

Klinik Health Ventures Corp. Announces Qualifying Transaction

Toronto, Ontario (March 20, 2020) – Klinik Health Ventures Corp. (TSXV:KHV.P) (“**Klinik**” or the “**Corporation**”) is pleased to announce that it has entered into a letter of intent (the “**LOI**”) with 2576560 Ontario Inc. doing business as NeuPath Health (“**NeuPath**”), Canada’s largest provider of chronic pain management services. The LOI outlines the principal terms and conditions which will result in a reverse takeover of Klinik by NeuPath (the “**Transaction**”).

Klinik is a Capital Pool Company and intends for the Transaction to constitute its Qualifying Transaction, as such terms are defined in the policies of the TSX Venture Exchange (the “**TSXV**”).

In connection with the announcement of the LOI, which is deemed an Agreement in Principle for the Qualifying Transaction, it is anticipated that the trading in the common shares of Klinik (“**Klinik Shares**”) will be halted pursuant to the policies of the TSXV. Trading will remain halted until, among other things, Klinik completes certain regulatory filings in connection with the Qualifying Transaction with the TSXV and the TSXV has completed certain matters it considers necessary or advisable.

About NeuPath

NeuPath was incorporated pursuant to the *Business Corporations Act* (Ontario) on May 10, 2017.

NeuPath is Canada’s largest service provider in the highly fragmented chronic pain management market and operates 12 chronic pain management clinics across Ontario under two leading brands: (i) CPM – Centres for Pain Management and (ii) InMedic Creative Medicine.

Chronic pain affects approximately one (1) in five (5) Canadians and is a complex, multidimensional condition impacted by biological, behavioural, and social factors. As a result, NeuPath’s 100+ healthcare providers consider each of these factors when assessing and treating each patient. Traditional medical treatments are supplemented with access to medicinal cannabis, NeuPath’s Chronic Pain Self Management Program, and mindfulness meditation. This multimodal approach goes beyond treating the pain sensation and targets some of the underlying and contributing behavioral and social factors. In addition, the multimodal approach provides patients with the education and tools needed to help self-manage their chronic condition.

Studies have shown that chronic pain is more costly than cancer, HIV, and heart disease combined. This cost is mainly driven by lost productivity due to job loss and sick days. In an effort to help employees return to work and reduce productivity losses, NeuPath also provides workplace health services and independent medical assessments to disability insurers and employers.

Selected Financial Information of NeuPath

The following table sets out historical financial information of NeuPath, in each case, for the periods ended and as of the dates indicated. The selected financial information of NeuPath has been derived from the audited consolidated financial statements of NeuPath for the year-ended

December 31, 2018 and the unaudited consolidated interim financial statements of NeuPath for the nine-month period ended September 30, 2019:

Balance Sheet Account	As at December 31, 2018 (C\$)	As at September 30, 2019 (C\$)
Current Assets	6,879,000	7,791,000
Total Assets	33,766,000	38,833,000
Current Liabilities	16,104,000	13,807,000
Total Liabilities	21,391,000	25,747,000
Total Shareholder's Equity	12,375,000	13,086,000

Income Statement	Year Ending, December 31, 2018 (C\$)	Nine months ended, September 30, 2019 (C\$)
Revenue	41,164,000	36,595,000
Total Expenses	45,212,000	37,695,000
Net Income (Loss)	(5,122,000)	(1,473,000)
EBITDA	(767,000)	1,693,000

Capital Structure of NeuPath

NeuPath currently has the following securities issued and outstanding:

- (i) 16,557,459 common shares (the “**NeuPath Shares**”);
- (ii) 1,276,415 Class A Preferred Shares (inclusive of Class A Preferred Shares issued as a payment-in-kind for dividends accrued);
- (iii) 1,075,000 incentive stock options;
- (iv) 6,178,683 warrants;
- (v) 10,420,000 prefunded warrants;
- (vi) 18,320 compensation warrants; and
- (vii) an aggregate \$4,165,000 principal amount of convertible debentures (the “**NeuPath Debentures**”).

Prior to closing of the Transaction, the NeuPath Class A Preferred Shares and the then outstanding principal and all accrued and unpaid interest of the NeuPath Debentures will automatically convert into NeuPath Shares. It is expected that immediately prior to closing of the Transaction, there will be approximately 24,187,055 NeuPath Shares issued and outstanding, assuming that no NeuPath warrants or incentive stock options are exercised prior to closing of the Transaction.

Summary of the Transaction

It is currently anticipated that Klinik will acquire NeuPath by way of a three-corner amalgamation, share exchange, plan of arrangement or other similar form of transaction as agreed by the parties to ultimately form the resulting issuer (the “**Resulting Issuer**”). The final structure of the Transaction is subject to the receipt of tax, corporate and securities law advice for both Klinik and NeuPath. Upon completion of the Transaction, the Resulting Issuer will carry on the business of NeuPath.

The Transaction values Klinik at \$3.9 million and NeuPath at \$34.6 million.

Pursuant to the Transaction: (i) holders of issued and outstanding NeuPath Shares will receive five (5) Klinik Shares (the “**Pre-Consolidation Shares**”) for each NeuPath Share (the “**Exchange Ratio**”) held by them; and (ii) all options and warrants convertible into NeuPath Shares shall be exchanged, based on the Exchange Ratio, for similar securities to purchase Klinik Shares on substantially similar terms and conditions.

As a condition to closing the Transaction, concurrently with, or immediately prior to the closing of the Transaction, and subject to Klinik shareholder approval, Klinik will undertake a share consolidation (the “**Consolidation**”). The Consolidation will occur on the basis of one (1) post-Consolidation common share of Klinik (“**Klinik Consolidated Shares**”) for every five (5) Pre-Consolidation Shares. Upon completion of the Transaction, approximately 28 million Klinik Consolidated Shares will be issued and outstanding and will represent all of the issued and outstanding common shares (the “**Resulting Issuer Shares**”) of the Resulting Issuer.

It is expected that Klinik shareholder approval will also be sought for an amendment of Klinik’s articles to effect a name change to “NeuPath Health Inc.”, or such other name as the Klinik board of directors determines appropriate (the “**Name Change**”).

Upon completion of the Transaction, it is expected that the former shareholders of NeuPath will hold approximately 86% of the Resulting Issuer Shares (on a non-diluted basis) and that the former shareholders of Klinik will hold approximately 14% of the Resulting Issuer Shares.

Closing of the Transaction will be subject to a number of conditions precedent, including, without limitation:

- a) completion of mutual satisfactory due diligence investigations of NeuPath and Klinik;
- b) approval of the Transaction by the boards of directors of NeuPath and Klinik;
- c) execution of a definitive agreement effecting the Transaction;
- d) receipt of all regulatory approvals with respect to the Transaction and the listing of the Resulting Issuer Shares on the TSXV;
- e) approval of the Transaction by NeuPath shareholders,
- f) approval of the the Consolidation, Name Change, and the approval of new directors by Klinik shareholders; and
- g) confirmation of no material adverse change by NeuPath and Klinik.

It is anticipated that the Resulting Issuer will qualify as a Tier 1 Life Sciences issuer pursuant to the requirements of the TSXV.

The Transaction is not a Non-Arm’s Length Qualifying Transaction (as such term is defined in the policies of the TSXV) and consequently the Transaction will not be subject to approval by Klinik’s shareholders. However, Klinik does plan to hold a special meeting of shareholders whereat, among other things, the shareholders of Klinik will be asked to approve certain matters including but not limited to (i) the Consolidation, (ii) the Name Change, and (iii) the appointment of a new slate of directors.

Board of Directors and Management of the Resulting Issuer

Subject to Klinik shareholder approval, it is proposed that the Board of the Resulting Issuer shall consist of one (1) nominee from Klinik and five (5) from NeuPath. Pursuant to the LOI, it is proposed that the directors and officers of the Resulting Issuer will consist of the following individuals:

Directors

Jolyon Burton

Mr. Burton is a co-founder of Bloom Burton & Co. and serves as the firm's President and Head of Investment Banking. As trusted advisors to boards of directors, management teams, and professional and strategic investors, Jolyon and his team help structure and execute financial and capital markets strategies, mergers and acquisitions or other partnering transactions. The team has been directly involved in financings of over \$3 billion as well as mergers and acquisitions transactions valued at more than \$2 billion.

In the role immediately preceding the co-founding of Bloom Burton, Jolyon served as the Head of Healthcare & Biotechnology Investment Banking at an independent investment dealer. Jolyon started his career in roles that helped internationally focused growth companies, both at Export Development Canada and the Department of Foreign Affairs, Trade and Development.

Mr. Burton serves as Chairman of the Board of Directors of NeuPath and is a Director of Grey Wolf Animal Health. He is a graduate of the University of Waterloo with an Honours Bachelor of Arts in Applied Studies, with a Major in Economics and Specializations in Finance and International Trade and received the Department of Economics award for academic achievement among his graduating class.

Daniel Chicoine, CPA

Mr. Chicoine is the Executive Chairman of Crescita Therapeutics Inc. (TSX:CTX). Previously, Mr. Chicoine served as Nuvo Pharmaceutical's Chairman and Co-CEO and was actively involved in its day-to-day operations since 2004. From 2001-2004, Mr. Chicoine served as the Chief Financial Officer at Cosma International, Magna's body and chassis systems group. From 1982 to 1993, Mr. Chicoine held various positions at the Magna group of companies, including President and CEO of Atoma International Inc. While Mr. Chicoine was the CEO of Atoma, he succeeded in growing its business from \$300 million per annum to \$1 billion and effected a major restructuring. Mr. Chicoine is a graduate of the University of Toronto in commerce and is a Chartered Professional Accountant.

Sasha Cucuz

As the Chief Executive Officer of Greybrook Securities, Inc. Mr. Cucuz, is responsible for co-managing the firm's operation and investment strategy. Together with his partners, Mr. Cucuz has played a significant role in growing Greybrook's real estate investment portfolio to include over 70 multi-family and residential development projects throughout North America, representing over C\$15 billion worth of estimated completion value. Under Mr. Cucuz's leadership, the firm currently manages over C\$1.2 billion of equity on behalf of more than 7,000 high net worth and institutional clients located in 30+ countries. Mr. Cucuz also serves as the Co-chair of Greybrook's Investment and Project Advisory Committees where he is part of the team responsible for approving new acquisitions and overseeing existing limited partnerships.

As the former CEO of Greybrook Health, Mr. Cucuz has been involved in several key transactions throughout the Greybrook portfolio including the acquisition of MacuHealth, LLC. and Bruder Healthcare Inc. Additionally, Mr. Cucuz has lead several key financings for portfolio companies including TearLab Inc. (NASDAQ: TEAR), and Greenbrook TMS (TSX: GTMS), a U.S.-based mental health services provider. In 2011, Mr. Cucuz was instrumental in the launch of Greenbrook TMS, a U.S.-based listed company that owns and operates a network of depression treatment centers throughout America. He is also a member of the Board of Directors of Greenbrook.

Mr Cucuz holds a Bachelor of Arts in Economics from York University. Charitably, Mr. Cucuz serves on the boards of the Greybrook Foundation and the Blu Genes Foundation.

Dan Legault, JD

Mr. Legault is the CEO of Antibe Therapeutics (TSXV:ATE). Trained as a corporate lawyer and as an air force rescue pilot, Mr. Legault's career has evolved to focus on high-growth, mostly technology-based companies. His CEO-level experience includes organizations specializing in data analytics, IT and consumer marketing. Mr. Legault has served on the boards of directors of International Save the Children and of Green Shield Canada, a leading health benefits administrator. Mr. Legault continues to serve as a board member and advisor to several companies and not-for-profit organizations. Mr. Legault is a member of the Law Society of Upper Canada and the New York State Bar.

Grishanth Ram

Mr. Ram is a finance executive with over 10 years of experience working in the healthcare industry. Between 2018 and 2019, Mr. Ram served as Chief Executive Officer of NeuPath, and has served on the board of directors of NeuPath since February 2019. Mr. Ram acted as the COO of InMedic Creative Medicine since 2011 to December 2019, prior to and following its acquisition by NeuPath in 2018. Mr. Ram holds a Bachelor of Science, Finance from DePaul University.

Joseph Walewicz

Mr. Walewicz was Executive Vice President, Business and Corporate Development of Clementia Pharmaceuticals, a NASDAQ-listed company, prior to Clementia's acquisition by Ipsen Pharmaceuticals of US\$1 billion in April of 2019. Mr. Walewicz has spent 25 years in biopharma, serving on the board and at the executive level of multiple publicly traded biopharma companies including Clementia Pharmaceuticals, MethylGene (now Mirati Therapeutics Inc.), Warnex Inc. and Paladin Labs, and as a top ranked equities analyst for major banks including CIBC, BMO, Lehman Brothers where he covered publicly traded North American biotechnology, pharmaceuticals, medtech and healthcare services companies. Mr. Walewicz holds a Master of Business Administration, Finance (McGill), as well as a Bachelor of Science, Biochemistry, and a Bachelor of Arts, Economics from Queen's University. Mr. Walewicz is also a CFA (Chartered Financial Analyst) charterholder and a member of the Licensing Executives Society (LES).

Officers

Grant Connelly, Chief Executive Officer

Mr. Connelly joined NeuPath as General Manager in July 2018 and was promoted to Chief Executive Officer in January 2019. Mr. Connelly brings several years of experience in the healthcare field, including with: NeuPath's subsidiary Viable Healthworks (Canada) Corp.; as CFO for a group of over 30 primary care clinics and an OntarioMD certified EMR developer; and with an Ontario-based healthcare start-up. Previously, Mr. Connelly served as the CFO of OutdoorPartner Media Corporation which was a TSXV-listed company operating in the outdoor advertising industry. Throughout his career, Mr. Connelly has played a leadership role in closing M&A transactions valued at over \$200 million. Mr. Connelly holds a Master of Business Administration degree from the Schulich School of Business at York University, and a Bachelor of Accounting from Brock University.

Stephen Lemieux, Chief Financial Officer

Mr. Lemieux joined NeuPath as Chief Financial Officer in April 2019. Mr. Lemieux has more than 17 years of experience in public companies including over 8 years as a Chief Financial Officer

and 13 years in the health care industry. Mr. Lemieux has been involved with or led numerous debt and equity financings, licensing and M&A transactions valued at over \$400 million. Prior to NeuPath, Mr. Lemieux served as the CFO and Secretary at Cipher Pharmaceuticals (TSX:CPH) from 2016 and 2019 and acted as Interim-CEO from November 2016 to April 2017. Prior to Cipher, Mr. Lemieux was CFO at Nuvo Pharmaceuticals (TSX:NRI) and Crescita Therapeutics (TSX:CTX). Crescita was created on March 1, 2016 by way of a plan of arrangement that reorganized Nuvo Research Inc. into Nuvo and Crescita. Mr. Lemieux is a Chartered Professional Accountant and holds a Master of Management & Professional Accounting degree from the University of Toronto.

Sponsorship for Qualifying Transaction

Sponsorship of a Qualifying Transaction of a capital pool company is required by the TSXV unless exempt in accordance with TSXV policies. The Company intends to retain a qualified sponsor as soon as is reasonably practicable following the date hereof to act as its sponsor in connection with the Qualifying Transaction in accordance with TSXV Policy 2.2.

Information Circular

In connection with the Transaction and pursuant to the requirements of the TSXV, Klinik will file on SEDAR (www.sedar.com) an information circular which will contain details regarding the Transaction, Klinik, NeuPath and the Resulting Issuer.

Further information

Klinik intends to issue a subsequent press release in accordance with the policies of the TSXV providing further details in respect of the Transaction, including information relating to the transaction structure and descriptions of the proposed directors and Insiders (as such term is defined in the policies of the TSXV) of the Resulting Issuer.

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

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Transaction, any information release or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the Transaction and has neither approved nor disapproved the contents of this press release.

NEITHER THE TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

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

Cautionary Statement Regarding Forward-Looking Information

This news release contains certain forward-looking statements, including statements relating to the Transaction and certain terms and conditions thereof, the ability of the parties to complete the Transaction, the Consolidation, the Exchange Ratio, the Name Change, the Resulting Issuer's ability to qualify as a Tier 1 Life Sciences issuer, the TSXV sponsorship requirements, the finding of a sponsor, shareholder, director and regulatory approvals, future press releases and disclosure, and other statements that are not historical facts. Wherever possible, words such as "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict" or "potential" or the negative or other variations of these words, or similar words or phrases, have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management as at the date hereof.

Forward-looking statements involve significant risk, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. As a result, the Corporation cannot guarantee that the Transaction will be completed on the terms described herein or at all. These factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this press release are based upon what management believes to be reasonable assumptions, the Corporation cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this press release, and the Corporation assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

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