statements, future-oriented financial information, and financial outlooks may prove inaccurate.

Investors are cautioned not to place undue reliance on forward-looking statements, future-oriented financial information and financial outlooks. By their nature, forward-looking statements, future-oriented financial information and financial outlooks involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Future-oriented financial information and financial outlooks presented in this Short Form Prospectus are based upon the completion of the Offering and the Acquisition and if these transactions are not completed or not completed on the terms or timelines contemplated, this will impact the future-oriented financial information and financial outlooks provided herein and such impact may be material. Additional information on the risks, assumptions and uncertainties are found in this Short Form Prospectus under the headings "Cautionary Note Regarding Forward-Looking Information" and "Cautionary Note Regarding Future-Oriented Financial Information".

The Corporation's consolidated financial statements may be impacted in future periods based on the accuracy of the Corporation's valuations of the Covis Portfolio.

Accounting for business combinations and other agreements may involve complex and subjective valuations of the assets and liabilities recorded as a result of the business combination or other agreement, and in some instances contingent consideration, which is recorded in the Corporation's consolidated financial statements pursuant to the standards applicable for business combinations in accordance with generally accepted accounting principles. Differences between the inputs and assumptions used in the valuations and actual results could have a material effect on the Corporation's consolidated financial statements in future periods.

The Corporation does not currently control the Covis Portfolio and no assurance of such assets future performance can be given; the Corporation will not control Covis and its subsidiaries even after the completion of the Acquisition.

The Corporation does not control Covis and its subsidiaries and will not control Covis and its subsidiaries after the completion of the Acquisition. Although the Covis Purchase Agreement contains covenants on the part of Covis regarding the operation of its business prior to the Acquisition Closing, the Corporation will not assume the Covis Portfolio until completion of the Acquisition and there may be a material adverse effect on Covis' business, financial condition and results of operations based on events that are outside of the Corporation's control during the intervening period. Prior to completion of the Acquisition, the Corporation cannot assure you that Covis will use the Covis Portfolio in the same way such assets would be used under the control of the Corporation. As well, Covis' historic and current performance may not be indicative of success in future periods.

Because the Corporation does not control Covis, the information contained in this Short Form Prospectus relating to Covis has been derived from information provided to the Corporation by Covis. Moreover, as Covis is a privately held company, its internal controls and reporting procedures may not be comparable to those of a public company. The Corporation has relied on its diligence and information supplied to it by Covis in the preparation of this Short Form Prospectus.

The Covis Purchase Agreement obligates the Corporation to cooperate and use its reasonable best efforts to complete the Acquisition and related financing. If the Corporation fails to meet its obligations, is unable to obtain financing, take ownership of all of the Covis Portfolio or close the Acquisition as contemplated, it could adversely affect the Corporation's business prospects.

Under the terms of the Covis Purchase Agreement, the Corporation has agreed to use its reasonable best efforts to take all necessary and appropriate action to effect the Acquisition and related financing, including actions with respect to offering documentation, regulatory filings and approvals and other third party consents, approvals and authorizations. If the Corporation is unable to fulfill its obligations under the Covis Purchase Agreement, it may be subject to claims for breach of contract or indemnification. Furthermore, even if those obligations are met but the Corporation fails to close the Acquisition under the Covis Purchase Agreement, under certain circumstances, the Corporation will be obligated to

pay to Covis a termination fee. In addition, in the event that the transfer of any asset of the Covis Business is prohibited by applicable law or a third party, the Acquisition Closing may nonetheless proceed under certain circumstances. In such circumstances, Covis would be required to provide certain “work around” arrangements to provide the economic and operational benefits to the Corporation of the asset that was not transferred. Such arrangements may not provide equivalent benefits to ownership of the asset, which in turn could adversely affect the Corporation’s business, financial condition or results of operations. See “*Details of the Acquisition - Covis Purchase Agreement*”.

The Corporation may encounter limitations against Covis with respect to indemnities in the Covis Purchase Agreement.

The representations and warranties provided by Covis pursuant to the Covis Purchase Agreement are customary for a transaction of this nature. There can be no assurance, however, of adequate recovery by the Corporation from Covis for any breach of the representations, warranties and covenants of Covis under the Covis Purchase Agreement or Transition Services Agreement, or that the length and amounts of the indemnities provided will be sufficient to satisfy such obligations, or that Covis will have the financial ability to satisfy such obligations. Similarly, there can be no assurance of recovery from Covis under the Covis Purchase Agreement. Upon the satisfaction of the Escrow Release Conditions, the Escrow Agent will release the Escrowed Proceeds to the Corporation, essentially all of which, in turn, will be paid to Covis on the Acquisition Closing Date in partial satisfaction of the Purchase Price.

Prospective investors are cautioned that: (i) Covis has not represented that the disclosure in this Short Form Prospectus represents full, true and plain disclosure of all material facts relating to Covis, the Covis Portfolio and/or the Covis Business and does not contain a misrepresentation relating to Covis, the Covis Portfolio and/or the Covis Business; and (ii) Covis will have no liability to investors participating in the Offering in the event that the disclosure contained in this Short Form Prospectus relating to Covis, the Covis Portfolio or the Covis Business contains a misrepresentation. Furthermore, in the event that the Corporation suffers indemnifiable losses under the Covis Purchase Agreement, Covis’ liability is capped at US\$144 million or, in certain specified circumstances, Covis’ liability is capped at US\$120 million, which in either case is substantially less than the estimated net proceeds of the Offering and the Purchase Price, respectively.

The Corporation expects to incur substantial indebtedness to finance the Acquisition and to refinance its prior indebtedness, which total indebtedness imposes operating and financial restrictions on the Corporation that, together with the resulting debt service obligations from such total indebtedness, may significantly limit the Corporation’s ability to execute its business plans.

In connection with the Acquisition, the Corporation entered the Commitment Letter pursuant to which Royal Bank of Canada and certain other Commitment Parties have agreed to provide the Credit Facilities.

The funding of such debt financing is contingent on the Acquisition Closing and certain other conditions set forth in the Commitment Letter. The funding of such debt financing is not a condition to the obligations of the Corporation under the terms of the Covis Purchase Agreement. The Corporation expects to finance the Acquisition by issuing the Subscription Receipts offered hereby and through the issuance of senior unsecured notes and borrowings under the Bank Facilities such that the Bond Bridge Facility and the Equity Bridge Facility will not be drawn upon to finance the Acquisition. However, it is possible that, after this Offering is complete, it will still be necessary to draw on the Bond Bridge Facility and the Equity Bridge Facility to complete the Acquisition, which could require the Corporation to pay higher interest payments than expected and could have a material adverse effect on the Corporation’s business, financial condition and results of operations.

Moreover, if the terms of the Credit Facilities or the anticipated private placement of debt securities differ from those currently contemplated by the Corporation, it could have a material adverse impact on the Corporation’s anticipated benefits of the Acquisition, which could, in turn, have a material adverse effect on the Corporation’s business, financial condition and results of operations.

After giving effect to the Offering and the debt incurred to finance the Acquisition and to refinance the Corporation’s existing indebtedness, the Corporation will have a substantial amount of indebtedness. As of December 31, 2014, on an adjusted basis after giving effect to the issuance of the Common Shares underlying the Subscription Receipts and the debt incurred to finance the Acquisition and to refinance the Corporation’s existing indebtedness, the Corporation would have had approximately US\$1.25 billion of total indebtedness.

The Corporation's indebtedness could have important consequences to holders of the Common Shares. For example, the Corporation anticipates that its indebtedness will:

- require the Corporation to dedicate a substantial portion of its cash flow from operations to payments on its indebtedness, reducing the availability of cash flow to fund working capital, capital expenditures, development activity, acquisitions and other general corporate purposes;
- increase the Corporation's vulnerability to adverse general economic or industry conditions;
- limit the Corporation's flexibility in planning for, or reacting to, changes in its business or the industries in which it operates;
- limit the Corporation's ability to obtain additional financing in the future for working capital or other purposes;
- place the Corporation at a competitive disadvantage compared to competitors that have less indebtedness;
- result in increased sensitivity of overall cash flow and profitability to changes in interest rates; and
- place certain limits or constraints on the Corporation's ability to pay dividends on its Common Shares.

Following the completion of the Acquisition, if the financial institutions that are part of the syndicate of the Revolving Facility fail to extend credit under such facility, the Corporation's liquidity and results of operations may be adversely affected.

Following the completion of the Acquisition, the Corporation will have access to capital through the Revolving Facility, which is part of the Bank Facilities. Each financial institution which becomes part of the syndicate for the Revolving Facility will be responsible, on a several, but not joint, basis, for providing a portion of the loans to be made under that facility. If any participant or group of participants with a significant portion of the commitments in the Revolving Facility fails to satisfy its or their respective obligations to extend credit under such facility, and the Corporation is unable to find a replacement for such participant or participants on a timely basis (if at all), the Corporation's liquidity may be adversely affected. If the Corporation's liquidity under the Revolving Facility is materially adversely impacted, it could have a material adverse effect on the Corporation's business, financial condition and results of operations.

The Acquisition is not conditional on obtaining financing.

There exists no condition for financing under the Covis Purchase Agreement on which the Corporation can rely to terminate the Covis Purchase Agreement. The Corporation has obtained a commitment from the Commitment Parties to provide the Bank Facilities which, together with the net proceeds of the Offering and contemplated private placement of debt securities, provide funds sufficient to pay the Purchase Price, refinance the Corporation's existing credit facility and pay related transaction expenses. Such financing arrangements are subject to specific terms and conditions for funding and closing to take place. If the Bank Facilities are not available to the Corporation, the Corporation would have to find an alternative form of financing to pay a portion of the Purchase Price.

Transition services provided to the Corporation by Covis in connection with the Acquisition may not be sufficient to facilitate the efficient and effective transition of the Covis Portfolio to the Corporation, which may result in the Corporation being unable to replace such transition services on comparable terms and experiencing a decrease in profitability.

Pursuant to the Covis Purchase Agreement, the Corporation and Covis have agreed to negotiate and enter into the Transition Services Agreement based on a transition services term sheet agreed by the parties. Areas of transitional services and cooperation will include marketing and sales services, regulatory compliance and quality control efforts, finance and accounting services, supply chain functions and obligations with respect to certain governmental and group purchasing contracts. Although the Acquisition Closing is conditioned on the delivery of the Transition Services Agreement by the Corporation and Covis, there can be no assurance that the services provided by Covis under the Transition Services Agreement will facilitate the efficient and effective transition of, and allow the Corporation to maintain effective use of, the Covis Portfolio or that Covis will supply the services under the Transition Services Agreement. To the extent the Transition Services Agreement does not sufficiently support the transition or expires before transition is complete, the Corporation may be unable to replace in a timely manner or on comparable terms the services or other benefits previously provided by Covis that are required to operate the business effectively, and the Corporation's profitability may decline.

The Corporation is exposed to fluctuations in exchange rates as it relates to the Purchase Price.

The Offering is denominated in Canadian dollars and the Purchase Price is payable in United States dollars. The Corporation has addressed this financial exposure to fluctuating exchange rates by entering into a foreign currency

derivative (such hedge does not apply to any proceeds raised in connection with any exercise of the Over-Allotment Option). As a result of changes or fluctuations in currencies, there can be no assurance that the Corporation's exchange rate hedging will protect the Corporation from any or all financial exposure relating to the Purchase Price.

Risk Factors Related to the Offering, the Subscription Receipts and the Common Shares

The Acquisition may be consummated on terms different from those described in this Short Form Prospectus, and as a result, the benefits of the Acquisition may not be fully realized and holders of Subscription Receipts will assume the same risk as if they had invested directly in Common Shares on the Closing Date.

The Subscription Receipts will be automatically exchanged for Common Shares concurrently with the Acquisition Closing and upon notice thereof by the Corporation to the Escrow Agent. The Corporation may, in its sole discretion, waive certain closing conditions in its favour in the Covis Purchase Agreement or agree to amend the Covis Purchase Agreement and consummate the Acquisition on terms that may be different from those described in this Short Form Prospectus, subject to the consent on behalf of the Underwriters in certain circumstances. As a result, the expected benefits of the Acquisition may not be fully realized. As a consequence, holders of Subscription Receipts will essentially assume the same risk as though they had invested directly in Common Shares on the Closing Date.

There can be no assurance that the Acquisition, and therefore the Offering, will be completed.

The completion of the Offering in conjunction with the Acquisition is subject to the completion of definitive binding documentation and satisfaction of a number of conditions, including approval of the Offering and the listing of the Subscription Receipts and the Common Shares underlying the Subscription Receipts by the TSX. There can be no certainty that this Offering will be completed.

Pending the Acquisition Closing, the holders of the Subscription Receipts are not shareholders and the Subscription Receipts do not carry any voting rights whatsoever. If the Termination Event occurs, the Escrow Agent and the Corporation will return to each holder of Subscription Receipts an amount equal to the subscription price for the holder's Subscription Receipts plus an amount equal to such holder's *pro rata* share of any Earned Interest and Deemed Interest, net of any applicable withholding taxes. See "Description of Subscription Receipts".

Conditions for the release of the Escrowed Proceeds may not be satisfied on or prior to the occurrence of the Termination Event.

The proceeds of the Offering are being held in escrow pending the earlier of the release of the Escrowed Proceeds following delivery of the Escrow Release Notice and the occurrence of the Termination Event. There can be no assurance that the conditions for the release of the Escrowed Proceeds will be satisfied on or prior to the occurrence of the Termination Event. If the Corporation has not delivered an Escrow Release Notice on or prior to the Termination Event, the Escrow Agent will return to each holder of Subscription Receipts, commencing on the fifth business day following the Termination Date, an amount equal to the full subscription price for such holder's Subscription Receipts plus an amount equal to such holder's *pro rata* portion of any Earned Interest and Deemed Interest (less applicable withholding taxes, if any).

Enforcement of judgments against foreign persons may not be possible.

Leith Tessy, the Chief Financial Officer and Secretary of the Corporation, as well as certain of the experts named in this Short Form Prospectus, are located outside of Canada and, as a result, it may not be possible for purchasers of Subscription Receipts to effect service of process within Canada upon these persons. All or a substantial portion of the assets of these persons are likely to be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against such persons in Canada or to enforce a judgment obtained in Canadian courts against such persons outside of Canada.

There may not be an active, liquid market for Subscription Receipts.

There is currently no market through which the Subscription Receipts may be sold and there may not be an active, liquid trading market for the Subscription Receipts. There is no guarantee that an active, liquid trading market for the Common Shares will be maintained on the TSX. Investors may not be able to sell their Subscription Receipts purchased under this Short Form Prospectus or Common Shares into which the Subscription Receipts are exchangeable.

The Offering Price of the Subscription Receipts and the number of Subscription Receipts to be issued have been determined by negotiations among the Corporation and the Co-Lead Underwriters. The price paid for each Subscription Receipt may bear no relationship to the price at which the Subscription Receipts will trade in the public market subsequent to this Offering. The Corporation cannot predict at what price the Subscription Receipts will trade and there can be no assurance that an active trading market will develop for the Subscription Receipts or, if developed, that such market will be sustained. The TSX has conditionally approved the listing of the Subscription Receipts distributed under this Short Form Prospectus and the Common Shares issuable upon exchange of the Subscription Receipts. Listing is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before June 23, 2015.

INTEREST OF EXPERTS

Legal Matters

Certain Canadian legal matters in connection with the Offering will be passed upon by Fasken Martineau DuMoulin LLP, on behalf of the Corporation, and by Torys LLP, on behalf of the Underwriters.

As of the date hereof, the partners and associates of Fasken Martineau DuMoulin LLP, as a group, own, directly or indirectly, in the aggregate, less than 1% of the Common Shares.

As of the date hereof, the partners and associates of Torys LLP, as a group, own, directly or indirectly, in the aggregate, less than 1% of the Common Shares.

Financial Matters

Collins Barrow Toronto LLP, was the auditor in respect of the consolidated financial statements of the Corporation as at December 31, 2014 and the financial statements in respect of Zonegran® included in the business acquisition report of the Corporation dated December 12, 2014, each incorporated by reference in this Short Form Prospectus, as set forth in its reports thereon. Collins Barrow Toronto LLP has advised the Corporation that it is independent of the Corporation in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

Keiter, Certified Public Accounts and Consultants, was the auditor in respect of the financial statements in respect of Donnatal® included in the business acquisition report dated June 9, 2014, incorporated by reference in this Short Form Prospectus, as set forth in its report thereon. Keiter, Certified Public Accounts and Consultants, has advised the Corporation that it is independent of the Corporation under the SEC's rules on auditor independence.

Crowe Horwath LLP was the auditor in respect of the carve-out financial statements for the Covis Portfolio for the years ended December 31, 2014 and December 31, 2013 included in this Short Form Prospectus, as set forth in its report thereon. Crowe Horwath LLP has advised the Corporation that it is independent of the Corporation under the American Institute of Certified Public Accountants rules on auditor independence.

No director, officer or employee of any of the aforementioned companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or any associate or affiliate of the Corporation.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors for the Corporation are Collins Barrow Toronto LLP, 11 King St. W., Suite 700, Box 27, Toronto, Ontario, Canada, M5H 4C7.

The transfer agent and registrar for the Common Shares is Equity Financial Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1.

PROMOTER

Mark Thompson, the CEO, President, founder and a director of the Corporation, may be considered a promoter of the Corporation. As at March 27, 2015, Mr. Thompson beneficially owns, controls or directs, directly or indirectly on a non-diluted basis and prior to taking into account any Common Shares issuable pursuant to the exchange of the Subscription Receipts, 2,105,850 Common Shares, comprising 7.29% of the issued and outstanding Common Shares as at that date.

PURCHASERS' STATUTORY AND CONTRACTUAL RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces 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, revision 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 advisor.

In an offering of convertible securities such as Subscription Receipts, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in a prospectus is limited, in certain provincial securities legislation, to the price at which the convertible security is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon conversion of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages, or consult with a legal advisor.

Original purchasers of Subscription Receipts under the Offering will have a contractual right of rescission following the issuance of Common Shares to such purchaser upon the exchange of the Subscription Receipts to receive the amount paid for the Subscription Receipts if this Short Form Prospectus (including documents incorporated by reference) and any amendment hereto contains a misrepresentation or is not delivered to such purchaser, provided that such remedy for rescission is exercised within 180 days of the Closing Date. This contractual right of rescission will be consistent with the statutory right of rescission described under Section 130 of the *Securities Act* (Ontario), and is in addition to any other right or remedy available to original purchasers of Subscription Receipts under Section 130 of the *Securities Act* (Ontario) or otherwise at law. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this statutory right of action for damages, or consult with a legal adviser.

GLOSSARY OF TERMS

In this Short Form Prospectus, unless otherwise indicated or the context otherwise requires, the following terms shall have the meaning set forth below:

“Acquisition” has the meaning ascribed to that term on the cover page.

“Acquisition Closing” has the meaning ascribed to that term under the heading *“Details of the Acquisition”*.

“Acquisition Closing Date” means the date on which the Acquisition Closing occurs.

“Additional Subscription Receipts” has the meaning ascribed to that term on the cover page.

“Additional Common Shares” has the meaning ascribed to that term on the cover page.

“Adjusted EBITDA” has the meaning ascribed to that term under the heading *“Non-IFRS And Non-U.S. GAAP Measures”*.

“Adjusted EPS” has the meaning ascribed to that term under the heading *“Non-IFRS And Non-U.S. GAAP Measures”*.

“AIF” has the meaning ascribed to that term under the heading *“Documents Incorporated by Reference”*.

“allowable capital loss” has the meaning ascribed to that term under the heading *“Certain Canadian Federal Income Tax Considerations - Holders Resident in Canada - Tax Treatment of Capital Gains and Losses”*.

“Annual Financial Statements” has the meaning ascribed to that term under the heading *“Documents Incorporated by Reference”*.

“API” has the meaning ascribed to that term under the heading *“The Covis Portfolio - History and Development”*.

“AZ” has the meaning ascribed to that term under the heading *“The Covis Portfolio - History and Development”*.

“Bank Facilities” has the meaning ascribed to that term under the heading *“Details of the Acquisition - Financing the Acquisition”*.

“BNM” has the meaning ascribed to that term under the heading *“The Covis Portfolio - Covis Business Divisions - Covis Pharma”*.

“Board” means the board of directors of the Corporation.

“Bond Bridge Facility” has the meaning ascribed to that term under the heading *“Details of the Acquisition - Financing the Acquisition”*.

“BPH” has the meaning ascribed to that term under the heading *“The Covis Portfolio - Products and Markets - Other Drugs - Uroxatral®”*.

“Canadian securities” has the meaning ascribed to that term under the heading *“Certain Canadian Federal Income Tax Considerations - Holders Resident in Canada”*.

“Cap” has the meaning ascribed to that term under the heading *“Details of the Acquisition - Covis Purchase Agreement - Indemnification Provisions”*.

“CDC” has the meaning ascribed to that term under the heading *“The Covis Portfolio - Products and Markets - Lanoxin® - Market Size and Position”*.

“CID” has the meaning ascribed to that term under the heading *“Risk Factors – Risk Factors Related to the Business”*.

“CDS” has the meaning ascribed to that term on the cover page.

“CDS Participants” has the meaning ascribed to that term on the cover page.

“cGMP” has the meaning ascribed to that term under the heading *“The Covis Portfolio - Production and Supply”*.

“Closing Date” has the meaning ascribed to that term on the cover page.

“Co-Lead Underwriters” has the meaning ascribed to that term on the cover page.

“Commitment Letter” has the meaning ascribed to that term under the heading *“Details of the Acquisition - Financing the Acquisition”*.

“Commitment Parties” has the meaning ascribed to that term under the heading *“Details of the Acquisition - Financing the Acquisition”*.

“Common Shares” has the meaning ascribed to that term on the cover page.

“Convention” has the meaning ascribed to that term under the heading *“Certain Canadian Federal Income Tax Considerations - Holders Not Resident in Canada - Dividends on Common Shares”*.

“Corporation” or **“Concordia”** has the meaning ascribed to that term on the cover page.

“Covis” has the meaning ascribed to that term on the cover page.

“Covis Business” has the meaning ascribed to that term under the heading *“Details of the Acquisition”*.

“Covis Holdings” means Covis Pharma Holdings S.à.r.l.

“Covis Injectables” has the meaning ascribed to that term under the heading *“The Covis Portfolio - Covis Business Divisions”*.

“Covis Patient Access Program” has the meaning ascribed to that term under the heading *“The Covis Portfolio - Products and Markets - Nilandron® - Marketing Strategy”*.

“Covis Pharma” has the meaning ascribed to that term under the heading *“The Covis Portfolio - Covis Business Divisions”*.

“Covis Pharmaceuticals” has the meaning ascribed to that term under the heading *“The Covis Portfolio - Covis Business Divisions - Covis Pharma”*.

“Covis Portfolio” has the meaning ascribed to that term on the cover page.

“Covis Purchase Agreement” has the meaning ascribed to that term on the cover page.

“CPI” or **“Purchaser”** has the meaning ascribed to that term under the heading *“Details of the Acquisition”*.

“Credit Facilities” has the meaning ascribed to that term under the heading *“Details of the Acquisition - Financing the Acquisition”*.

“Deemed Interest” means interest that would have otherwise been earned on the Initial Underwriters’ Fee and costs and expenses paid to the Underwriters at Closing as if such Initial Underwriters’ Fee, costs and expenses had been held in escrow as part of the Escrowed Proceeds and not paid to the Underwriters.

“Definitive Subscription Receipts” has the meaning ascribed to that term under the heading *“Description of Subscription Receipts - Booked-Based System - Delivery and Form”*.

“Dividend Equivalent Amount” has the meaning ascribed to that term under the heading *“Description of Subscription Receipts”*.

“Earned Interest” means the interest or other income actually earned on the Escrowed Proceeds until the release of the Escrowed Proceeds in accordance with the terms of the Subscription Receipt Agreement.

“EBITDA” has the meaning ascribed to that term under the heading *“Non-IFRS And Non-U.S. GAAP Measures”*.

“Equity Bridge Facility” has the meaning ascribed to that term under the heading *“Details of the Acquisition - Financing the Acquisition”*.

“Escrow Agent” has the meaning ascribed to that term on the cover page.

“Escrow Release Conditions” has the meaning ascribed to that term under the heading *“Description of Subscription Receipts”*.

“Escrow Release Deadline” has the meaning ascribed to that term under the heading *“Description of Subscription Receipts”*.

“Escrow Release Notice” has the meaning ascribed to that term under the heading *“Description of Subscription Receipts”*.

“Escrowed Proceeds” has the meaning ascribed to that term on the cover page.

“Extraordinary Resolution” has the meaning ascribed to that term under the heading *“Description of Subscription Receipts”*.

“FCA” has the meaning ascribed to that term on the cover page.

“FDA” has the meaning ascribed to that term under the heading *“Cautionary Note Regarding Forward Looking Information”*.

“forward-looking statements” has the meaning ascribed to that term under the heading *“Cautionary Note Regarding Forward Looking Information”*.

“FSMA” has the meaning ascribed to that term on the cover page.

“GE Amended Credit Agreement” has the meaning ascribed to that term under the heading *“Consolidated Capitalization”*.

“Global Subscription Receipt Certificates” has the meaning ascribed to that term under the heading *“Description of Subscription Receipts - Booked-Based System - Delivery and Form”*.

“GSK” has the meaning ascribed to that term under the heading *“The Covis Portfolio - History and Development”*.

“Holder” has the meaning ascribed to that term under the heading *“Certain Canadian Federal Income Tax Considerations”*.

“IFRS” has the meaning ascribed to that term under the heading *“Presentation of Financial Information”*.

“Initial Underwriters’ Fee” has the meaning ascribed to that term on the cover page.

“Legacy Products” has the meaning ascribed to that term under the heading *“Concordia Healthcare Corp. - General Description of the Business”*.

“lupus” has the meaning ascribed to that term under the heading *“The Covis Portfolio - Products and Markets - Plaquenil® - Market Size and Position”*.

“MAOI” has the meaning ascribed to that term under the heading *“The Covis Portfolio - Products and Markets - Other Drugs - Parnate®”*.

“**NCI**” has the meaning ascribed to that term under the heading “*Description of Subscription Receipts - Booked-Based System - Delivery and Form*”.

“**NI 41-101**” has the meaning ascribed to that term under the heading “*Documents Incorporated by Reference*”.

“**Non-Resident Holder**” has the meaning ascribed to that term under the heading “*Certain Canadian Federal Income Tax Considerations - Holders Not Resident in Canada*”.

“**NSAAs**” has the meaning ascribed to that term under the heading “*The Covis Portfolio - Products and Markets - Nilandron® - Market Size and Position*”.

“**Offering Price**” has the meaning ascribed to that term on the cover page.

“**Offering**” has the meaning ascribed to that term on the cover page.

“**Order**” has the meaning ascribed to that term on the cover page.

“**OTCQX**” has the meaning ascribed to that term on the cover page.

“**Over-Allotment Option**” has the meaning ascribed to that term on the cover page.

“**Par**” has the meaning ascribed to that term under the heading “*The Covis Portfolio - History and Development*”.

“**Prasco**” has the meaning ascribed to that term under the heading “*The Covis Portfolio - History and Development*”.

“**Proposed Amendments**” has the meaning ascribed to that term under the heading “*Certain Canadian Federal Income Tax Considerations*”.

“**Prospectus Directive**” has the meaning ascribed to that term on the cover page.

“**Purchase Price**” has the meaning ascribed to that term under the heading “*Details of the Acquisition - Covis Purchase Agreement - Purchase Price and Escrow*”.

“**Purchaser Indemnified Parties**” has the meaning ascribed to that term under the heading “*Details of the Acquisition - Covis Purchase Agreement - Indemnification Provisions*”.

“**RA**” has the meaning ascribed to that term under the heading “*The Covis Portfolio - Products and Markets - Plaquenil® - Market Size and Position*”.

“**Registered Plans**” has the meaning ascribed to that term under the heading “*Eligibility for Investment*”.

“**Regulations**” has the meaning ascribed to that term under the heading “*Eligibility for Investment*”.

“**Resident Holder**” has the meaning ascribed to that term under the heading “*Certain Canadian Federal Income Tax Considerations - Holders Resident in Canada*”.

“**Revolving Facility**” has the meaning ascribed to that term under the heading “*Details of the Acquisition - Financing the Acquisition*”.

“**Rising**” has the meaning ascribed to that term under the heading “*The Covis Portfolio - Covis Business Divisions - Covis Pharma*”.

“**RRIF**” has the meaning ascribed to that term under the heading “*Eligibility for Investment*”.

“**RRSP**” has the meaning ascribed to that term under the heading “*Eligibility for Investment*”.

“**RSU**” means a restricted share unit of the Corporation.

“Sanofi Acquisition” has the meaning ascribed to that term under the heading *“The Covis Portfolio - History and Development”*.

“SEC” means the United States Securities and Exchange Commission.

“SEDAR” means the System for Electronic Document Analysis and Retrieval, which is the mandatory document filing and retrieval system for all Canadian public companies.

“Seller Indemnified Parties” has the meaning ascribed to that term under the heading *“Details of the Acquisition - Covis Purchase Agreement - Indemnification Provisions”*.

“Short Form Prospectus” has the meaning ascribed to that term on the cover page.

“Subscription Receipt Agreement” has the meaning ascribed to that term under the heading *“Description of Subscription Receipts”*.

“Subscription Receipts” has the meaning ascribed to that term on the cover page.

“Tax Act” has the meaning ascribed to that term under the heading *“Eligibility for Investment”*.

“taxable capital gain” has the meaning ascribed to that term under the heading *“Certain Canadian Federal Income Tax Considerations - Holders Resident in Canada - Tax Treatment of Capital Gains and Losses”*.

“Term Facility” has the meaning ascribed to that term under the heading *“Details of the Acquisition - Financing the Acquisition”*.

“Termination Date” has the meaning ascribed to that term on the cover page.

“Termination Event” has the meaning ascribed to that term on the cover page.

“TFSA” has the meaning ascribed to that term under the heading *“Eligibility for Investment”*.

“Transition Services Agreement” has the meaning ascribed to that term under the heading *“Details of the Acquisition - Covis Purchase Agreement - Transition Services Agreement”*.

“TSX” has the meaning ascribed to that term on the cover page.

“TSX-V” has the meaning ascribed to that term under the heading *“Concordia Healthcare Corp.”*.

“Underwriters’ Fee” has the meaning ascribed to that term on the cover page.

“Underwriters” has the meaning ascribed to that term on the cover page.

“Underwriting Agreement” has the meaning ascribed to that term on the cover page.

“U.S. GAAP” has the meaning ascribed to that term under the heading *“Presentation of Financial Information”*.

“U.S. Securities Act” has the meaning ascribed to that term on the cover page.

“WellSpring” has the meaning ascribed to that term under the heading *“The Covis Portfolio - History and Development”*.

**APPENDIX A - CARVE-OUT FINANCIAL STATEMENTS FOR THE COVIS PORTFOLIO FOR
THE YEARS ENDED DECEMBER 31, 2013 AND DECEMBER 31, 2014**

COVIS PHARMA HOLDINGS S.à r.l.

Carve-out Financial Statements

**As of December 31, 2014 and 2013
and for the Years Then Ended**

COVIS PHARMA HOLDINGS S.à r.l.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors and Shareholder
Covis Pharma Holdings S.à r.l.
Bertrange, Grand Duchy of Luxembourg

Report on the Financial Statements

We have audited the accompanying carve-out financial statements of Covis Pharma Holdings S.à r.l., which comprise the carve-out balance sheets as of December 31, 2014 and 2013, and the related carve-out statements of operations, equity, and cash flows for the years then ended, and the related notes to the carve-out financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these carve-out financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of carve-out financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these carve-out financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the carve-out financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the carve-out financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the carve-out financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the carve-out financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the carve-out financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the carve-out financial statements referred to above present fairly, in all material respects, the carve-out financial position of Covis Pharma Holdings S.à r.l. as of December 31, 2014 and 2013, and the carve-out results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

As disclosed in Note 1 of the carve-out financial statements, on March 9, 2015, Concordia Pharmaceuticals Inc. entered into an agreement to acquire all of the rights and intellectual property for the purchased assets identified in Note 1. Our report is not modified with respect to this matter.

A handwritten signature in black ink that reads "Crowe Horwath LLP". The signature is written in a cursive, flowing style.

Crowe Horwath LLP

New York, New York
March 23, 2015

Covis Pharma Holdings S.à r.l.

Carve-out Balance Sheets

December 31, 2014 and 2013

(US Dollars in Thousands)

	2014	2013
Assets		
Current assets:		
Trade receivables, net	\$ 69,524	\$ 47,622
Inventory, net	3,334	4,802
Prepaid expenses and other current assets	1,365	766
Total current assets	74,223	53,190
Equipment, net	458	590
Intangible assets, net	244,652	224,268
Deferred financing costs, net	5,125	6,331
Total assets	\$ 324,458	\$ 284,379

See accompanying notes to carve-out financial statements

Covis Pharma Holdings S.à r.l.

Carve-out Balance Sheets

December 31, 2014 and 2013

(US Dollars in Thousands)

	2014	2013
Liabilities		
Current liabilities:		
Accounts payable	\$ 3,315	\$ 1,367
Accrued expenses	9,724	4,183
Accrued returns and allowances	4,620	29,007
Current portion of long-term debt	1,785	8,919
Total current liabilities	19,444	43,476
Long-term debt	145,987	146,433
Deferred income tax liability, net	1,364	652
Total liabilities	166,795	190,561
Commitments and contingencies		
Net equity	157,663	93,818
Total liabilities and equity	<u>\$ 324,458</u>	<u>\$ 284,379</u>

See accompanying notes to carve-out financial statements

Covis Pharma Holdings S.à r.l.

Carve-out Statements of Operations

For the Years Ended December 31, 2014 and 2013

(US Dollars in Thousands)

	2014	2013
Net sales	\$ 151,534	\$ 55,326
Costs of sales (exclusive of amortization shown below)	12,939	11,626
Gross profit	138,595	43,700
Selling, general, and administrative	32,920	14,213
Equity compensation	2,690	3,169
Amortization of intangible assets	36,117	27,179
Operating income	66,868	(861)
Other income (expense):		
Interest expense	(10,523)	(8,954)
Other income	159	127
Other income (expense)	(10,364)	(8,827)
Income (loss) before taxes	56,504	(9,688)
Provision for income taxes	3,353	775
Net income (loss)	\$ 53,151	\$ (10,463)

See accompanying notes to carve-out financial statements

Covis Pharma Holdings S.à r.l.

Carve-out Statements of Equity

For the Years Ended December 31, 2014 and 2013

(US Dollars in Thousands)

	<u>Net Equity</u>
Balance as of January 1, 2013	\$ 72,801
Net activity with parent	28,311
Contribution of equity-based compensation	3,169
Net loss	<u>(10,463)</u>
Balance as of December 31, 2013	93,818
Net activity with parent	8,004
Contribution of equity-based compensation	2,690
Net income	<u>53,151</u>
Balance as of December 31, 2014	<u><u>\$ 157,663</u></u>

See accompanying notes to carve-out financial statements

Covis Pharma Holdings S.à r.l.

Carve-out Statements of Cash Flows

For the Years Ended December 31, 2014 and 2013

(US Dollars in Thousands)

	2014	2013
Cash flows from operating activities		
Net income (loss)	\$ 53,151	\$ (10,463)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Amortization	37,323	28,083
Depreciation	163	143
Equity-based compensation	2,690	3,169
Change in operating assets and liabilities (net of assets and liabilities acquired):		
Accounts receivable	(21,902)	(38,149)
Inventory	1,468	4,006
Prepaid expenses	(599)	(121)
Accounts payable	1,948	(1,815)
Accrued expenses	5,541	2,904
Deferred taxes	712	652
Returns and allowances	(24,387)	27,531
Net cash provided by operating activities	56,108	15,940
Cash used by investing activities		
Product acquisitions	(56,501)	(192,040)
Purchase of property and equipment	(31)	(328)
Net cash used by investing activities	(56,532)	(192,368)

See accompanying notes to carve-out financial statements

Covis Pharma Holdings S.à r.l.

Carve-out Statements of Cash Flows

For the Years Ended December 31, 2014 and 2013

(US Dollars in Thousands)

	2014	2013
Cash flows from financing activities		
Proceeds issuance of debt	-	178,453
Repayment of debt	(7,580)	(23,101)
Financing fee paid	-	(7,235)
Net change in activity with parent	8,004	28,311
Net cash provided by financing activities	424	176,428
Net increase (decrease) in cash	-	-
Cash as of beginning of year	-	-
Cash as of end of year	\$ -	\$ -
Supplemental disclosure of cash flow information		
Cash paid for interest:	\$ 9,291	\$ 8,023
Cash paid for taxes	\$ 866	\$ 6

See accompanying notes to carve-out financial statements

COVIS PHARMA HOLDINGS S.à r.l.

Notes to Carve-out Financial Statements

Years Ended December 31, 2014 and 2013

(US Dollars in thousands)

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Covis Pharma Holdings S.à r.l. (the “Company”) is a Luxembourg based specialty pharmaceutical company that owns both the manufacturing rights to a portfolio of 22 branded and authorized generic products and regional distribution rights to those products. Through its operating subsidiaries, the Company manufactures and distributes these products across multiple markets inclusive of, but not limited to, cardiovascular, prostate cancer, central nervous system, gastrointestinal, auto immune and injectables for hospitals. The Company is a wholly owned subsidiary of Covis Holdings, L.P.

On March 9, 2015, Concordia Pharmaceuticals Inc. (the “Acquiring Company”) entered into an agreement to purchase all rights and intellectual property relating to 18 branded and authorized generic products including the following branded products: Dibenzyline®, Nilandron®, Lanoxin Tablets®, Plaquenil®, Uroxatral®, Dyrenium®, Zantac®, DuToprol®, Parnate®, Zinacef®, Fortaz® and Kayexalate® and the following Authorized Generics and regional distribution rights: Lanoxin Tablets®, Plaquenil®, Dyrenium®, Parnate®, Dibenzyline® and the Australian distribution agreement for Dibenzyline® (collectively, the “Purchased Assets”) from the Company for consideration of \$1,200,000. Completion of the acquisition is expected to close in the second quarter of 2015 and is subject to customary closing conditions, including receipt of regulatory approvals.

Lanoxin government private label SKUs have been excluded from the Purchased Assets as a mechanism for the Acquiring Company to discontinue the SKUs prospectively. These SKUs are covered under the Lanoxin NDA, which is included in the Purchased Assets and therefore historical net sales related to these SKUs of \$1,268 and \$919 have been included in the results of operations for the years ended December 31, 2014 and 2013 respectively.

Basis of Presentation

These carve-out financial statements have been prepared on a carve-out basis from the Company’s accounting records to represent the assets, liabilities, and operating activities of the Purchased Assets being purchased by the Acquiring Company on a stand-alone basis as of December 31, 2014 and 2013, and for the years then ended in accordance with accounting principles generally accepted in the United States.

COVIS PHARMA HOLDINGS S.à r.l.

Notes to Carve-out Financial Statements

Years Ended December 31, 2014 and 2013

(US Dollars in thousands)

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The carve-out financial statements are not necessarily indicative of the results that would have been attained if the Purchased Assets were owned by a separate legal entity during the periods presented and therefore are not necessarily indicative of future operating results. No adjustments have been made to reflect possible incremental changes to the cost structure as a result of the acquisition by the Acquiring Company. The basis for the allocation of assets, liabilities, and results of operations to the accounts of the carve-out financial statements are as follows:

Trade receivables, inventory, intangible assets, accrued returns and allowances, accounts payable, net sales, cost of sales and amortization of intangible assets were allocated to the carve-out financial statements based on the Company's existing accounting records specific to the carve-out assets, liabilities, and operations.

Long and short term debt, deferred financing costs and interest expense were allocated to the carve-out financial statements based on the percentage of intellectual property acquired related to the Sanofi-Aventis US acquisition (See Note 2).

Prepaid expenses, equipment, accrued expenses, selling general and administrative expense, equity compensation, interest expense and other income were allocated to the carve-out financial statements based on a blended methodology, based first on the Company's accounting records specific to the carved-out assets, liabilities and operations, and if not specifically identifiable, they were allocated based on the net ratio of the Purchased Assets cost of sales relative to the total cost of sales of the Company.

The Purchased Assets being acquired do not represent a separate legal entity for income tax purposes. The carve-out financial statements reflect income taxes on a stand-alone basis assuming the same benefits of the Covis Pharma Holdings S.à r.l corporate structure and negotiated Luxemburg and Switzerland tax rates. The deferred tax assets and liabilities reflect deferred taxes related to the tax attributes allocated to the company on the same basis as the assets and liabilities recorded. The related deferred tax assets, liabilities and income tax expense could be significantly different from those presented herein.

These carve-out financial statements are prepared on the historical cost basis. The accounting policies have been consistently applied to all the periods presented. The carve-out financial statements are presented in U.S. dollars which is the functional currency of the Company as this is the principal currency of the economic environment in which the Company operates.

The Company has evaluated subsequent events through March 23, 2015, the date at which the carve-out financial statements were available to be issued.

COVIS PHARMA HOLDINGS S.à r.l.

Notes to Carve-out Financial Statements

Years Ended December 31, 2014 and 2013

(US Dollars in thousands)

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of carve-out financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures made in the accompanying notes to the financial statements. Actual results could differ from those estimates. Significant estimates and assumptions in the financial statements relate to the returns/chargeback reserve, intangible assets life and impairment considerations and valuation of profits interest.

Trade Receivables

Receivables for product sales are recorded at the invoiced amount. The Company provides an allowance for doubtful accounts which is the Company's best estimate of the amount of probable credit losses in the Company's accounts receivable based on specific review of its accounts receivable. Interest is charged on past due accounts at the lesser of prime rate plus 2% per year or the maximum rate permitted by applicable law. The Company will write off receivables as a charge to the allowance when, in management's estimation, it is probable that the receivables are uncollectible. As of December 31, 2014, there are no amounts receivable from distributors that are past due and management determined that no allowance was required. Unbilled receivables of \$6,475 are included in trade receivables.

Inventory

Inventory consists of finished goods, work-in-process and raw materials and is stated at the lower of cost or market. Cost is determined by the first-in, first-out method. Management provides a reserve for excess or short dated inventory.

Equipment

Equipment includes computers and other office equipment and is stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from two to five years. Depreciation expense for 2014 and 2013 was \$163 and \$143.

Intangible Assets

Acquired intangible assets are stated at fair value at the date of acquisition and represent intellectual property rights including trade names, formulation, manufacturing, and distribution rights which are amortized on a straight-line basis over their estimated economic life.

COVIS PHARMA HOLDINGS S.à r.l.

Notes to Carve-out Financial Statements

Years Ended December 31, 2014 and 2013

(US Dollars in thousands)

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Long-Lived Assets

Long-lived assets, such as equipment and intangibles subject to amortization, will be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairments have occurred to date.

Revenue Recognition

Product revenue is recognized when all four of the following criteria are met: (1) the Company has persuasive evidence an arrangement exists, (2) the price is fixed and determinable, (3) title has passed, and (4) collection is reasonably assured. This typically occurs at the time the products are received by the customer in the United States.

Provision for Sales Returns and Allowances

As is customary in the pharmaceutical industry, the Company's gross product sales are subject to a variety of deductions in arriving at reported net product sales. When the Company recognizes revenue from the sale of its products, an estimate of sales returns and allowances ("SRA") is recorded which reduces product sales and trade accounts receivable. These adjustments include estimates for chargebacks and returns allowances.

These provisions are estimated based on historical payment experience, historical relationship to revenues, estimated customer inventory levels, and current contract sales terms with direct and indirect customers.

A chargeback represents an amount payable in the future to a wholesaler for the difference between the invoice price paid to the Company by the wholesale customer for a particular product and the negotiated contract price that the wholesaler's customer pays for that product.

Chargebacks primarily relate to sales by wholesalers made to qualifying purchasers under governmental/institutional contract pricing.

COVIS PHARMA HOLDINGS S.à r.l.

Notes to Carve-out Financial Statements

Years Ended December 31, 2014 and 2013

(US Dollars in thousands)

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Consistent with industry practice, the Company maintains a return policy that allows customers to return product for credit. The Company's estimate of the provision for returns is based upon historical industry averages for product returns as well as the most recent historical experience of actual customer returns. The Company has limited history of actual return data and continually monitors its estimates as actual product data is received. Actual returns are tracked by individual production lots so that historical trend rates can be refined. The Company makes adjustments to the current period provision for returns when it appears product returns may differ from original estimates.

For a period of time after the acquisition of products, the seller will receive chargebacks from the Company's sale of the acquired products. Per the asset acquisition agreements, the Company is responsible for reimbursing the seller for these chargebacks. Therefore a portion of the Company's estimated reserves for chargebacks are due to the seller of the products and not included in the net amounts due from the Company's customers. The estimates for chargebacks due to the seller have been included in the carve-out balance sheet as accrued returns and allowances and excluded from accounts receivable, net, as of December 31, 2014 and 2013.

The following table summarizes the activity in the Company's major categories of SRA:

	Chargebacks	Returns	Total
Balance as of January 1, 2013	\$ -	\$ 1,477	\$ 1,477
Provision	26,430	6,354	32,784
Credit and payments	-	(5,254)	(5,254)
Balance as of December 31, 2013	26,430	2,577	29,007
Provision	2,086	6,035	8,121
Credits and payments	(25,097)	(7,411)	(32,508)
Balance as of December 31, 2014	\$ 3,419	\$ 1,201	\$ 4,620

Shipping and Handling Costs

The cost of shipping products to customers is recognized at the time the products are shipped to the customer and are included in cost of goods sold.

COVIS PHARMA HOLDINGS S.à r.l.

Notes to Carve-out Financial Statements

Years Ended December 31, 2014 and 2013

(US Dollars in thousands)

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Deferred tax assets and liabilities are determined based on the temporary differences between the financial statement carrying amounts and the tax basis of assets and liabilities using the enacted tax rates in effect in the years in which the differences are expected to reverse. In estimating future tax consequences, all expected future events are considered other than enactment of changes in the tax law or rates.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

The Company recognizes interest and penalties related to uncertain tax positions as a component of income tax expense in the financial statements. As of December 31, 2014 and 2013, the Company had no accrued interest or penalties related to uncertain tax positions.

The determination of recording or releasing tax valuation allowance is made, in part, pursuant to an assessment performed by management regarding the likelihood that the Company will generate future taxable income against which benefits of its deferred tax assets may or may not be realized. This assessment requires management to exercise significant judgment and make estimates with respect to its ability to generate taxable income in future periods.

Equity-Based Compensation

The Company accounts for equity-based compensation using the fair value method which requires all such compensation, including the grant of profits interest in Covis Holdings, L.P., to be recognized in the income statement based on its fair value at the measurement date (generally the grant date for awards to employees). The expense associated with equity-based compensation is recognized on a straight-line basis over the service period of each award. The expense for performance awards is recognized only when it is probable that the performance criteria will be met.

Concentrations

The Company is subject to Supply and Distribution agreements (the “Agreements”) with its customers. Under the terms of the Agreements the Company will supply to the customers and the customers have agreed to distribute these products within the United States. The customers have

COVIS PHARMA HOLDINGS S.à r.l.

Notes to Carve-out Financial Statements

Years Ended December 31, 2014 and 2013

(US Dollars in thousands)

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

agreed to acquire 100% of its supply of these products from the Company. The Company's primary Agreement is for ten years and can be canceled at any time by either party with 60 days written notice and payment of termination fees in accordance with the Agreement.

In 2014 and 2013, 72.2% and 99.0% of the Company's revenue came from the sale of prescription pharmaceutical products to one customer subject to the Agreement. Amounts receivable from this customer were 93.4% and 99.3% of account receivable as of December 31, 2014 and 2013. Both the Company and this customer are separate portfolio companies of Cerberus Capital Management.

In addition, the Company has long-term supply agreements with world-class manufacturers: GlaxoSmithKline, Sanofi, Patheon, Baxter, AstraZeneca as well as others. Several other vendors provide packaging and less critical services. These agreements range from 1 to 5 years.

The Company maintains cash balances in several financial institutions that may be in excess of insurance limits.

NOTE 2: ACQUISITIONS

On October 3, 2014, the Company entered into an asset purchase agreement to acquire two pharmaceutical product lines from WellSpring Pharmaceutical Corporation for the aggregate purchase price of \$55,500 in cash, all of which was allocated to the intellectual property rights acquired. Fees of approximately \$1,287 were expensed in conjunction with the acquisition and are included in selling, general, and administrative expenses. The weighted-average life of the acquired intangibles is 7 years. In connection with the asset purchase agreement, the Company will be required to pay Wellspring additional consideration of \$1,000 per quarter for each quarter until June 30, 2018 that an AB-rated generic product version of Dibenzyline has not been launched up to a maximum of \$12,000. The first such test date is September 2015. Based on FDA filings and other information management has evaluated the fair value of this contingent consideration and determined that the fair value of the liability is not material. All of the assets from the Wellspring asset purchase agreement are included in the carve-out statements.

On February 28, 2014, the Company entered into an asset purchase agreement to acquire one pharmaceutical product line from AstraZeneca AB for the aggregate purchase price of \$1,000 in cash, all of which was allocated to the intellectual property rights acquired. Fees of approximately \$131 were expensed in conjunction with the acquisition and are included in selling, general, and administrative expenses. The weighted-average life of the acquired intangibles is 7 years. The asset from the AstraZeneca AB asset purchase agreement are included in the carve-out statements.

COVIS PHARMA HOLDINGS S.à r.l.

Notes to Carve-out Financial Statements

Years Ended December 31, 2014 and 2013

(US Dollars in thousands)

NOTE 2: ACQUISITIONS (concluded)

On March 25, 2013, the Company entered into an asset purchase agreement to acquire Rilutek, Plaquenil, Nilandron, Uroxatral and Kayexalate from Sanofi-Aventis US for the aggregate purchase price of \$220,600. The purchase price was allocated \$219,892 to the intellectual property rights acquired and \$708 to inventory acquired. Fees of approximately \$2,325 were incurred in conjunction with the acquisition. The weighted-average life of the acquired intangibles is 7 years. As noted in Note 1, Plaquenil, Nilandron, Uroxatral and Kayexalate are included in the purchase agreement, therefore \$191,417 of the purchase price has been allocated to the carve-out statements as intellectual property rights and \$623 to the inventory acquired. \$2,021 of fees related to the transaction were allocated to the carve-out statements based on percentage of assets acquired.

On December 22, 2011, the Company entered into an asset purchase agreement to acquire Lanoxin Tablets, Zantac, Fortaz, Zinacef, Lanoxin IV and Parnate from GlaxoSmithKline for the aggregate purchase price of \$65,700 in cash and the assumption of \$2,100 in returns liability. The purchase price of \$67,800 was allocated to the intellectual property rights acquired. As noted in Note 1, Lanoxin Tablets, Zantac, Fortaz, Zinacef and Parnate are included in the purchase agreement and therefore \$64,600 of the purchase price and the assumption of \$2,100 of returns has been allocated to the carve-out statements as intellectual property rights and returns reserve, respectively.

Each of the above acquisitions were made by the Company in the furtherance of its business plan.

For each of the acquisitions, the intangible assets pertaining to the IP rights were valued using the multi-period excess earnings method. These projections are based on factors such as relevant market size, patent protection, historical pricing of similar products, and expected industry trends. The estimated future net cash flows are then discounted to the present value using an appropriate discount rate. The collective IP rights encompass intangible rights such as formulas, know-how, trade secrets, and trade names valued as an assemblage based on observed industry market participant transactions where intangible portfolios are collectively sold as a whole and without divisibility.

NOTE 3: INVENTORY

Inventory consists of the following at December 31:

	2014	2013
Finished goods	\$ 4,178	\$ 4,820
Work-in-progress	812	1,514
Raw materials	64	717
Reserve	(1,720)	(2,249)
Total	\$ 3,334	\$ 4,802

COVIS PHARMA HOLDINGS S.à r.l.

Notes to Carve-out Financial Statements

Years Ended December 31, 2014 and 2013

(US Dollars in thousands)

NOTE 4: INTANGIBLE ASSETS

Intangible assets consist of acquired rights to pharmaceutical products as follows:

	Costs	Accumulated Amortization	Total
Balance at January 1, 2013	\$ 66,700	\$ (6,670)	\$ 60,030
Intangible assets acquired	191,417	-	191,417
Amortization	-	(27,179)	(27,179)
Balance at December 31, 2013	258,117	(33,849)	224,268
Intangible assets acquired	56,501	-	56,501
Amortization	-	(36,117)	(36,117)
Balance at December 31, 2014	\$ 314,617	\$ (69,966)	\$ 244,652

Amortization is recognized over the estimated useful life of each product which is between 7 to 10 years. Amortization expense is expected to be \$42,086 for each of the next 5 years.

NOTE 5: DEBT

In connection with the Sanofi-Aventis US acquisition in 2013 (See Note 2), the Company entered into credit agreement (the "Agreement") which provides for a term commitment of \$205,000.

The payments of principal on the term note are to be made quarterly at the rate of 0.25% of the aggregate principal amount outstanding with any remaining amount paid on the maturity date in April 2019. In November 2013, the Company made a prepayment of \$25,000. In April 2014, the Company made a one-time excess cash flow payment of \$8,195.

Interest is payable quarterly at the rate of LIBOR as adjusted in accordance with the Agreement, but not less than 1.25%, plus 4.75%. The interest rate at December 31, 2014 was 6%.

As noted in Note 2, of the Sanofi-Aventis US acquisition for \$220,600, \$191,417 or 87.05% of the assets being acquired are included in the carve-out statements. The Company has allocated \$147,772 and \$155,352 in 2014 and 2013 respectively to long term debt on the carve-out statements based on the percentage of intellectual property acquired in order to fund the purchase.

COVIS PHARMA HOLDINGS S.à r.l.

Notes to Carve-out Financial Statements

Years Ended December 31, 2014 and 2013

(US Dollars in thousands)

NOTE 5: DEBT (concluded)

In 2013, the Company incurred \$8,312 in financing costs that were capitalized and are being amortized over the life of the debt using the interest-rate method. In the preparation of the carve-out statements \$7,235 has been included for financing costs based on the same percentage of intellectual property acquired. In 2014 and 2013, amortization expense of \$1,206 and \$904 was included in interest expense in the carve-out statements.

NOTE 6: COMMITMENTS AND CONTINGENCIES

Litigation

On October 15, 2014, the Company was ordered as a result of an arbitrator's ruling to reimburse a supplier under the terms of a product supply agreement related to the production of Zantac Premix in the amount of \$8,100. This liability is not being assumed by the Acquiring Company and therefore the liability and expense has not been allocated to the carve-out statements.

On December 5, 2014, Covis received a subpoena from the United States Department of Justice, Antitrust Division, requesting certain documents relating to Lanoxin®. Covis is unable to assess potential outcomes of the investigation at this time.

From time to time, the Company may be involved in legal action in the ordinary course of its business, but management does not believe that any such other proceedings commenced through the date of the financial statements individually or in the aggregate, will have material adverse effect on the Company.

NOTE 7: Equity-Based Compensation Plan

Covis Holding, L.P. has a Profits Interest Plan under which directors and key employees of the Company are granted Class B Partnership interests in Covis Management Investors LLC ("Covis Management"). These interests are considered profits interest, which in general, entitle the holder of the unit to a prorated share of the increase in value of the unit over the base value determined at the award date. The Company allocated expense of \$2,690 and \$3,169 in the years ended December 31, 2014 and 2013.

COVIS PHARMA HOLDINGS S.à r.l.

Notes to Carve-out Financial Statements

Years Ended December 31, 2014 and 2013

(US Dollars in thousands)

NOTE 8: INCOME TAXES

As noted in Note 1, the Purchased Assets being acquired do not represent a separate legal entity for income tax purposes. The deferred tax assets and liabilities reflect deferred taxes related to the tax attributes allocated to the company on the same basis as the assets and liabilities recorded. The related deferred tax assets, liabilities and income tax expense could be significantly different from those presented herein. The Company is subject to taxation in both Switzerland and Luxembourg.

The components of income tax expense are as follows:

	2014	2013
Current expense:		
Switzerland	\$ 2,642	\$ 124
Deferred expense:		
Luxembourg	712	651
Total income tax expense	\$ 3,354	\$ 775

The reason for the difference between the actual income tax expense and the amount computed by applying the statutory federal rates are primarily differences in negotiated Luxembourg and Switzerland rates and non-deductible expenses.

The components of deferred tax assets (liabilities) as of December 31, 2014 and 2013 are as follows:

	2014	2013
Noncurrent:		
Deferred tax assets:		
Loss carryforward	\$ 249	\$ 1,236
Valuation allowance	-	(1,236)
Total noncurrent deferred tax asset	\$ 249	\$ -
Noncurrent:		
Deferred tax liabilities:		
Deferred financing costs	\$ 1,613	\$ 652
Net noncurrent deferred tax liability	\$ (1,364)	\$ (652)

For the years ended December 31, 2014 and 2013, the Company has net operating loss carryforwards of \$800 and \$5,409 available to offset future foreign taxable income, which carry forward indefinitely.

COVIS PHARMA HOLDINGS S.à r.l.

Notes to Carve-out Financial Statements

Years Ended December 31, 2014 and 2013

(US Dollars in thousands)

NOTE 8: INCOME TAXES (concluded)

The Company has all its tax years open to examination by Luxembourg and Swiss authorities which are the foreign tax jurisdictions in which the Company files. The Company has not been informed by any tax authorities for any jurisdiction that any of its tax years are under examination.

**APPENDIX B - PRO FORMA FINANCIAL INFORMATION FOR THE YEAR ENDED
DECEMBER 31, 2014**

Concordia Healthcare Corp.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014

Concordia Healthcare Corp.

PRO FORMA CONSOLIDATED BALANCE SHEET

(Unaudited – prepared by management)

As at December 31, 2014

(Stated in thousands of U.S. Dollars)

	Concordia Healthcare Corp. (Audited)	Covis Portfolio (Audited)	Pro Forma Adjustments	Reference	Concordia Healthcare Corp. Pro Forma Consolidated
Assets					
Current					
Cash	\$ 42,770	\$ -	\$ (11,191)	3(c)	\$ 31,579
Accounts receivable	29,371	69,524	(69,524)	3(b)	29,371
Inventory	6,718	3,334	-		10,052
Prepaid expenses and other current assets	5,793	1,365	(1,365)	3(b)	5,793
	84,652	74,223	(82,080)		76,795
Fixed assets	760	458	(458)	3(b)	760
Intangible assets	470,168	244,652	(244,652)	3(b)	1,666,834
			1,196,666	3(a)	
Deferred income taxes	861	-	-		861
Deferred financing costs, net	-	5,125	(5,125)	3(b)	-
Goodwill	36,259	-	-		36,259
Total Assets	\$ 592,700	\$ 324,458	\$ 864,351		\$ 1,781,509
Liabilities					
Current					
Accounts payable	\$ 6,773	\$ 3,315	\$ (3,315)	3(b)	\$ 6,773
Accrued liabilities	3,849	9,724	(9,724)	3(b)	3,849
Provisions	21,799	4,620	(4,620)	3(b)	21,799
Royalties payable	3,141	-	-		3,141
Dividend payable	2,165	-	-		2,165
Taxes payable	13,309	-	-		13,309
Current portion of notes payable	1,372	-	-		1,372
Current portion of long-term debt	27,336	1,785	(1,785)	3(b)	-
			(27,336)	3(c)	
Current portion of purchase consideration payable	2,065	-	-		2,065
	81,809	19,444	(46,780)		54,473
Long-term debt	226,145	145,987	(145,987)	3(b)	-
			(226,145)	3(c)	
Term loans and senior notes - (net of debt issuance costs)	-	-	1,214,550	3(c)	1,214,550
Notes payable	3,890	-	-		3,890
Purchase consideration payable	23,043	-	-		23,043
Deferred income taxes	17	1,364	(1,364)	3(b)	17
Other liabilities	246	-	-		246
Total Liabilities	335,150	166,795	794,274		1,296,219
Shareholders' Equity					
Share capital	247,035	-	244,259	3(c)	491,294
Net equity	-	157,663	(157,663)	3(a)	-
Reserve for share based compensation	5,028	-	-		5,028
Accumulated other comprehensive income	(274)	-	-		(274)
Retained earnings (deficit)	5,761	-	(7,269)	3(c)	(10,758)
			(9,250)	3(c)	
Total Shareholders' Equity	257,550	157,663	70,077		485,290
Total Liabilities and Shareholders' Equity	\$ 592,700	\$ 324,458	\$ 864,351		\$ 1,781,509

Concordia Healthcare Corp.

PRO FORMA CONSOLIDATED INCOME STATEMENT

(Unaudited – prepared by management)

For the year ended December 31, 2014

(Stated in thousands of U.S. Dollars)

	Concordia Healthcare Corp. (Audited)	Donnatal® Jan 1 - May 15, 2014 (Unaudited)	Zonegran® Jan 1 - Sep 30, 2014 (Unaudited)	Concordia Healthcare Corp. including Donnatal® and Zonegran®	Covis Portfolio (Audited)	Pro Forma Adjustments	Reference	Concordia Healthcare Corp. Pro Forma Consolidated
Revenue	\$ 122,191	\$ 17,607	\$ 17,281	\$ 157,079	\$ 151,534	-		\$ 308,613
Cost of sales	17,989	900	4,311	23,200	12,939	-		36,139
Gross profit	104,202	16,707	12,970	133,879	138,595	-		272,474
Operating expenses								
General and administrative	20,663	3,280	1,994	25,937	32,920	-		58,857
Business acquisition related costs	13,521	-	-	13,521	-	9,250	3(g)	22,771
Selling and marketing	10,229	1,159	566	11,954	-	-		11,954
Research and development	9,301	94	-	9,395	-	-		9,395
Share-based compensation	4,484	-	-	4,484	2,690	(2,690)	3(i)	4,484
Depreciation expense	131	114	-	245	-	-		245
Total operating expenses	58,329	4,647	2,560	65,536	35,610	6,560		107,706
Operating income	45,873	12,060	10,410	68,343	102,985	(6,560)		164,768
Other income and expense								
Interest and accretion expense	12,194	-	-	12,194	10,523	(10,523)	3(e)	90,408
						(6,332)	3(f)	
						84,546	3(d)	
Change in fair value of contingent consideration	2,629	-	-	2,629	-	-		2,629
Amortization of intangible assets	11,039	-	-	11,039	36,117	(36,117)	3(j)	79,568
						59,833	3(j)	
						8,696	3(k)	
Foreign exchange loss	696	-	-	696	-	-		696
Other (income) expense	203	-	38	241	(159)	-		82
Income (loss) before tax	19,112	12,060	10,372	41,544	56,504	(106,663)		(8,615)
Income taxes	7,522	-	3,994	11,516	3,353	(7,633)	3(l)	7,236
Net Income (loss)	11,590	12,060	6,378	30,028	53,151	(99,030)		(15,851)
Other comprehensive income (loss)								
Exchange differences on translation of foreign operations	(289)	-	-	(289)	-	-		(289)
Total comprehensive income (loss) for the period	\$ 11,301	\$ 12,060	\$ 6,378	\$ 29,739	\$ 53,151	(99,030)		\$ (16,140)
Weighted average shares outstanding								
Basic	25,793,068					3,764,720	3(h)	29,557,788
Diluted	27,209,904					3,764,720	3(h)	30,974,624
Earnings per share								
Basic	\$ 0.45							\$ (0.54)
Diluted	\$ 0.43							\$ (0.54)

Concordia Healthcare Corp.

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – prepared by management)

(Stated in thousands of U.S dollars)

1. ACQUISITION OF DONNATAL®, ZONEGRAN® AND COVIS PORTFOLIO

Concordia Healthcare Corp. (the “**Company**” or “**Concordia**”) is an integrated healthcare company that targets three areas: (a) legacy pharmaceutical products; (b) specialized healthcare distribution that services the growing diabetic market; and (c) the acquisition and/or development of orphan drugs.

These three business units are run as separate divisions but are inter-related. The cash-flow from legacy pharmaceutical products is used to fund operations and is also intended to fund the expansion of indications for potential orphan drugs. The specialized healthcare distribution division provides additional growth and cash-flow generation.

On May 15, 2014, Concordia Pharmaceuticals Inc. (“**CPI**”), a wholly-owned subsidiary of the Company, completed the purchase of Donnatal®, pursuant to the terms and conditions of an agreement announced previously and entered into on March 19, 2014, from a privately held specialty pharmaceutical company carrying on business as Revive Pharmaceuticals (“**Revive Pharmaceuticals**”).

Donnatal® is an adjunctive therapy in the treatment of irritable bowel syndrome (“**IBS**”) and acute enterocolitis. The Company also acquired the sales and marketing infrastructure related to the drug.

The Company, through CPI, acquired Donnatal® for total consideration of \$329,151 comprised of \$200,000 in cash and an aggregate of 4,605,833 common shares of the Company valued at \$129,151 based on the closing price of the Company’s stock on May 15, 2014 of CAD\$30.50 per share converted to USD using the May 15, 2014 Bank of Canada closing USD: CAD exchange rate of 1:1.0877.

Management paid for the cash component of the acquisition through a combination of available cash and debt financing. In this respect, the Company entered into a secured credit facility having a principal amount of up to \$195,000, consisting of a \$170,000 term loan and a \$25,000 operating line (the “**Credit Facility**”) with GE Capital, Healthcare Financial Services and a syndicate of lenders.

On September 30, 2014, Concordia, through its wholly owned subsidiary CPI, completed the purchase of Zonegran® for commercialization and sale in the United States, including Puerto Rico, from Eisai Inc. (“**Eisai**”), pursuant to the terms and conditions of a definitive asset purchase agreement. Zonegran® is an adjunctive therapy in the treatment of partial seizures in adults with epilepsy. The purchase price paid to Eisai was \$91,402 in cash, which included \$1,402 for purchased inventory.

Management paid for the acquisition of Zonegran® through debt financing. In this respect, the Company entered into an incremental senior credit facility of \$95,000 by way of an amendment and restatement of the Credit Facility. All of the Company’s obligations under the amended and restated credit facility are secured by the assets of the Company and the assets of its material subsidiaries.

On March 9, 2015, Concordia announced that it and CPI had entered into a definitive asset purchase agreement (the “**Covis Asset Purchase Agreement**”) to acquire substantially all of the commercial assets of privately held Covis Pharma S.à.r.l and Covis Injectables, S.à.r.l (together “**Covis**”) for \$1,200,000 in cash (the “**Covis Acquisition**”). The Covis drug portfolio being acquired (the “**Portfolio**”) consists of 18 products. The Portfolio includes 12 branded products and five authorized generic contracts and a product distributed by a third party in Australia pursuant to the terms of a distribution agreement, that address medical conditions in various therapeutic areas including cardiovascular, central nervous system, oncology and acute care markets.

The Covis Acquisition is structured as an all-cash transaction with a purchase price of \$1,200,000 for the Portfolio and certain related assets being acquired. The Company plans to pay for the Covis Acquisition through a mix of term loans, bonds and equity. The Company has entered into a commitment letter with Royal Bank of Canada, Morgan Stanley Senior Funding, Inc., The Toronto-Dominion Bank and General Electric Capital Corporation

Concordia Healthcare Corp.

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – prepared by management)

(Stated in thousands of U.S dollars)

(collectively, the “**Commitment Parties**”), pursuant to which, the Commitment Parties have agreed to provide credit facilities and bridge commitments of up to \$1,600,000 to fully pay for the acquisition price and refinance all outstanding Concordia debt. The credit facilities and bridge commitments are subject to a number of customary conditions. All obligations of the Company under the term loans will be secured by first priority perfected security interests in the assets of the Company and the assets of and equity interests in its subsidiaries. The bridge commitments will be unsecured.

2. BASIS OF PRESENTATION

The unaudited pro forma consolidated financial statements of Concordia have been prepared by management in accordance with International Financial Reporting Standards. In the opinion of management, the pro forma consolidated financial statements include all adjustments necessary for fair presentation of the transactions as described above.

The unaudited pro forma consolidated financial statements of the Company have been compiled from the following financial information:

- Audited financial statements of Concordia for the year ended December 31, 2014, which include the results of Donnatal® and Zonegran® post their acquisition dates of May 15, 2014 and September 30, 2014, respectively;
- Unaudited carve out financial information of Donnatal® for the period January 1, 2014 to May 15, 2014;
- Audited carve out financial statements of Zonegran® for the year ended March 31, 2014 and unaudited carve out financial statements of Zonegran® for the six months ended September 30, 2014; and
- Audited carve out financial statements of the acquired assets from Covis for the year ended December 31, 2014.

The conversion of the Donnatal®, Zonegran® and Covis financial statements from US GAAP to IFRS have no material impact.

The Company’s audited balance sheet as at December 31, 2014 includes the impact of both the Donnatal® and Zonegran® acquisitions described in Note 1. The unaudited pro forma consolidated balance sheet has been prepared as if the Covis Acquisition and the associated financing for the acquisition occurred on December 31, 2014. The unaudited pro forma consolidated income statement has been prepared as if the transactions described in Note 1, and the associated financing, had occurred on January 1, 2014.

The unaudited pro forma consolidated financial statements are not intended to reflect the financial position or performance of the Company which would have actually resulted had the proposed transactions described in Note 1 and other pro forma adjustments occurred as assumed. Further, these unaudited pro forma consolidated financial statements are not necessarily indicative of the financial position or performance that may be attained in the future. The unaudited pro forma consolidated financial statements should be read in conjunction with the financial information referred to above.

Concordia Healthcare Corp.

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – prepared by management)

(Stated in thousands of U.S dollars)

3. PRO FORMA CONSOLIDATED ADJUSTMENTS

The unaudited pro forma consolidated financial statements incorporate the following assumptions:

- (a) Completion of the Covis Acquisition will be as follows:

Net Assets Acquired	
Inventory	\$ 3,334
Acquired product rights	1,196,666
Total	\$ 1,200,000
Consideration Comprised of:	
Cash	\$ 1,200,000

The above allocation of the purchase price is preliminary. The Company will assess and review the fair value of net assets acquired, and finalize the associated purchase price accounting, after the close of the Covis Acquisition. As a result, the final allocation of the purchase price could vary significantly from the amounts used in the unaudited pro forma consolidated financial statements.

As part of the above allocation of the purchase price, the balance in the net equity section of the Covis audited carve out balance sheet as at December 31, 2014 of \$157,663 has been eliminated.

- (b) The unaudited pro forma consolidated balance sheet has been adjusted to eliminate the historical cost of assets and liabilities recorded by Covis, with the exception of inventory, which will be acquired by Concordia. As described in Note (a), the Company will continue to finalize the valuation of assets acquired after the transaction closes. The following table details the assets and liabilities not acquired as part of the Covis Acquisition:

Net Assets not acquired	
Accounts receivable	\$ 69,524
Prepaid expenses and other current assets	1,365
Fixed assets	458
Intangible assets	244,652
Deferred financing costs	5,125
Accounts payable	(3,315)
Accrued liabilities	(9,724)
Provisions	(4,620)
Current portion of long-term debt	(1,785)
Long-term debt	(145,987)
Deferred taxes	(1,364)
Total net assets not acquired	\$ 154,329

Concordia Healthcare Corp.

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – prepared by management)

(Stated in thousands of U.S dollars)

- (c) The acquisition of the Portfolio from Covis will be financed using a mixture of equity financing, term loans and senior notes. The following table details the sources and uses of the funds:

Covis transaction - Financing sources

Issuance of equity	\$	255,142
Term loans		650,000
Senior notes		610,000
Cash on hand		11,191
Total	\$	1,526,333

Uses of funds

Purchase consideration for acquisition of Covis Portfolio	\$	1,200,000
Retirement of existing GE Capital credit facilities at face value		260,750
Debt issuance costs		45,450
Equity issuance costs		10,883
Acquisition related costs		9,250
	\$	1,526,333

The financing described above is intended to facilitate the retirement of the Company's existing credit facilities with GE Capital. As at December 31, 2014 the existing credit facilities had a face value of \$260,750 and a carrying value of \$253,481 (short term portion of \$27,336 and long-term portion of \$226,145) in the audited financial statements of Concordia. The difference of \$7,269 between the face value of the debt and the carrying value of the debt represents the unamortized portion of transaction costs incurred upon issuance of the existing credit facilities. Transaction costs associated with the GE Capital credit facilities have been included as a reduction to the carrying amount of the liability and are amortized through interest and accretion expense using the effective interest rate method in the audited financial statements of Concordia Healthcare Corp.

The unaudited pro forma balance sheet includes adjustments to: (i) eliminate the carrying amount of the existing GE Capital credit facilities (short term portion of \$27,336 and long-term portion of \$226,145); (ii) recognize a write-off of unamortized carrying costs of \$7,269 to retained earnings; (iii) reflect the issuance of equity of \$255,142 less estimated equity issuance costs of \$10,883 as detailed in the table below; (iv) reflect the issuance of term loans and senior notes as detailed in the table below less estimated debt issuance costs of \$45,450; and (v) recognize an expense of \$9,250 to retained earnings to account for the portion of the financing that will be used to pay for acquisition related costs.

The following table details the issuance of equity included as an adjustment to the unaudited pro forma consolidated balance sheet:

Equity net of issuance costs

Issuance of equity	\$	255,142
Less: equity issuance costs		(10,883)
	\$	244,259

Concordia Healthcare Corp.

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – prepared by management)

(Stated in thousands of U.S dollars)

The following table details the carrying value of debt included as an adjustment to the unaudited pro forma consolidated balance sheet:

Carrying value of long-term debt

Term loans	\$	650,000
Senior notes		610,000
Less: debt issuance costs		(45,450)
	\$	1,214,550

As at the date of the unaudited pro forma financial statements the Company is still in the process of negotiating the final terms and conditions of the term loans and senior notes to be issued in respect of the financing for the acquisition of the Portfolio, including the associated repayment terms. As a result, the debt to be issued has not been separated into long-term and short-term components and is presented as a long-term liability.

The final mix of financing sources could vary significantly from the amounts used in the unaudited pro forma consolidated financial statements.

- (d) The unaudited pro forma consolidated income statements for the year ended December 31, 2014 includes an adjustment to increase interest and accretion expense to reflect the impact of the term loans and senior notes referred to in note 3(c) above. For the purposes of the unaudited pro forma consolidated income statement it is assumed that the term loans and senior notes were issued on January 1, 2014. The following table details the calculations of the adjustments related to interest and accretion expense:

Debt financing sources	Principal	Blended Interest Rate	Interest Expense
Term loans	650,000		
Senior notes	610,000		
Total	\$ 1,260,000	6.71%	\$ 84,546

The above calculation is based on assumed rates of interest for both the term loans and senior notes and an overall blended interest rate of 6.71%. The Company will finalize the terms and conditions of the debt financing prior to the close of the Covis Acquisition. The final interest rates and terms and conditions of the debt financing could vary significantly from the assumptions and resulting amounts used in the unaudited pro forma consolidated financial statements.

- (e) The unaudited pro forma consolidated income statement for the year ended December 31, 2014 includes an adjustment to decrease interest and accretion expense by \$10,523 incurred by Covis on debt that is not being assumed as part of the Covis Acquisition.
- (f) The unaudited pro forma consolidated income statement for the year ended December 31, 2014 includes an adjustment to decrease interest and accretion expense incurred by Concordia related to its existing credit facilities with GE Capital of \$6,332. As discussed in Note 3(c) above, these credit facilities will be retired as part of the financing related to the Covis Acquisition.
- (g) The unaudited pro forma consolidated income statement for the year ended December 31, 2014 includes an adjustment to increase acquisition related costs by \$9,250 to reflect estimated legal and advisory fees related to the Covis Acquisition.

Concordia Healthcare Corp.

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – prepared by management)

(Stated in thousands of U.S dollars)

- (h) The unaudited pro forma consolidated income statement for the year ended December 31, 2014 includes an adjustment to increase the weighted average number of common shares outstanding on both a basic and diluted basis by 3,764,720 shares. This reflects the assumption that the Company will issue \$254,070 of equity, less issuance costs of \$10,838, to partially finance the Covis Acquisition as described in Note 3(c) above. On March 17, 2015 the Company announced that it would issue 3,764,720 subscription receipts to partially fund the Covis Acquisition. Each subscription receipt will entitle the holder thereof to receive, upon the closing of the Covis Acquisition one Concordia common share in exchange for each subscription receipt.
- (i) The unaudited pro forma consolidated income statement for the year ended December 31, 2014 includes an adjustment to decrease share-based compensation expense by \$2,690, representing equity compensation recognized on the audited financial statements of Covis.
- (j) The unaudited pro forma consolidated income statement for the year ended December 31, 2014 includes an adjustment to decrease amortization expense by \$36,117, representing the amortization of intangible assets recorded by Covis. The statement also includes an adjustment to increase amortization expense by \$59,833. This adjustment represents the amortization that Concordia would have recognized assuming that the acquired product rights detailed in Note 3(a) of \$1,196,666 were amortized over a period of 20 years. As noted in the audited financial statements of Concordia, the Company amortizes intangible assets over a period of 15 – 30 years.
- (k) The unaudited pro forma consolidated income statement for the year ended December 31, 2014 includes an adjustment to increase amortization expense by \$8,696. This adjustment represents amortization of the acquired product rights from the acquisitions of Donnatal® and Zonegran® that Concordia would have recognized in 2014 during the period prior to Concordia's acquisition of these assets. The following table details the calculation of the adjustment to amortization expense:

	Acquired Product Rights	Date of Acquisition	Pre- Acquisition Period (months)	Useful Life (years)	Pro Forma Amortization Adjustment
Donnatal®	327,523	2014-05-15	4.5	30	4,094
Zonegran®	92,040	2014-09-30	9.0	15	4,602
Total	\$ 419,563				\$ 8,696

- (l) The unaudited pro forma consolidated income statement for the year ended December 31, 2014 includes an adjustment to decrease income taxes by \$7,633. This reflects the assumption that: (i) the net income associated with Donnatal®, Zonegran® and the portfolio acquired from Covis would have been subject to CPI's effective tax rate in 2014; and (ii) the net pro forma adjustments would reduce taxable income in CPI. The following table details the impact of the assumptions noted:

Concordia Healthcare Corp.

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – prepared by management)

(Stated in thousands of U.S dollars)

Income tax adjustment

Donnatal® Jan 1 - May 15, 2014 net income before tax	\$	12,060
Zonegran® Jan 1 - Sep 30, 2014 net income before tax		10,372
Covis Jan 1 - Dec 31, 2014 net income before tax		56,504
Total		78,936
CPI 2014 effective tax rate		1.03%
Calculated income tax		813
Impact to net income before tax of pro forma adjustments		(106,663)
Tax impact of pro forma adjustments at CPI effective tax rate of 1.03%		(1,099)
Reversal of reported income tax expense:		
Zonegran		(3,994)
Covis		(3,353)
Total tax adjustments	\$	(7,633)

CERTIFICATE OF THE CORPORATION

Dated: March 30, 2015

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 of each of the provinces of Canada.

(Signed) “*Mark Thompson*”
Chief Executive Officer

(Signed) “*Leith Tessy*”
Chief Financial Officer

On behalf of the Board of Directors of Concordia Healthcare Corp.

(Signed) “*Jordan Kupinsky*”
Director

(Signed) “*Ronald Schmeichel*”
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: March 30, 2015

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 of each of the provinces of Canada.

RBC DOMINION SECURITIES INC.

By: (Signed) "*Matthew Pittman*"
Director

GMP SECURITIES L.P.

By: (Signed) "*Steve Ottaway*"
Managing Director, Investment Banking

TD SECURITIES INC.

By: (Signed) "*Ryan Quirt*"
Vice President

CERTIFICATE OF THE PROMOTER

Dated: March 30, 2015

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 of each of the provinces of Canada.

(Signed) "*Mark Thompson*"
Promoter

