

AMALGAMATION AGREEMENT
BETWEEN
MERCARI ACQUISITION CORP.,
CONCORDIA HEALTHCARE INC.
AND
MERCARI SUBCO INC.

December 13, 2013

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AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT made as of the 13th day of December, 2013.

BETWEEN:

MERCARI ACQUISITION CORP., a body corporate
incorporated under the laws of the Province of Ontario (hereinafter
called “**Mercari**”)

OF THE FIRST PART

- and -

CONCORDIA HEALTHCARE INC., a body corporate
incorporated under the laws of the Province of Ontario (hereinafter
called “**Concordia**”)

OF THE SECOND PART

- and -

MERCARI SUBCO INC., a body corporate incorporated under
the laws of the Province of Ontario (hereinafter called “**Mercari
Subco**”)

OF THE THIRD PART

WHEREAS Concordia and Mercari, among others, are parties to a letter agreement dated October 23, 2013 (the “**Letter Agreement**”) whereby the parties have agreed to complete a business combination;

AND WHEREAS Concordia and Mercari have agreed to structure the business combination contemplated in the Letter Agreement by way of a three-cornered amalgamation in accordance with the provisions of the *Business Corporations Act* (Ontario);

AND WHEREAS the parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to the proposed amalgamation;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the above premises and of the covenants, agreements, representations and warranties hereinafter contained, the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined terms shall have the meanings hereinafter set forth:

“**Agency Agreement**” means the agency agreement to be entered into between the Agents and Concordia in respect of the Concordia Private Placement.

“**Agents**” means GMP, Canaccord, Beacon Securities Limited, Cormack Securities Inc. and National Bank Financial Inc.

“**Agreement**”, “**this Agreement**”, “**herein**”, “**hereby**”, “**hereof**”, “**hereunder**” and similar expressions mean or refer to this agreement and any amendments hereto.

“**Amalco**” means the amalgamated corporation to be constituted upon completion of the Amalgamation, to be named Concordia Healthcare Inc.

“**Amalco Shares**” means the common shares in the capital of Amalco.

“**Amalgamation**” means the amalgamation of Concordia and Mercari Subco pursuant to Section 178 of the OBCA provided for herein to form Amalco to be effective at the Effective Time.

“**Ancillary Documents**” means all agreements, certificates and documents other than this Agreement executed and delivered or to be executed and delivered in connection with the transactions contemplated by this Agreement.

“**Applicable Securities Laws**” means the securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time in the Provinces of Ontario, Alberta and British Columbia.

“**Articles of Amalgamation**” means the Articles of Amalgamation with respect to the Amalgamation.

“**Assessment**” has the meaning ascribed thereto in Subsection 3.2(f).

“**Assets and Properties**” with respect to any Person means all assets and properties of every kind, nature, character and description (whether real, personal or mixed, tangible or intangible, choate or inchoate, absolute, accrued, contingent, fixed or otherwise, and, in each case, wherever situated), including the goodwill related thereto, operated, owned or leased by or in the possession of such Person.

“**associate**” and “**affiliate**” have the respective meanings ascribed thereto in the *Securities Act* (Ontario).

“**Auditors**” means such firm of chartered accountants as a company may have appointed or may from time to time appoint as auditors of such company.

“**Business Day**” means any day other than a Saturday or Sunday or a day when banks in the City of Toronto are not generally open for business.

“**Canaccord**” means Canaccord Genuity Corp.

“**CDS**” means CDS Clearing & Depository Services Inc.

“**Certificate of Amalgamation**” means the certificate of amalgamation for the Amalgamation issued by the registrar pursuant to Section 178 of the OBCA.

“**Closing**” means the completion of the Amalgamation.

“**Closing Date**” means the date of the Closing, which shall be within three (3) Business Days following the later of the satisfaction or waiver of all conditions precedent to the Amalgamation or such other date as Concordia and Mercari may collectively agree, acting reasonably, and in any event not later than January 31, 2014.

“**Co-Lead Agents**” means GMP and Concordia.

“**Complete Medical Homecare Share Purchase Agreement**” means the Share Purchase Agreement dated August 30, 2013 among Concordia Healthcare USA Inc., and Complete Medical Homecare, Inc., Robert Shea, Joseph Corso and Mark Franz for the purchase by Concordia Healthcare USA Inc. of the issued and outstanding shares of Complete Medical Homecare Inc., which is in the business of selling durable medical equipment and supplies.

“**Concordia**” means Concordia Healthcare Inc., a company incorporated under the OBCA with its registered office located at 277 Lakeshore Rd. East, Suite 302, Oakville, Ontario, L6J 6J3.

“**Concordia Agents’ Options**” means the options entitling the Agents to subscribe for that number of Concordia Common Shares as is equal to 4.0% of the total number of Concordia Common Shares issued pursuant to the exercise of Concordia Subscription Receipts under the Concordia Private Placement, including those Concordia Subscription Receipts issued in respect of the Concordia Over-allotment Option. Each Concordia Agents’ Option will be exercisable for one Concordia Common Share for a period of 24 months following the closing date of the Concordia Private Placement and will be exercisable at the offering price of the Concordia Subscription Receipts under the Concordia Private Placement.

“**Concordia Alternative Transaction**” has the meaning ascribed thereto in Section 5.5.

“**Concordia Alternative Transaction Agreement**” has the meaning ascribed thereto in Section 5.5.

“Concordia Business” means the business conducted by Concordia currently being an integrated healthcare company that targets three areas: (a) legacy pharmaceutical products; (b) specialty healthcare distribution that services the growing diabetic market; and (c) the acquisition and/or development of orphan drugs.

“Concordia Common Shares” means the common shares in the capital of Concordia.

“Concordia Entity” means Concordia or a Concordia Subsidiary.

“Concordia Event” has the meaning ascribed thereto in Section 5.5.

“Concordia Financial Statements” means audited financial statements for Concordia for the period from December 5, 2012 and ended September 30, 2013, Global Medical Direct Group combined financial statements for the years ended December 31, 2012, 2011 and 2010 and the nine month period ended September 30, 2013, Pediatric Product Lines of Shionogi Inc. carve out financial statements for the years ended March 31, 2013 and March 31, 2012 and the 15 month period ended March 31, 2011 and Pinnacle Biologics, Inc. consolidated financial statements for the year ended December 31, 2012 and 2011 and for the nine months ended September 30, 2013 and 2012.

“Concordia Material Contracts” has the meaning ascribed thereto in Subsection 4.2(r).

“Concordia Offer” has the meaning ascribed thereto in Section 5.5.

“Concordia Options” means 1,125,000 options of Concordia exercisable into Concordia Common Shares.

“Concordia Over-allotment Option” means an option exercisable by the Co-Lead Agents up to 48 hours prior to the closing of the Concordia Private Placement, to arrange for the purchase of up to an additional 15% of the number of Concordia Subscription Receipts sold under the Concordia Private Placement on the same terms as under the Concordia Private Placement.

“Concordia Principals” means Mark Thompson, Windsor Healthcare Limited Partnership and Windsor Private Capital (Barbados) Limited Partnership.

“Concordia Private Placement” means the brokered private placement by Concordia of Concordia Subscription Receipts for gross proceeds of up to \$34,500,000 assuming the exercise of the Concordia Over-allotment Option in full.

“Concordia Shareholder Consent” means the unanimous shareholders’ resolution of the shareholders of Concordia approving, among other things, the Amalgamation and this Agreement.

“Concordia Subscription Receipts” means the up to 5,520,000 subscription receipts of Concordia to be issued in connection with the Private Placement, each exchangeable into one Concordia Common Share, subject to adjustment, without additional consideration.

“**Concordia Subsidiaries**” means Concordia Healthcare USA Inc., Concordia Pharmaceuticals Inc., Concordia Laboratories Inc., Concordia Healthcare USA (Global Medical) Inc. and Concordia Healthcare USA (Midwest Medical) Inc.

“**Concordia Warrants**” means the 1,914,465 warrants of Concordia exercisable into 1,576,385 Concordia Common Shares.

“**Concordia Termination**” has the meaning ascribed thereto in Section 5.5.

“**Confidential Information**” means any information concerning a party to this Agreement (the “**Disclosing Party**”) or its business, properties and assets made available to another party or its representatives (the “**Receiving Party**”); provided that it does not include information which (i) is generally available to or known by the public other than as a result of improper disclosure by the Receiving Party, or (ii) is obtained by the Receiving Party from a source other than the Disclosing Party, provided that such source was not bound by a duty of confidentiality to the Disclosing Party or another party with respect to such information.

“**Consolidation**” means a consolidation of the Mercari Common Shares on the basis of one (1) post-consolidation Mercari Common Share for every forty-eight and eight one hundredths (48.08) pre-consolidation Mercari Common Shares, which Consolidation shall occur prior to completion of the Amalgamation.

“**Contract**” means all agreements, contracts or commitments of any nature, written or oral, including, for greater certainty and without limitation, leases, purchase agreements, manufacturing, supply and distribution agreements, loan documents and security documents.

“**CPC Policy**” means Policy 2.4 of the TSX Venture.

“**Disclosing Party**” has the meaning ascribed thereto in the definition of “**Confidential Information**”.

“**Disclosure Documents**” has the meaning ascribed thereto in Subsection 4.1(e).

“**Effective Date**” means the effective date of the Amalgamation, which shall be the date of the Certificate of Amalgamation.

“**Effective Time**” means 11:59 pm on the Effective Date.

“**Employee Plan**” has the meaning ascribed thereto in Subsection 4.2(aa).

“**Encumbrance**” means any charge, mortgage, lien, pledge, claim, restriction, security interest or other encumbrance whether created or arising by agreement, statute or otherwise pursuant to any applicable law, attaching to property, interests or rights and shall be construed in the widest possible terms and principles known under the laws applicable to such property, interests or rights and whether or not they constitute specific or floating charges as those terms are understood under the laws of the Province of Ontario.

“Environment” includes the air, surface water, ground water, body of water, any land, soil or underground space even if submerged under water or covered by a structure, all living organisms and the interacting natural systems that include components of air, land, water, organic and inorganic matters and living organisms and the environment or natural environment as defined in any environmental law, and **“Environmental”** shall have a similarly extended meaning.

“Environmental Laws” means applicable laws relating to the protection and preservation of the Environment, occupational health and safety, product safety, product liability or hazardous substances including the transport, handling, importing, exporting, release or disposal thereof.

“Environmental Permits” includes all orders, permits, certificates, approvals, consents, registrations and licences issued by any authority of competent jurisdiction under any Environmental Law.

“FDA” means the United States Food and Drug Administration.

“Filing Statement” means the filing statement of Mercari in the form prescribed by the TSX Venture pertaining to the Qualifying Transaction which shall be filed on SEDAR at least seven (7) Business Days prior to the Closing.

“Final Exchange Bulletin” means the exchange bulletin which is issued following the Closing and the submission of all documentation and that evidences final TSX Venture acceptance of the Qualifying Transaction.

“Global Medical Direct Asset Purchase Agreement” means the Asset Purchase Agreement dated August 30, 2013 among Concordia Healthcare USA Inc. and Global Medical, Inc., Global Medical Direct, LLC, Joseph Corso, Mark Franz and Robert Shea for the purchase of assets relating to the development, manufacturing, marketing, claims processing, distribution and selling of durable medical equipment products of Global Medical, Inc. and Global Medical Direct, LLC.

“Global Purchase Agreement” means, collectively, the Midwest Asset Purchase Agreement, the Global Medical Direct Asset Purchase Agreement and the Complete Medical Homecare Share Purchase Agreement.

“GMP” means GMP Securities L.P.

“Governmental Authority” means any governmental authority and includes, without limitation, any national or federal government, province, state, municipality or other political subdivision of any of the foregoing, any entity or agency exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing.

“Government Programs” has the meaning ascribed thereto in Subsection 4.2(ss).

“Hazardous Substance” means any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous or deleterious substance, waste or material, including petroleum, polychlorinated biphenyls, asbestos, urea-formaldehyde insulation, and any other material or contaminant regulated or defined pursuant to, or that could result in liability under, any Environmental Law.

“Health Care Laws” means any federal, state, provincial or local healthcare statutes, regulations, guidelines, ordinances, orders, standards, requirements, approvals or consents applicable to the business of the Concordia Entities including all laws concerning development, testing, packaging, labelling, storage, import, export, marketing, sale, use, handling, control, purity, quality, safety, efficacy, reliability, distribution or manufacturing of pharmaceutical products, medical devices and related products, federal or local health care programs, fee-splitting, kickbacks, corporate practice of medicine, disclosure of ownership, related party requirements, survey, certification, licensing, civil monetary penalties, self-referrals or laws concerning the privacy and/or security of personal information (including personal health information) and breach notification requirements concerning such information.

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board as applicable in Canada.

“Indebtedness” of any Person means all obligations of such Person:

- (a) for borrowed money;
- (b) evidenced by notes, bonds, debentures or similar instruments;
- (c) for the deferred purchase price of goods or services (other than trade payables or accruals incurred in the ordinary course of business);
- (d) under capital and operating leases;
- (e) under “vendor take-back” financing or deferred payments in connection with any acquisition; and
- (f) which are guarantees of the obligations described in clauses (a) through (e) above of any other Person if secured by any or all of the Assets and Properties of the guarantor.

“Intellectual Property” means any registered or unregistered trade-marks and trade-mark applications, trade names, certification marks, patents and patent applications, copyrights, domain names, industrial designs, trade secrets, know-how, formulae, processes, inventions, technical expertise, research data and other similar property, all associated registrations and applications for registration, and all associated rights, including moral rights.

“Leased Premises” has the meaning ascribed thereto in Subsection 4.2(z).

“**Letter Agreement**” has the meaning ascribed thereto in the first recital of this Agreement.

“**Lock-up Agreements**” means collectively the agreements: (i) entered into by each executive officer and director of Concordia; and (ii) entered into by each shareholder of Concordia, pursuant to which such parties will have agreed not to, subject to certain exceptions, sell Concordia Shares or Resulting Issuer Common Shares or securities convertible or exchangeable into either security for a period of time after the Closing Date.

“**Material Adverse Change**” or “**Material Adverse Effect**” with respect to Mercari or Concordia, as the case may be, means any change (including a decision to implement such a change made by the board of directors or by senior management who believe that confirmation of the decision by the board of directors is probable), event, violation, inaccuracy, circumstance or effect that is materially adverse to the business, assets (including intangible assets), liabilities, capitalization, ownership, financial condition or results of operations of Mercari or Concordia, as the case may be, on a consolidated basis.

“**Mercari**” means Mercari Acquisition Corp., a company incorporated under the OBCA with its head office located in Toronto, Ontario.

“**Mercari Alternative Transaction**” has the meaning ascribed thereto in Section 5.4.

“**Mercari Alternative Transaction Agreement**” has the meaning ascribed thereto in Section 5.4.

“**Mercari Business**” means the identification and evaluation of businesses and assets with a view to completing a Qualifying Transaction and, having identified and evaluated such opportunities, to negotiate an acquisition subject to acceptance by the TSX Venture.

“**Mercari Circular**” means the management information circular dated November 11, 2013 in respect of the Mercari Meeting.

“**Mercari Common Shares**” means the issued and outstanding common shares in the capital of Mercari.

“**Mercari Escrow Agreement**” means an escrow agreement dated as of March 1, 2010 among Mercari, Equity Transfer & Trust Company (now operating as Equity Financial Trust Company) and certain securityholders of Mercari.

“**Mercari Event**” has the meaning ascribed thereto in Section 5.4.

“**Mercari Material Contract**” has the meaning ascribed thereto in Subsection 4.1(s).

“**Mercari Meeting**” means the special meeting of holders of Mercari Common Shares to be held to approve the Mercari Meeting Matters.

“**Mercari Meeting Matters**” means the following matters: (i) the election of the directors set out in Subsection 2.3(e) hereof; (ii) the approval of the stock option plan of the Resulting Issuer; (iii) the amendment of the articles of Mercari to effect the Consolidation; (iv) the amendment of the articles of Mercari to change its name to “Concordia Healthcare Corp.” or such other name as the board of directors of Mercari, in its sole discretion deems appropriate; (v) the amendment of the articles of Mercari to change the location of its registered office; and (vi) such other business as may be properly brought before the Mercari Meeting or any postponement or adjournment thereof.

“**Mercari Offer**” has the meaning ascribed thereto in Section 5.4.

“**Mercari Options**” means the management stock options of Mercari currently outstanding to acquire collectively 1,250,000 Mercari Common Shares.

“**Mercari Shareholders’ Approval**” means the approval of the holders of Mercari Common Shares of the Mercari Meeting Matters.

“**Mercari Subco**” means Mercari Subco Inc., a wholly-owned subsidiary of Mercari incorporated under the OBCA for the sole purpose of effecting the Amalgamation.

“**Mercari Termination**” has the meaning ascribed thereto in Section 5.4.

“**Midwest Asset Purchase Agreement**” means the Asset Purchase Agreement dated August 30, 2013 among Concordia Healthcare USA Inc. and Midwest Medical Services, Inc., Joseph Corso, Mark Franz, and Robert Shea for the purchase of assets relating to the development, manufacturing, marketing, claims processing, distribution and selling of durable medical equipment products of Midwest Medical Services, Inc.

“**New Credit Facilities**” means a revolving credit facility of up to US\$3,000,000 and a MasterCard facility in the amount of \$50,000 with HSBC Bank Canada.

“**NEX**” means the NEX open auction market, a separate board of the TSX Venture.

“**OBCA**” means the *Business Corporations Act* (Ontario), as from time to time amended or re-enacted and includes any regulations heretofore or hereafter made pursuant thereto.

“**Offering Memorandum**” means the offering memorandum of Concordia dated December 6, 2013 in respect of the Concordia Private Placement.

“**Permits**” means, in respect of a person, all permits, certificates, licences, variances, qualifications, exemptions, orders, approvals and other authorizations of all Governmental Authorities or other third parties necessary for the lawful conduct of the business of the person or any of its subsidiaries including pursuant to any Health Care Laws.

“**Permitted Encumbrances**” means (i) liens against Concordia or its assets for Taxes, assessments or governmental charges or levies not due and delinquent; (ii) undetermined or inchoate liens and charges incidental to the current operations of Concordia which

have not been filed pursuant to law or which relate to obligations not due or delinquent; and (iii) those otherwise disclosed by Concordia to Mercari in writing prior to the date hereof.

“**Person**” shall be broadly interpreted and shall include any individual, corporation, partnership, joint venture, association, trust or other legal entity.

“**Pinnacle Purchase Agreement**” means the Agreement and Plan of Merger entered into on November 8, 2013 between Pinnacle Biologics, Inc., Guillermo Herrera, Concordia, Concordia Labs Inc., and Concordia Healthcare USA (Midwest Medical) Inc., pursuant to which Concordia will acquire a legacy pharmaceutical product which has orphan drug potential.

“**Private Placement Shareholders**” means holders of Concordia Common Shares that obtained such shares upon the automatic conversion of Concordia Subscription Receipts acquired under the Concordia Private Placement.

“**Private Programs**” has the meaning ascribed thereto in Subsection 4.2(ss).

“**Product Registration**” means any investigational new drug application, new drug application, pre-market notification or pre-market approval or similar regulatory application, notification, registration or approval in respect of a product of a Concordia Entity, including a prescription drug or medical device that has been submitted to and cleared or approved by the FDA or other Governmental Authority.

“**Qualifying Transaction**” has the meaning ascribed thereto under the policies of the TSX Venture Corporate Finance Manual.

“**Receiving Party**” has the meaning ascribed thereto in the definition of “**Confidential Information**”.

“**Registrar and Transfer Agent**” means Equity Financial Trust Company, and any other Person which may be appointed as registrar and transfer agent of Mercari, as applicable, from time to time.

“**Resulting Issuer**” means Mercari as it exists upon completion of the Amalgamation to be known as Concordia Healthcare Corp., or such other name determined by the board of directors of Mercari.

“**Resulting Issuer Common Shares**” means common shares of the Resulting Issuer including those issued upon the Amalgamation.

“**Resulting Issuer Agents’ Options**” means the compensation options of the Resulting Issuer that will be outstanding upon completion of the Amalgamation.

“**Resulting Issuer Options**” means the stock options of the Resulting Issuer that will be outstanding upon completion of the Amalgamation.

“Resulting Issuer Registrar and Transfer Agent” means Equity Financial Trust Company and any other Person which may be appointed as registrar and transfer agent of the Resulting Issuer from time to time.

“Resulting Issuer Stock Option Plan” means the stock option plan of the Resulting Issuer.

“SEDAR” means the System for Electronic Document Analysis and Retrieval.

“Senior Loan Agreement” means the Loan Agreement made May 6, 2013 between Concordia, Concordia Pharmaceuticals Inc., Concordia Healthcare USA Inc., Fulcrum Capital Partners Inc. and Windsor Private Capital Limited Partnership in respect of the provision to Concordia of term loan facilities in the aggregate amount of US\$19,000,000.

“Shionogi Purchase Agreement” means the Asset Purchase Agreement dated May 6, 2013 between Concordia Pharmaceuticals Inc. and Shionogi Inc. for the purchase by Concordia Pharmaceuticals Inc. of the Kapvay, Orapred and Ulesfia legacy pharmaceuticals from Shionogi Inc.

“Subordinate Loan Agreement” means the Loan Agreement made May 6, 2013 between Concordia, Concordia Pharmaceuticals Inc., Concordia Healthcare USA Inc., BG Capital Group Limited and Universal Casualty Company in respect of the provision to Concordia of term loan facilities in the aggregate amount of US\$5,000,000.

“Supply Price Agreement” means the agreement entered into by Concordia with a drug manufacturer in September, 2013 pursuant to which Concordia receives a supply price payment from the counter-party, in relation to Kapvay.

“Support Agreements” means the support agreements of the Concordia Principals.

“Taxes” means all taxes (including income tax, sales tax, value add tax, capital tax, payroll taxes, employer health tax, workers’ compensation payments, property taxes and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto.

“Termination Date” means January 31, 2014, or such other date as the parties may agree upon in writing.

“Third Party Payor” means any Person that pays claims or provides reimbursement for health care items or services, including without limitation Government Programs, fiscal intermediaries and carriers, Private Program health insurance administrators and third party administrators, any health maintenance organization, preferred provider organization, prepaid plan, health care service plan or other third party payor, including without limitation any U.S. Medicare or Medicaid managed care payor.

“TSX” means the Toronto Stock Exchange.

“TSX Venture” means the TSX Venture Exchange Inc.

“**United States**” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

“**U.S. Person**” means a U.S. person as defined in Rule 902(k) of Regulation S under the U.S. Securities Act.

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and subsections is for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein”, and “hereunder” and similar expressions refer to this Agreement and not to any particular article, section or other portion hereof and include any Agreement or instrument supplementary or ancillary hereto.

1.3 Number, etc.

Words importing the singular number shall include the plural and vice versa, words importing the use of any gender shall include all genders and words importing persons shall include firms and corporations and vice versa.

1.4 Date for Any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties is not a Business Day such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Rounding

In performing the various mathematical calculations required to be performed hereunder, all numbers shall be rounded to the nearest four (4) decimal places.

1.6 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise indicated.

1.7 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of Mercari or Concordia, as applicable, it shall be deemed to refer to the actual knowledge after having made due inquiry of the officers of the particular company.

1.8 Meanings

Words and phrases defined in the OBCA shall have the same meaning herein as in the OBCA, unless otherwise defined herein or the context otherwise requires. Unless

otherwise specifically indicated or the context otherwise requires “include”, “includes” and “including” shall be deemed to be followed by the words “without limitation”.

ARTICLE 2 AMALGAMATION

2.1 Amalgamation

On or before the Closing Date, subject to the terms and conditions of this Agreement and receipt of necessary approvals, Concordia, Mercari and Mercari Subco shall take all steps required to complete the Amalgamation and, without limitation, use all reasonable efforts to obtain the Mercari Shareholders’ Approval and Concordia Shareholder Consent, as applicable, and to apply for and obtain all other consents, orders or approvals as are necessary or desirable for the implementation of the Amalgamation and the filing of the Articles of Amalgamation with the registrar pursuant to the OBCA.

2.2 Amalco

- (a) **Name.** The name of Amalco shall be Concordia Healthcare Inc.
- (b) **Registered Office.** The registered office of Amalco shall be situated at 277 Lakeshore Rd. East, Suite 302, Oakville, Ontario, L6J 6J3.
- (c) **Authorized Capital.** Amalco shall be authorized to issue an unlimited number of Amalco Shares.
- (d) **Restrictions on Share Transfer.** The transfer of shares of Amalco shall not be subject to any restrictions.
- (e) **Number of Directors.** The minimum number of directors of Amalco shall be three and the maximum number of directors of Amalco shall be ten.
- (f) **First Directors.** The number of first directors of Amalco shall be 5. The first directors of Amalco shall be:

<u>Name</u>	<u>Address</u>
Doug Deeth	150 York Street, Suite 400, Toronto, Ontario, M5H 3S5
John Huss	7140 rue Albert-Einstein , Suite 102, Montreal, Quebec, H4S 2C1
Jordan Kupinsky	395 Brooke Avenue, Toronto, Ontario, M5M 2L5
Ronald Schmeichel	5 Hazelton Ave, Suite 300, Toronto, Ontario M5R 2E1

<u>Name</u>	<u>Address</u>
Mark Thompson	265 Vinova Court, Oakville, Ontario, L6L 5X1

- (g) **Officers.** The officers of Amalco, until changed or added to by the board of directors of Amalco, shall be as follows:

<u>Office</u>	<u>Name</u>
Chief Executive Officer and President	Mark Thompson
Chief Financial Officer, Secretary and Treasurer	Leith Tessy

- (h) **First Auditors.** The Auditors of Amalco shall be Collins Barrow Toronto LLP. The Auditors of Amalco shall hold office until the first annual meeting of shareholders of Amalco following the Amalgamation, or until their successor is appointed.
- (i) **Fiscal Year.** The fiscal year end of Amalco shall be December 31.
- (j) **Restrictions on Business.** There shall be no restrictions on the business that Amalco may carry on.
- (k) **By-laws.** The by-laws of Amalco shall be the current by-laws of Concordia. A copy of such by-laws may be examined at the current address of Concordia set out in Section 6.1 hereof.

2.3 Resulting Issuer

- (a) **Name.** The name of the Resulting Issuer shall be Concordia Healthcare Corp.
- (b) **Registered Office.** The registered office of the Resulting Issuer shall be situated at 277 Lakeshore Rd. East, Suite 302, Oakville, Ontario, L6J 6J3.
- (c) **Authorized Capital.** The Resulting Issuer shall be authorized to issue an unlimited number of Resulting Issuer Common Shares.
- (d) **Number of Directors.** The minimum number of directors of the Resulting Issuer shall be three and the maximum number of directors of the Resulting Issuer shall be eleven.
- (e) **First Directors.** The number of first directors of the Resulting Issuer shall be 5. Subject to the receipt of all necessary approvals, the first directors of the Resulting Issuer shall be:

<u>Name</u>	<u>Address</u>
Doug Deeth	150 York Street, Suite 400, Toronto, Ontario, M5H 3S5
John Huss	7140 rue Albert-Einstein , Suite 102, Montreal, Quebec, H4S 2C1
Jordan Kupinsky	395 Brooke Avenue, Toronto, Ontario, M5M 2L5
Ronald Schmeichel	5 Hazelton Ave, Suite 300, Toronto, Ontario M5R 2E1
Mark Thompson	265 Vinova Court, Oakville, Ontario, L6L 5X1

The first directors shall hold office until the first annual meeting of the shareholders of the Resulting Issuer, or until their successors are duly appointed or elected. The subsequent directors shall be elected each year thereafter as provided for in the OBCA and the constating documents of the Resulting Issuer. The management and operation of the business and affairs of the Resulting Issuer shall be under the control of the board of directors as it is constituted from time to time.

- (f) **Officers.** The officers of the Resulting Issuer, until changed or added to by the board of directors of the Resulting Issuer, shall be as follows:

<u>Office</u>	<u>Name</u>
Chief Executive Officer and President	Mark Thompson
Chief Financial Officer, Secretary-Treasurer	Leith Tessy
Chairman	Ronald Schmeichel

- (g) **First Auditors.** The Auditors of the Resulting Issuer shall be Collins Barrow Toronto LLP. The Auditors of the Resulting Issuer shall hold office until the first annual meeting of shareholders of the Resulting Issuer following the Amalgamation, or until their successor is appointed.
- (h) **Fiscal Year.** The fiscal year end of the Resulting Issuer shall be December 31.
- (i) **Restrictions on Business.** There shall be no restrictions on the business that the Resulting Issuer may carry on.
- (j) **By-laws.** The by-laws of the Resulting Issuer shall be the current by-laws of Mercari.

2.4 Effect of Certificate of Amalgamation

Upon the issuance of the Certificate of Amalgamation:

- (a) the Amalgamation of Concordia and Mercari Subco and their continuation as one corporation becomes irrevocable;
- (b) Amalco shall possess all the property, rights, privileges and franchises and interests of each of Concordia and Mercari Subco;
- (c) Amalco shall be subject to all liabilities, including civil, criminal and quasi-criminal and all contracts, disabilities and debts of each of Concordia and Mercari Subco;
- (d) a conviction against, or ruling, order or judgment in favour of or against, either Concordia or Mercari Subco may be enforced by or against Amalco;
- (e) Amalco shall be a wholly-owned subsidiary of Mercari;
- (f) the aggregate stated capital of the common shares of Amalco shall become an amount equal to the aggregate paid-up capital for purposes of the *Income Tax Act* (Canada) of the common shares of Mercari Subco immediately prior to the Amalgamation; and
- (g) the aggregate stated capital of the Mercari Common Shares shall become an amount equal to the aggregate paid-up capital for purposes of the *Income Tax Act* (Canada) immediately prior to the Amalgamation of (i) the Mercari Common Shares and (ii) the Concordia Common Shares that are exchanged, or deemed to be exchanged, for Mercari Common Shares on the Amalgamation.

2.5 Manner of Conversion of Issued Securities

Upon the terms and subject to the conditions set forth herein, at the time of the Amalgamation,

- (a) each outstanding Concordia Common Share (except for Concordia Common Shares held by holders that have validly exercised their dissent rights in connection with the Concordia Shareholder Consent) shall be exchanged for one fully paid and non-assessable Resulting Issuer Common Share;
- (b) each outstanding share of Mercari Subco shall be exchanged for one fully paid and non-assessable share of Amalco;
- (c) subject to receipt of all required regulatory approvals, each outstanding Concordia Option shall be exchanged for a Resulting Issuer Option to purchase the corresponding number of Resulting Issuer Common Shares on the same terms as those contained in the Concordia Option immediately prior to the Amalgamation and each such Concordia Option shall be cancelled. The exercise price for each Resulting Issuer Common Share underlying a Resulting Issuer Option will be

equal to the exercise price per Concordia Common Share under the Concordia Option in effect immediately prior to the Amalgamation; and

- (d) subject to receipt of all required regulatory approvals, each outstanding Concordia Agents' Option shall be exchanged for a Resulting Issuer Agents' Option to purchase the corresponding number of Resulting Issuer Common Shares on the same terms as those contained in the Concordia Agents' Option immediately prior to the Amalgamation and each such Concordia Agents' Option shall be cancelled. The exercise price for each Resulting Issuer Common Share underlying a Resulting Issuer Agents' Option will be equal to the exercise price per Concordia Common Share under the Concordia Agents' Option in effect immediately prior to the Amalgamation.

Concordia Common Shares held by holders who have validly exercised their dissent rights in connection with the applicable shareholder resolution to approve the Amalgamation in accordance with the OBCA will not be exchanged pursuant to this Section 2.5. However, if any such dissenting holder fails to perfect or effectively withdraws its claim pursuant to the OBCA or forfeits its right to make a claim under the OBCA or if its rights as a shareholder of Concordia are otherwise reinstated, the Concordia Common Shares held by such holders shall thereupon be deemed to have been exchanged as of the time of the Amalgamation in accordance with this Section.

2.6 Certificates

At the time of the Amalgamation:

- (a) the registered holders of Concordia Common Shares shall cease to be holders of Concordia Common Shares, and shall be deemed to be registered holders of Resulting Issuer Common Shares to which they are entitled in accordance with Section 2.5 hereof, all certificates evidencing Concordia Common Shares shall be null and void, and on or after the effective time of the Amalgamation, subject to the provisions of any escrow requirement, if applicable, the Resulting Issuer shall provide instructions to the Resulting Issuer Registrar and Transfer Agent to deliver such certificates or other evidence of ownership representing the number of Resulting Issuer Common Shares to which they are so entitled and/or register the holders thereof in book-entry only format in CDS' name in accordance with the following:
 - (i) holders of Concordia Common Shares immediately prior to the Amalgamation (other than Private Placement Shareholders and holders of Concordia Common Shares that are U.S. Persons) will be issued physical certificates representing the Resulting Issuer Common Shares exchanged therefor;
 - (ii) holders of Concordia Common Shares immediately prior to the Amalgamation that are U.S. Persons (other than Private Placement Shareholders) will be issued physical certificates representing the Resulting Issuer Common Shares exchanged therefor, each bearing

the appropriate legend with respect to United States securities laws matters as agreed by the parties;

- (iii) each Private Placement Shareholder that is not a U.S. Person and holds Concordia Common Shares immediately prior to the Amalgamation will have the Resulting Issuer Common Shares they are entitled to receive pursuant to this Agreement registered in book-entry only with CDS; and
 - (iv) each Private Placement Shareholder that is a U.S. Person and holds Concordia Common Shares immediately prior to the Amalgamation will be issued a physical certificate representing the Resulting Issuer Common Shares they are entitled to receive pursuant to this Agreement bearing the appropriate legend with respect to United States securities laws matters as agreed by the parties.
- (b) the registered holders of the Concordia Options and Concordia Agents' Options shall be deemed to be the registered holders of the Resulting Issuer Options and Resulting Issuer Agents' Options, respectively, to which they are entitled in accordance with Section 2.5 hereof, all certificates and/or agreements evidencing such securities shall, in accordance with their terms, evidence such securities of the Resulting Issuer and the Resulting Issuer shall deliver notice to the holders of such options of the foregoing or deliver amended certificates or agreements evidencing such securities of the Resulting Issuer as required; and
- (c) notwithstanding the foregoing, all certificates representing Concordia Common Shares held by persons who have validly exercised their dissent rights in connection with the Concordia Shareholder Consent shall represent only the right to receive fair value of the Concordia Common Shares formerly represented by such certificates in accordance with the OBCA.

2.7 Fractional Securities

No fractional securities of the Resulting Issuer will be issued. In the event that a securityholder of Concordia would otherwise be entitled to a fractional security upon the Amalgamation, the number of securities of the Resulting Issuer issued to such securityholder shall be rounded down to the next lesser whole number of such security. In calculating such fractional interests, all securities of the Resulting Issuer, as the case may be, registered in the name of or beneficially held by a Resulting Issuer securityholder or their nominee shall be aggregated.

2.8 Stock Option Plan

The stock option plan of the Resulting Issuer shall be substantially in the form approved at the Mercari Meeting.

ARTICLE 3 COVENANTS

3.1 Covenants of Mercari

Mercari covenants and agrees with Concordia from the date of execution hereof to and including the Effective Date:

- (a) not to, directly or indirectly, solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Amalgamation, and without limiting the generality of the foregoing, not to induce or attempt to induce any other Person to initiate any shareholder proposal or “take-over bid,” exempt or otherwise, within the meaning of the *Securities Act* (Ontario), for securities of Mercari, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Amalgamation, including allowing access to any third party (other than its representatives) to conduct due diligence, nor to permit any of its officers or directors to do so, except as required by statutory obligations. In the event Mercari or any of its affiliates, including any of their officers or directors, receives any form of offer or inquiry in respect of any of the foregoing, Mercari shall forthwith (in any event within one Business Day following receipt) notify Concordia of such offer or inquiry and provide Concordia with such details as it may request;
- (b) to cooperate fully with Concordia and to use all reasonable commercial efforts to assist Concordia in its efforts to complete the Amalgamation, unless such cooperation and/or efforts would subject Mercari to liability or would be in breach of applicable statutory or regulatory requirements;
- (c) to operate its business in a prudent and business-like manner in the ordinary course and in a manner consistent with past practice;
- (d) not to, without Concordia’s prior written consent:
 - (i) issue any debt, equity or other securities, except the issuance of Mercari Common Shares pursuant to the Amalgamation or pursuant to any securities exercisable to acquire Mercari Common Shares outstanding as of the date hereof;
 - (ii) borrow money or incur any indebtedness for money borrowed;
 - (iii) make any capital expenditures;

- (iv) make loans, advances, or any other payments, except to Concordia;
- (v) declare or pay any dividends or distribute any of Mercari's properties or assets to shareholders;
- (vi) alter or amend Mercari's articles or by-laws in any manner which may adversely affect the success of the Amalgamation, except as required to give effect to the matters contemplated herein; and
- (vii) except as otherwise permitted or contemplated herein, enter into any transaction or material Contract which is not in the ordinary course of business or engage in any business enterprise or activity materially different from that carried on by Mercari as of the date hereof.

3.2 Further Covenants of Mercari

Mercari covenants and agrees with Concordia that Mercari will from the date of execution hereof to and including the Effective Date:

- (a) use all commercially reasonable efforts to obtain all necessary consents, assignments or waivers from third parties and amendments or terminations to any instrument or agreement and take such other measures as may be necessary to fulfil its obligations under and to carry out the transactions contemplated by this Agreement;
- (b) make necessary filings and applications under applicable federal and provincial laws and regulations required on the part of it in connection with the transactions contemplated herein, and take all reasonable action necessary to be in compliance with such laws and regulations;
- (c) use all commercially reasonable efforts to conduct its affairs so that all of its representations and warranties contained herein shall be true and correct on and as of the Effective Date as if made on the Effective Date, except to the extent that such representations and warranties require modification to give effect to the transactions contemplated herein;
- (d) immediately notify Concordia of any legal or governmental actions, suits, judgments, investigations, injunction, complaint, motion, regulatory investigation, regulatory proceeding or similar proceeding by any Person, Governmental Authority or other regulatory body, whether actual or threatened, with respect to the Amalgamation or which could otherwise delay or impede the transactions contemplated hereby;
- (e) notify Concordia immediately upon becoming aware that any of the representations and warranties of Mercari contained herein are no longer true and correct in any material respect;

- (f) immediately upon receipt of any written audit inquiry, assessment, reassessment, confirmation or variation of an assessment, indication that an assessment is being considered, request for filing of a waiver or extension of time or any other notice in writing relating to Taxes (an “**Assessment**”) of Mercari, deliver to Concordia a copy thereof together with a statement setting out, to the extent then determinable, an estimate of the obligations, if any, of it on the assumption that such Assessment is valid and binding;
- (g) use all commercially reasonable efforts to cause each of the conditions precedent set forth in Section 5.1 hereof to be complied with; and
- (h) subject to the satisfaction of the conditions in Section 5.2 hereof, thereafter cause Mercari Subco to file together with Concordia with the registrar the Articles of Amalgamation and such other documents as may be required to give effect to the Amalgamation on or before the Termination Date.

3.3 Covenants of Concordia

Concordia on its own behalf and on behalf of the Concordia Subsidiaries, covenants and agrees with Mercari from the date of execution hereof to and including the Effective Date:

- (a) not to, directly or indirectly, solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Amalgamation, and without limiting the generality of the foregoing, not to induce or attempt to induce any other Person to initiate any shareholder proposal or “take-over bid,” exempt or otherwise, within the meaning of the *Securities Act* (Ontario) for securities or assets of Concordia or the Concordia Subsidiaries, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Amalgamation, including allowing access to any third party (other than its representatives) to conduct due diligence, nor to permit any of its officers or directors to do so, except as required by statutory obligations or in respect of which the board of directors of Concordia determines, in its good faith judgement, after receiving advice from its legal advisors, that failure to recommend such alternative transaction to the holders of Concordia Common Shares would be a breach of its fiduciary duties under any applicable law. In the event Concordia or any of its affiliates, including any of their officers or directors, receives any form of offer or inquiry in respect of any of the foregoing, Concordia shall forthwith (in any event within one Business Day following receipt) notify Mercari of such offer or inquiry and provide Mercari with such details as it may request;

- (b) to cooperate fully with Mercari and to use all reasonable commercial efforts to assist Mercari in its efforts to complete the Amalgamation unless such cooperation and efforts would subject Concordia to liability or would be in breach of applicable statutory or regulatory requirements;
- (c) to operate its business in a prudent and business-like manner in the ordinary course and in a manner consistent with past practice;
- (d) that neither Concordia nor any Concordia Subsidiary shall, without Mercari's prior written consent (such consent not to be unreasonably withheld or delayed):
 - (i) issue any equity or convertible debt securities, except in connection with the Concordia Private Placement or the issuance of Concordia Common Shares pursuant to any securities exercisable to acquire common shares of Concordia (including the Concordia Subscription Receipts, Concordia Agents' Options, Concordia Warrants and Concordia Options) outstanding as of the date hereof;
 - (ii) make loans, advances, or any other payments, excluding salaries and bonuses at current rates or routine advances to employees of Concordia for expenses incurred in the ordinary course or as contemplated pursuant to or in conjunction with the Amalgamation;
 - (iii) declare or pay any dividends or distribute any properties or assets of Concordia or Concordia Subsidiaries to shareholders or otherwise dispose of any of such properties or assets;
 - (iv) alter or amend the articles or by-laws of Concordia or a Concordia Subsidiary in any manner which may adversely affect the success of the Amalgamation, except as required to give effect to the matters contemplated herein;
 - (v) except as otherwise permitted or contemplated herein, enter into any transaction or material Contract which is not in the ordinary course of business or engage in any business enterprise or activity materially different from that carried on by Concordia and/or the Concordia Subsidiaries as of the date hereof provided that Concordia shall be entitled to continue to seek acquisition opportunities and to negotiate and execute agreements with respect to the same and shall be permitted to implement the New Credit Facilities; or
 - (vi) make capital expenditures in excess of \$5 million in the aggregate, other than in the ordinary course of business.

3.4 Further Covenants of Concordia

Concordia on its own behalf and on behalf of the Concordia Subsidiaries covenants and agrees with Mercari that it will and will cause each of the Concordia Subsidiaries, as applicable, from the date of execution hereof to and including the Effective Date:

- (a) use all commercially reasonable efforts to obtain all necessary consents, assignments or waivers from third parties and amendments or terminations to any instrument or agreement, to provide all notices required in connection with the Amalgamation and take such other measures as may be necessary to fulfil its obligations under and to carry out the transactions contemplated by this Agreement;
- (b) use all commercially reasonable efforts to complete the Private Placement prior to the Effective Date;
- (c) circulate to its shareholders the Concordia Shareholder Consent in accordance with its constating documents and applicable laws as soon as reasonably practicable;
- (d) use its commercially reasonable efforts to have the Concordia Shareholders' Consent executed by all shareholders of Concordia;
- (e) advise Mercari once it receives the Concordia Shareholder Consent, duly executed by all shareholders of Concordia;
- (f) promptly advise Mercari of any written notice of dissent or purported exercise by any Concordia shareholder of dissent rights under the OBCA received by Concordia in relation to the Amalgamation and any withdrawal of dissent rights received by Concordia and, subject to applicable law, any written communications sent by or on behalf of Concordia to any Concordia shareholder exercising or purporting to exercise dissent rights in relation to the Amalgamation;
- (g) make necessary filings and applications under applicable federal state and provincial laws and regulations required on the part of Concordia or a Concordia Subsidiary in connection with the transactions contemplated herein, and take all reasonable action necessary to be in compliance with such laws and regulations;
- (h) use all commercially reasonable efforts to conduct its affairs so that Concordia's representations and warranties contained herein shall be true and correct on and as of the Effective Date as if made on the Effective Date, except to the extent that such representations and warranties require modification to give effect to the transactions contemplated herein;
- (i) immediately notify Mercari of any legal or governmental actions, suits, judgments, investigations, injunction, complaint, motion, regulatory investigation, regulatory proceeding or similar proceeding by any Person, Governmental

Authority or other regulatory body, whether actual or threatened, with respect to the Amalgamation or which could otherwise delay or impede the transactions contemplated hereby or result in a Material Adverse Effect;

- (j) notify Mercari immediately upon becoming aware that any of the representations and warranties of Concordia contained herein are no longer true and correct in any material respect;
- (k) immediately upon receipt of any Assessment relating to Concordia or any Concordia Subsidiary, deliver to Mercari a copy thereof together with a statement setting out, to the extent then determinable, an estimate of the obligations, if any, of it on the assumption that such Assessment is valid and binding;
- (l) use all commercially reasonable efforts to cause each of the conditions precedent set forth in Section 5.2 hereof to be complied with; and
- (m) subject to the satisfaction of the conditions precedent in Section 5.1 hereof, thereafter together with Mercari Subco file with the registrar the Articles of Amalgamation and such other documents as may be required to give effect to the Amalgamation on or before the Termination Date.

3.5 Concordia Shareholder Consent

- (a) Promptly after the execution of this Agreement, Concordia shall prepare and complete the Concordia Shareholder Consent, together with any other documents required by the OBCA and other applicable laws in connection with the Amalgamation, and Concordia shall cause the Concordia Shareholder Consent to be sent to each shareholder of Concordia and other Persons as required by its constating documents and applicable laws, as soon as is practicable.
- (b) Mercari and its legal counsel shall be given a reasonable opportunity to review and comment on the draft of the Concordia Shareholder Consent and other documents related thereto, and reasonable consideration shall be given to any comments made by Mercari and its counsel.
- (c) Concordia shall furnish to Mercari all such information concerning Concordia, as may be reasonably required by Mercari in the preparation of the Filing Statement and other documents related thereto, and Concordia shall ensure that no such information provided by Concordia for inclusion in the Filing Statement shall contain any untrue statement of a material fact or omit to state a material fact required to be stated therein in order to make any information so furnished by Concordia not misleading in light of the circumstances in which it is disclosed.
- (d) Concordia shall indemnify and save harmless Mercari, Mercari Subco and their respective directors, officers, employees, agents, advisors and representatives from and against any and all respective liabilities, claims, demands, losses, costs, damages and expenses to which Mercari, Mercari Subco or their respective directors, officers, employees, agents, advisors or representatives may be subject

or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of:

- (i) any misrepresentation or alleged misrepresentation in any information included in the Filing Statement that is provided by Concordia for inclusion therein; and
 - (ii) any order made, or any inquiry, investigation or proceeding by any securities regulatory authority or other Governmental Authority, to the extent based on any misrepresentation or any alleged misrepresentation in any information related to Concordia or the Concordia Subsidiaries and provided for inclusion in the Filing Statement.
- (e) Concordia shall promptly notify Mercari if, at any time before the Closing, the Filing Statement contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Filing Statement and the parties shall cooperate in the preparation of any amendment or supplement as required or as appropriate. Mercari shall, subject to compliance by Concordia with this Subsection 3.5(e), and, if required by the TSX Venture or applicable laws, file any amendment or supplement to the Filing Statement with the applicable securities regulatory authority and as otherwise required.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Mercari

Mercari represents and warrants to and in favour of Concordia as follows, and acknowledges that Concordia is relying upon such representations and warranties in connection with the completion of the transactions contemplated herein:

- (a) Each of Mercari and Mercari Subco is a corporation incorporated and validly existing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and corporate authority and is duly qualified and holds all material Permits, licences, registrations, qualifications, consents and authorizations necessary or required to carry on the Mercari Business as now conducted and to own, lease or operate its Assets and Properties and neither Mercari nor, to the knowledge of Mercari, any other Person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing Mercari's dissolution or winding up of Mercari or Mercari Subco, and each of Mercari and Mercari Subco has all requisite corporate power and corporate authority to enter into this Agreement.
- (b) The authorized capital of Mercari consists of an unlimited number of Mercari Common Shares, of which 13,300,000 Mercari Common Shares are issued and

outstanding as at the date hereof as fully paid and non-assessable shares in the capital of Mercari. Mercari also has the Mercari Options outstanding.

- (c) Other than Mercari Subco, Mercari has no direct or indirect subsidiaries nor any investment in any Person or any agreement, option or commitment to acquire any such investment. All of the issued and outstanding securities of Mercari Subco (being one common share of Mercari Subco) are held by Mercari. Mercari Subco is not a party to any contract and has nominal assets and no liabilities.
- (d) Mercari is a “reporting issuer” as that term is defined under Applicable Securities Laws in each of the provinces of Ontario, Alberta and British Columbia and is not in default of the requirements of the Applicable Securities Laws in such jurisdictions in any material respect.
- (e) Mercari has filed all material documents and information required to be filed by it, whether pursuant to Applicable Securities Laws, with the applicable securities commissions (the “**Disclosure Documents**”), except where non-compliance has not had, and would not reasonable be expected to have, a Material Adverse Effect, and Mercari does not have any confidential filings with any securities authorities. As of the time the Disclosure Documents were filed with the applicable securities regulators and on SEDAR (System for Electronic Document Analysis and Retrieval) (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing): (i) each of the Disclosure Documents complied in all material respects with the requirements of the Applicable Securities Laws in the jurisdictions they were filed; and (ii) none of the Disclosure Documents contained any untrue statement of a material fact regarding Mercari or omitted to state a material fact regarding Mercari required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.
- (f) Mercari has been conducting the Mercari Business in compliance in all material respects with all applicable laws and regulations of each jurisdiction in which it carries on the Mercari Business and has not received a notice of material non-compliance, and, to the knowledge of Mercari, there are no facts that would give rise to a notice of material non-compliance with any such laws and regulations.
- (g) No consent, approval, order or authorization of, or registration, declaration or filing with, any third party or Governmental Authority is required by or with respect to Mercari or Mercari Subco in connection with the execution and delivery of this Agreement by Mercari or Mercari Subco, the performance of their obligations hereunder or the consummation by Mercari or Mercari Subco of the transactions contemplated hereby other than: (i) the approval of the Amalgamation as Mercari’s Qualifying Transaction by the TSX Venture and the listing of the Resulting Issuer Common Shares on the TSX, if applicable; (ii) the filing of the Articles of Amalgamation under the OBCA and the issuance of a certificate in respect thereof; (iii) such registrations and other actions required under Applicable Securities Laws as are contemplated by this Agreement and registrations and applications required as a result of the formation of a new

corporation on the Amalgamation; and (iv) any filings with the registrar under the OBCA.

- (h) Each of the execution and delivery of this Agreement, the performance by each of Mercari and Mercari Subco of its obligations hereunder, the issue of the Resulting Issuer Common Shares and the consummation of the transactions contemplated in this Agreement, including the Amalgamation, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, (whether after notice or lapse of time or both), (i) any law, statute, rule or regulation applicable to Mercari or Mercari Subco including Applicable Securities Laws; (ii) the constating documents, by-laws or resolutions of Mercari or Mercari Subco, which are in effect as at the date hereof; (iii) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which Mercari or Mercari Subco is a party or by which it is bound; or (iv) any judgment, decree or order binding Mercari or Mercari Subco or either's Assets and Properties.
- (i) This Agreement has been duly authorized and executed by Mercari and Mercari Subco and constitutes a valid and binding obligation of Mercari and Mercari Subco and shall be enforceable against Mercari and Mercari Subco in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principals when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law.
- (j) Other than this Agreement, neither Mercari nor Mercari Subco is currently party to any agreement in respect of: (i) the purchase of any material property or assets or any interest therein or the sale, transfer or other disposition of any material property or assets or any interest therein currently owned, directly or indirectly, by Mercari or Mercari Subco whether by asset sale, transfer of shares or otherwise; or (ii) the change of control of Mercari or Mercari Subco (whether by sale or transfer of shares or otherwise).
- (k) The financial statements of Mercari consisting of the audited financial statements of Mercari as of January 31, 2013 and 2012, have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly, in all material respects, the financial position (including the assets and liabilities, whether absolute, contingent or otherwise as required by IFRS) of Mercari as at such dates and the results of its operations and its cash flows for the periods then ended and contain and reflect adequate provisions for all reasonably anticipated liabilities, expenses and losses of Mercari in accordance with IFRS and there has been no change in accounting policies or practices of Mercari since January 31, 2013.
- (l) Mercari is a taxable Canadian corporation and all Taxes due and payable or required to be collected or withheld and remitted by Mercari have been paid,

collected or withheld and remitted as applicable, except for where the failure to pay such Taxes would not have a Material Adverse Effect. Except to the extent that failure to do so would not have a Material Adverse Effect, all tax returns, declarations, remittances and filings required to be filed by Mercari have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. To the knowledge of Mercari, no examination of any tax return of Mercari is currently in progress by any Governmental Authority and there are no issues or disputes outstanding with any Governmental Authority respecting any Taxes that have been paid, or may be payable, by Mercari. There are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to Mercari.

- (m) Mercari has established on its books and records reserves that are adequate for the payment of all material Taxes not yet due and payable and there are no liens for Taxes on the assets of Mercari that are material, and there are no audits pending of the tax returns of Mercari (whether federal, state, provincial, local or foreign) and there are no claims which have been asserted relating to any such tax returns, which audits and claims, if determined adversely, would result in the assertion by any governmental agency of any deficiency that would result in a Material Adverse Effect.
- (n) Mercari's Auditors are independent public accountants.
- (o) No holder of outstanding shares in the capital of Mercari is entitled to any preemptive or any similar rights to subscribe for any Mercari Common Shares or other securities of Mercari and, other than pursuant to the Mercari Options and this Agreement, there are no rights to acquire, or instruments convertible into or exchangeable for, any shares in the capital of Mercari or Mercari Subco.
- (p) No third party has any ownership right, title, interest in, claim in, lien against or any other right to the Assets and Properties purported to be owned by Mercari or Mercari Subco.
- (q) No legal or governmental actions, suits, judgments, investigations or proceedings are pending to which Mercari or Mercari Subco, or to the knowledge of Mercari, the directors, officers or employees of Mercari are a party or to which the Assets and Properties of Mercari or Mercari Subco are subject that would result in a Material Adverse Effect and, to the knowledge of Mercari, no such proceedings have been threatened against or are pending with respect to Mercari or Mercari Subco, or with respect to its Assets and Properties and neither Mercari nor Mercari Subco is subject to any judgment, order, writ, injunction, decree or award of any Governmental Authority, which, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

- (r) Neither Mercari nor Mercari Subco is in violation of its constating documents or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any Contract to which it is a party or by which it or its property may be bound.
- (s) Mercari is not party to any material Contract, written or oral, other than:
 - (i) this Agreement;
 - (ii) a registrar and transfer agency and disbursing agent agreement dated as of February 28, 2010 between Mercari and Equity Financial Trust Company;
 - (iii) an agency agreement dated as of March 1, 2010 between Mercari and Macquarie Private Wealth Inc. in connection with the initial public offering of Mercari; and
 - (iv) the Mercari Escrow Agreement,(collectively the “**Mercari Material Contracts**”).
- (t) All Mercari Material Contracts are in good standing in all material respects and in full force and effect.
- (u) Neither Mercari nor, to the knowledge of Mercari, any other party thereto is in material default or breach of any Mercari Material Contract and there exists no condition, event or act which, with the giving of notice or lapse of time or both, would constitute a material default or breach under any Mercari Material Contract which would give rise to a right of termination on the part of any other party to a Mercari Material Contract.
- (v) Except for the trading halt imposed by the TSX Venture on October 24, 2013 following disclosure by Mercari of the Letter Agreement, no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of Mercari (including the Mercari Common Shares) has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of Mercari, are pending, contemplated or threatened by any regulatory authority.
- (w) Mercari is not party to any agreement, nor, to the knowledge of Mercari, is there any shareholders agreement or other Contract which in any manner affects the voting control of any of the securities of Mercari.
- (x) There is no agreement, plan or practice of Mercari relating to the payment of any management, consulting, service or other fee or any bonus, pensions, share of profits or retirement allowance, insurance, health or other employee benefit other than in the ordinary course of business or in respect of professional service fees.
- (y) Mercari has no, and since incorporation has not had any, employees.

- (z) Except the Mercari Options and the stock option plan of the Resulting Issuer to be approved by the shareholders of Mercari at the Mercari Meeting, Mercari does not have any plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to, or required to be contributed to, by Mercari for the benefit of any current or former director, officer, employee or consultant of Mercari, each of which has been maintained in all material respects with its terms and with the requirements prescribed by any and all applicable statutes, orders, rules and regulations.
- (aa) None of the directors or officers of Mercari has any material interest, direct or indirect, in any material transaction or any proposed material transaction with Mercari that materially affects, is material to or will materially affect Mercari. Mercari is not indebted to: (i) any director, officer or shareholder of Mercari; (ii) any individual related to any of the foregoing by blood, marriage or adoption; or (iii) any corporation controlled, directly or indirectly, by any one or more of those Persons referred to in this Subsection 4.1(aa). None of those Persons referred to in this Subsection 4.1(aa) is indebted to Mercari. Mercari is not currently a party to any material Contract, agreement or understanding with any officer, director, employee, shareholder or any other Person not dealing at arm's length with Mercari.
- (bb) Mercari has no insurance policies in place.
- (cc) The minute books and records of Mercari made available to counsel for Concordia in connection with the due diligence investigation of Mercari for the period from the date of incorporation to the date hereof are all of the minute books of Mercari and contain copies of all material proceedings (or certified copies thereof) of the shareholders, the directors and all committees of directors of Mercari to the date hereof and there have been no other meetings, resolutions or proceedings of the shareholders, directors or any committees of the directors of Mercari to the date hereof not reflected in such minute books.
- (dd) There is no Person acting at the request or on behalf of Mercari that is entitled to any brokerage or finder's fee or other compensation in connection with the transactions contemplated by this Agreement.

4.2 Representations and Warranties of Concordia

Concordia on its own behalf and on behalf of the Concordia Subsidiaries represents and warrants to and in favour of Mercari and Mercari Subco as follows, and acknowledges that Mercari and Mercari Subco are relying upon such representations and warranties in connection with the completion of the transactions contemplated herein:

- (a) Each of the Concordia Entities is a corporation incorporated and validly existing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and corporate authority and is duly qualified and holds all

Permits, licences, registrations, qualifications, consents and authorizations necessary or required to carry on the Concordia Business as now conducted and to own, lease or operate its Assets and Properties and neither Concordia nor, to the knowledge of Concordia, any other Person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing the dissolution or winding up of Concordia or any Concordia Subsidiary, and Concordia has all requisite corporate power and corporate authority to enter into this Agreement and to carry out its obligations hereunder.

- (b) Other than the Concordia Subsidiaries or as disclosed in writing by Concordia to Mercari, Concordia has no direct or indirect subsidiaries or any investment in any Person or any agreement, option or commitment to acquire any such investment. All of the issued and outstanding securities of the Concordia Subsidiaries are held by Concordia or a Concordia Subsidiary.
- (c) Each of the Concordia Entities is and has been conducting the Concordia Business in compliance in all material respects with all applicable laws and regulations of each jurisdiction in which it carries on the Concordia Business and no Concordia Entity has received or is aware of a notice of non-compliance with respect to such business, and, to the knowledge of Concordia, there are no facts that would give rise to a notice of non-compliance with any such laws and regulations.
- (d) No consent, approval, order or authorization of, or registration, declaration or filing with, or notice to, any third party or Governmental Authority is required by or with respect to Concordia or the Concordia Subsidiaries in connection with the execution and delivery of this Agreement by Concordia, the performance of its obligations hereunder, the completion of the Amalgamation or the consummation by Concordia of the transactions contemplated hereby other than: (i) the approval of the Amalgamation by the shareholders of Concordia and the approval of the Amalgamation by the registrar under the OBCA; (ii) such registrations and applications required as a result of the formation of a new corporation on the Amalgamation; any (iii) any filings with the registrar under the OBCA.
- (e) Other than as disclosed in writing to Mercari, each of the execution and delivery of this Agreement, the performance by Concordia of its obligations hereunder and the consummation of the transactions contemplated in this Agreement, including the Amalgamation, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, (whether after notice or lapse of time or both), (i) any law, statute, rule or regulation or any Permit applicable to a Concordia Entity or the Resulting Issuer, as applicable, including Applicable Securities Laws or Health Care Laws; (ii) the constating documents, by-laws or resolutions of the Concordia Entities; (iii) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which a Concordia Entity is a party or by which any is bound; or (iv) any judgment, decree or order binding a Concordia Entity or its Assets and Properties.

- (f) This Agreement has been duly authorized and executed by Concordia and constitutes a valid and binding obligation of Concordia and shall be enforceable against Concordia in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principals when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law.
- (g) Other than this Agreement and except as disclosed by Concordia in writing to Mercari, no Concordia Entity is currently party to any agreement (whether binding or non-binding) in respect of: (i) the purchase of any material property or assets or any interest therein or the sale, transfer or other disposition of any material Assets and Properties or any interest therein currently owned, directly or indirectly, by a Concordia Entity whether by asset sale, transfer of shares or otherwise; or (ii) the change of control of Concordia or a Concordia Subsidiary (whether by sale or transfer of shares or otherwise).
- (h) The Concordia Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly, in all material respects, the consolidated financial position (including the assets and liabilities, whether absolute, contingent or otherwise as required by IFRS) of the applicable Concordia Entity as at such dates and the results of its operations and its cash flows for the periods then ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of the Concordia Entities in accordance with IFRS and there has been no change in accounting policies or practices of Concordia since September 30, 2013. Except as set out in the financial statements of Concordia, Concordia does not have any outstanding indebtedness or any liabilities or obligations including any unfunded obligation under any Employee Plans, whether accrued, absolute, contingent or otherwise as of the date of the applicable financial statements.
- (i) Concordia is a taxable Canadian corporation and all Taxes due and payable or required to be collected or withheld and remitted, by Concordia and the Concordia Subsidiaries have been paid, collected or withheld and remitted as applicable, except for where the failure to pay such Taxes would not have a Material Adverse Effect. Except to the extent that failure to do so would not have a Material Adverse Effect, all tax returns, declarations, remittances and filings required to be filed by Concordia and the Concordia Subsidiaries have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. To the knowledge of Concordia, no examination of any tax return of Concordia or the Concordia Subsidiaries is currently in progress by any Governmental Authority and there are no issues or disputes outstanding with any Governmental Authority respecting any Taxes that have been paid, or may be payable, by Concordia or the Concordia Subsidiaries. There are no agreements, waivers or other arrangements

with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to Concordia and the Concordia Subsidiaries.

- (j) Concordia and the Concordia Subsidiaries have established on their books and records reserves that are adequate for the payment of all material Taxes not yet due and payable and there are no liens for Taxes on the Assets and Properties of Concordia and the Concordia Subsidiaries, and there are no audits pending of the tax returns of Concordia or the Concordia Subsidiaries (whether federal, state, provincial, local or foreign) and there are no claims which have been asserted relating to any such tax returns, which audits and claims, if determined adversely, would result in the assertion by any Governmental Authorities of any deficiency that would result in a Material Adverse Effect.
- (k) Each Concordia Entity maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; and (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain accountability for assets.
- (l) Concordia's Auditors who audited the audited consolidated financial statements of Concordia for the financial period ended September 30, 2013 are independent public accountants.
- (m) No holder of outstanding securities in the capital of Concordia is entitled to any pre-emptive or any similar rights to subscribe for any Concordia Common Shares or other securities of Concordia and, other than the Concordia Warrants to acquire 1,576,385 Concordia Common Shares, the Concordia Options to acquire 1,125,000 Concordia Common Shares, the Concordia Agents' Options and the Concordia Subscription Receipts and the contingent right to acquire Concordia Common Shares in accordance with the Pinnacle Purchase Agreement and the Global Purchase Agreement (collectively, the "**Contingent Rights**") no rights to acquire, or instruments convertible into or exchangeable for, any securities in the capital of Concordia or a Concordia Subsidiary are outstanding.
- (n) No legal, regulatory or governmental actions, suits, litigation, judgments, investigations or proceedings are pending to which a Concordia Entity, or to the knowledge of Concordia, the directors, officers or employees of a Concordia Entity are a party or to which the Assets and Properties of a Concordia Entity is subject and, to the knowledge of Concordia, no such proceedings have been threatened against or are pending with respect to a Concordia Entity, or with respect to their Assets and Properties and no Concordia Entity is subject to any judgment, order, writ, injunction, decree or award of any Governmental Authority, which, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect or materially impact the completion of the Amalgamation.

- (o) No Concordia Entity is in violation of its constating documents or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any Contract to which it is a party or by which it or its Assets and Property may be bound.
- (p) Each of the Concordia Entities has good title to the Assets and Properties used in the Concordia Business free and clear of any actual, pending, or to the knowledge of Concordia, threatened claims, liens, charges, options, set-offs, free-carried interests, royalties, encumbrances, security interests or other interests whatsoever including: (i) all Contracts that are material to the Concordia Business (including the Concordia Material Contracts); and (ii) all Assets and Properties necessary to enable Concordia to carry on the Concordia Business as now conducted and as presently proposed to be conducted.
- (q) Other than the Contingent Rights, no third party has any ownership right, title to, interest in (including a free-carried interest or royalty interest in), claim in, lien against or any other right to the Assets and Properties purported to be owned by a Concordia Entity or any written or oral agreement, option, understanding or privilege capable of becoming such. The assets of the Concordia Entities include all Permits, authorizations and property necessary to conduct the Concordia Business as currently conducted and proposed to be conducted.
- (r) The following are the material contracts of the Concordia Entities (i.e., the **“Concordia Material Contracts”**):
 - (i) Shionogi Purchase Agreement;
 - (ii) Global Purchase Agreement;
 - (iii) Senior Loan Agreement;
 - (iv) Subordinate Loan Agreement;
 - (v) New Credit Facilities;
 - (vi) Pinnacle Purchase Agreement; and
 - (vii) Agency Agreement.
- (s) All Concordia Material Contracts are in good standing in all material respects and in full force and effect.
- (t) Neither Concordia nor any Concordia Subsidiary nor, to the knowledge of Concordia, any other party thereto is in material default or breach of any Concordia Material Contract and to the knowledge of Concordia, there exists no condition, event or act which, with the giving of notice or lapse of time or both, would constitute a material default or breach under any Concordia Material Contract which would give rise to a right of termination on the part of any other party to a Concordia Material Contract.

- (u) Each Concordia Entity owns all right, title and interest in, or has the valid right to use, all of the Intellectual Property owned or used by the Concordia Business free and clear of all liens. All registrations, if any, and filings necessary to preserve the rights of Concordia or the Concordia Subsidiaries in the Intellectual Property have been made and are in good standing. There are no defaults in the prosecution of the patent applications of a Concordia Entity. No Concordia Entity has pending any action or proceeding, nor any threatened action or proceeding, against any Person with respect to the use of the Intellectual Property, and there are no circumstances which cast doubt on the validity or enforceability of the Intellectual Property owned or used by the Concordia Entities. The conduct of the Concordia Business has not and does not infringe upon the Intellectual Property rights of any other Person. Neither Concordia nor a Concordia Subsidiary has a pending action or proceeding, nor, to the knowledge of Concordia, is there any threatened action or proceeding against it or the Concordia Subsidiaries with respect to the use of the Intellectual Property. No Concordia Entity has received any written charge, complaint, claim, demand or notice alleging any infringement or misappropriation of Intellectual Property including any claim that it must license or refrain from using any Intellectual Property. No Concordia Entity has granted any exclusive license to any other person with respect to any Intellectual Property.
- (v) Each Concordia Entity has taken reasonable steps to protect and maintain each item of Intellectual Property that is deemed by Concordia to be a trade secret. All Persons who contributed Intellectual Property to a Concordia Entity have entered into binding, written agreements whereby such persons have assigned to the Concordia Entity, as applicable any ownership interest and right they may have in the Intellectual Property and acknowledge the Concordia Entity's exclusive ownership of such assets.
- (w) No order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of a Concordia Entity has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of Concordia, are pending, contemplated or threatened by any regulatory authority.
- (x) The authorized capital of Concordia consists of an unlimited number of Concordia Common Shares of which 9,666,666 Concordia Common Shares were issued and outstanding as fully paid and non-assessable shares in the capital of Concordia as of the date hereof. Concordia also has the Concordia Options, Concordia Agents' Options, Concordia Warrants, Concordia Subscription Receipts and the Contingent Rights outstanding.
- (y) Other than the Support Agreements entered into by the Concordia Principals and the Lock-up Agreements, Concordia and the Concordia Subsidiaries are not a party to any agreement, nor to the knowledge of Concordia, is there any shareholders' agreement or other contract, which in any manner affects the voting control of any of the securities of a Concordia Entity.

- (z) With respect to the premises of the Concordia Entities which are material to the Concordia Business and which a Concordia Entity occupies as tenant (the “**Leased Premises**”), the Concordia Entity occupies the Leased Premises and has the exclusive right to occupy and use the Leased Premises and each of the leases pursuant to which the Concordia Entity occupies the Leased Premises is in good standing and in full force and effect in all material respects. No Concordia Entity owns any real property. The Leased Premises are sufficient for the continued conduct of the Concordia Business after the Amalgamation in substantially the same manner as conducted prior to the Amalgamation.
- (aa) Certain of the Concordia Entities have agreements, plans or practices relating to the payment of any management, consulting, service or other fees or any bonuses, pensions, share of profits or retirement allowance, insurance, health or other employee benefits or any plan for retirement, stock purchase, profit sharing, stock option (including Concordia's Stock Option Plan dated August 1, 2013), deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to, or required to be contributed to, by a Concordia Entity for the benefit of any current or former director, officer, employee or consultant of a Concordia Entity (each an “**Employee Plan**”). Concordia has made available to Mercari the opportunity to review true and complete copies of documents, contracts and arrangements relating to each such Employee Plan. Each Employee Plan has been established, operated in the ordinary course and administered in all material respects in accordance with their terms and applicable laws.
- (bb) No Concordia Entity is a party to or bound by any collective agreement and is not currently conducting negotiations with any labour union or employee association. There are no employment contracts, agreements or engagements, either oral or written, with any director or officer of a Concordia Entity.
- (cc) Each Concordia Entity is and at all times has been in compliance in all material respects with all laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages and has not and is not engaged in any unfair labour practice. There has not been in the last two years and there is not currently any labour disruption.
- (dd) There are no outstanding decisions or settlements under employment standards, human rights legislation, health and safety legislation, workers’ compensation legislation and there are no complaints, or to Concordia’s knowledge, threatened complaints against a Concordia Entity in respect thereof.
- (ee) None of the directors, officers or employees of a Concordia Entity or any associate or affiliate of any of the foregoing has any material interest, direct or indirect, in any material transaction or any proposed material transaction with a Concordia Entity that materially affects, is material to or will materially affect Concordia or the Concordia Entity.

- (ff) No Concordia Entity is indebted to: (i) any director, officer or shareholder of a Concordia Entity; (ii) any individual related to any of the foregoing by blood, marriage or adoption; or (iii) any corporation controlled, directly or indirectly, by any one or more of those Persons referred to in this Subsection 4.2(ff). None of those Persons referred to in this Subsection 4.2(ff) is indebted to a Concordia Entity. The Concordia Entities are not currently a party to any material Contract, agreement or understanding with any officer, director, employee, shareholder or any other Person not dealing at arm's length with a Concordia Entity.
- (gg) Concordia has disclosed to Mercari in writing details of the insurance policies of the Concordia Entities. Each of such policies are valid and enforceable and in full force and effect, are underwritten by unaffiliated and reputable insurers, are sufficient for all applicable requirements of law and provide insurance, including liability and product liability insurance, in such amounts and against such risks as is customary for corporations engaged in businesses similar to that carried on by the Concordia Entities. None of the Concordia Entities is in default in any material respect with respect to the payment of any premium or with any of the provisions contained in any such insurance policy and none of the Concordia Entities has failed to give any notice or present any claim within the appropriate time therefor. There are no circumstances under which a Concordia Entity would be required to or, in order to maintain its coverage, should give any notice to the insurers under any such insurance policy which has not been given. None of the Concordia Entities has received notice from any of the insurers regarding cancellation of such insurance policy.
- (hh) The minute books and records of the Concordia Entities have been made available to counsel for Mercari in connection with the due diligence investigation of the Concordia Entities for the period from the date of incorporation to the date hereof, and are all of the minute books of the Concordia Entities and contain copies of all proceedings (or certified copies thereof or drafts thereof pending approval) of the shareholders, the directors and all committees of directors of the Concordia Entities to the date hereof and there have been no other meetings, resolutions or proceedings of the shareholders, directors or any committees of the directors of the Concordia Entities to the date hereof not reflected in such minute books.
- (ii) The Concordia Entities hold all Permits necessary for the conduct of their businesses as they are currently being conducted and operated and proposed to be conducted and operated. Each of the Concordia Entities is and has at all times been in compliance with the terms of all such Permits. No investigation or review by any Governmental Authority with respect to any of the Concordia Entities is pending or threatened, nor, to the knowledge of Concordia, has any Governmental Authority indicated an intention to conduct the same.
- (jj) Each Concordia Entity has obtained and possesses all Permits with respect to Environmental Laws required for their business as currently conducted and proposed to be conducted by each of them. Each of Concordia and the Concordia Subsidiaries and their Assets and Properties and the operation of the Concordia Business, have been and are, to the knowledge of Concordia, in compliance in all

material respects with all Environmental Laws including all reporting and monitoring requirements under all Environmental Laws. None of the Concordia Entities has ever received any notice of any non-compliance in respect of any Environmental Laws.

- (kk) There are no claims or proceedings pending or, to the knowledge of Concordia, threatened against Concordia, a Concordia Subsidiary or any of the assets or operations thereof which may adversely affect Concordia or a Concordia Subsidiary, relating to or alleging the violation or non-compliance with Environmental Laws or releases of Hazardous Substances, and, to the knowledge of Concordia, no Concordia Entity, nor any of the property, assets or operations thereof is the subject of any investigation, evaluation, audit or review by any governmental entity to determine whether any violation of any Environmental Laws has occurred or is occurring or whether any remedial action is needed in connection with a release of any Hazardous Substance into the environment and, to the knowledge of Concordia, there are no facts or circumstances which would reasonably be expected to form the basis for any such administrative, regulatory or judicial actions, suits, demands, claims, liens, orders, directions or notices of non-compliance or violation or proceedings.
- (ll) No Concordia Entity is subject to any contingent or other liability relating to the restoration or rehabilitation of land, water or any other part of the environment and each of Concordia and the Concordia Subsidiaries do not have any liability (whether contingent or otherwise) with respect to non-compliance with Environment Law.
- (mm) There have been no health or safety occurrences affecting the business of Concordia or the Concordia Subsidiaries, of a nature or type, including without limitation, the presence of any Hazardous Substance or any long term occupational illness in the workplace or among any of the employees, which resulted or may result in an action or claim against Concordia or a Concordia Subsidiary by any of their employees, former employees or their respective dependants, heirs or legal personal representatives or under any applicable insurance programs, workers' compensation laws or other environmental requirements.
- (nn) Other than brokerage commissions payable to the Agents and the Concordia Agents' Options in connection with the Private Placement, there is no Person acting at the request or on behalf of Concordia that is entitled to any brokerage or finder's fee or other compensation in connection with the transactions contemplated by this Agreement.
- (oo) No Concordia Entity is a party to or bound or affected by a commitment, contract or document containing any covenant which limits the freedom of Concordia or a Concordia Subsidiary to compete in or operate any line of business, transfer or move any of its assets or operations or which does or could reasonably be expected to affect the business practices, operations or conditions of Concordia or a Concordia Subsidiary taken as a whole.

- (pp) Each of the Concordia Entities has all Product Registrations required to manufacture, market and distribute their products where such products are currently manufactured, marketed and distributed and each Product Registration is valid and in full force and effect and, to Concordia's knowledge, no Governmental Authority is considering or has considered suspending or revoking such Product Registration.
- (qq) All products of a Concordia Entity are and have been developed, tested, manufactured, packaged, labeled, stored, imported, exported, marketed, handled sold, distributed and released in accordance with all applicable laws and the specifications and standards contained in any corresponding Product Registration including Health Care Laws. There has not been, nor to the knowledge of Concordia, is there currently under consideration by a Concordia Entity or any Governmental Authority, or any facts that are reasonably likely to cause, any seizure, withdrawal or recall, or termination or suspension of marketing of any product of a Concordia Entity including any field alert, field correction, market withdrawal or replacement, safety alert, warning, "dear doctor" letter, safety alert or other notice or action relating to an alleged lack of safety, efficacy or regulatory compliance of any product of a Concordia Entity. No Governmental Authority is presently alleging or asserting or, to the knowledge of Concordia, threatening to allege or assert noncompliance with any applicable laws (including Health Care Laws) or Product Registration in respect of any product of a Concordia Entity.
- (rr) Concordia has made available to Mercari complete and accurate copies of all (i) serious adverse event reports, periodic adverse events reports and other pharmacovigilance reports and data, (ii) material communications with Governmental Authorities and (iii) material documents and other information submitted to or received by or on behalf of a Concordia Entity with or from any Governmental Authority including inspection reports, warning letters or similar documents.
- (ss) Each of the Concordia Entities is enrolled in and is participating in good standing in the Medicare Program and state Medicaid Programs and other federal, state, provincial or local reimbursement or government healthcare programs in which the Concordia Subsidiary is receiving payments (hereinafter referred to as "**Government Programs**"). Each of the Concordia Entities is a holder of current provider agreements for such Governmental Programs and current agreements with such private non-governmental programs, including any private insurance program under which the Concordia Entity directly or indirectly is presently receiving payments (such non-governmental programs, the "**Private Programs**"). Each Concordia Entity is in compliance in all material respects with all requirements of each such Government Program, Private Program and Third Party Payors.
- (tt) None of the Concordia Entities has received notice of any action pending or recommended by any Governmental Authority or Third Party Payor either to revoke, withdraw, suspend or materially limit any Permit or to terminate, suspend,

limit, withdraw or forfeit the participation of the Concordia Entity in any Government Program or Private Program. None of the Concordia Entities has received any notice of nor is otherwise aware of any action by any Third Party Payor to terminate or suspend the participation of the Concordia Entity in any Third Party Payor program.

- (uu) Other than regularly scheduled and ordinary course audits and reviews, the Concordia Entities have not been the subject of any inspection, post-payment audit, investigation, review, peer review or program integrity review, survey, audit, monitoring or other form of review by any Governmental Authority or Private Program and none of the foregoing is scheduled, pending or, to the knowledge of Concordia, threatened against or affecting the Concordia Entities.
- (vv) No representation or warranty by Concordia in this Agreement or any document furnished or to be furnished by Concordia to Mercari or Mercari Subco in accordance with this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

ARTICLE 5

CONDITIONS PRECEDENT AND OTHER MATTERS

5.1 Conditions to Obligations of Concordia

The obligation of Concordia to consummate the transactions contemplated herein is subject to the satisfaction, on or before the Closing Date, of the following conditions:

- (a) except as affected by the transactions contemplated herein, the representations and warranties of Mercari contained in Section 4.1 hereof shall be true in all material respects on the Closing Date with the same effect as though such representations and warranties had been made at and as of such time, other than in respect of representations and warranties qualified by materiality which representations and warranties shall be true and correct, and Concordia shall have received a certificate to that effect, dated the Closing Date, from an officer or director of Mercari acceptable to Concordia, to the best of his or her knowledge, having made reasonable inquiry;
- (b) Mercari and Mercari Subco shall have performed, fulfilled or complied with, in all material respects, all of their obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by them at or prior to the Closing and Concordia shall have received a certificate of an officer or director of Mercari to such effect;
- (c) Mercari shall have furnished Concordia with:
 - (i) a certified copy of the resolutions passed by the board of directors of Mercari approving this Agreement and the consummation of the transactions contemplated herein;

- (ii) a certified copy of the special resolution of the Mercari Subco shareholders authorizing and approving the Amalgamation; and
 - (iii) written approval of the TSX Venture of the Amalgamation as a Qualifying Transaction under the TSX Venture rules and policies and such other matters as may require TSX Venture approval in order to give effect to the transactions contemplated hereby.
- (d) receipt of all regulatory and third party approvals, authorizations and consents as are required to be obtained by Mercari or Concordia in connection with the Amalgamation, including the approval of the TSX Venture and any other applicable regulatory authorities;
 - (e) the shareholders of Mercari approving the Mercari Meeting Matters;
 - (f) the shareholders of Concordia approving the Amalgamation and this Agreement;
 - (g) the Resulting Issuer Common Shares that are issued as consideration for the Concordia Common Shares shall be issued as fully paid and non-assessable Resulting Issuer Common Shares in the capital of the Resulting Issuer, free and clear of any and all encumbrances, liens, charges and demands of whatsoever nature, except those imposed pursuant to escrow restrictions of the TSX, TSX Venture and/or applicable securities laws;
 - (h) no Material Adverse Change shall have occurred with respect to Mercari since the date of this Agreement, other than a reduction of its cash position in order to pay its ongoing operating expenses and professional fees;
 - (i) there being no legal proceeding or regulatory actions or proceedings against any Person to enjoin, restrict or prohibit the Amalgamation or which could reasonably be expected to result in a Material Adverse Effect on Mercari;
 - (j) there being no prohibition at law against completion of Amalgamation; and
 - (k) Mercari shall be in compliance, in all material respects, with Applicable Securities Laws and the rules and policies of the TSX Venture and NEX and there shall be no cease-trade order made or threatened by a Governmental Authority in respect of the Mercari Common Shares except pursuant to the CPC Policy.

The conditions described above are for the exclusive benefit of Concordia and may be asserted by Concordia regardless of the circumstances, or may be waived by Concordia in its sole discretion, in whole or in part, at any time and from time to time prior to the Amalgamation without prejudice to any other rights which Concordia may have hereunder or at law and notwithstanding the approval of this Agreement by the shareholders of Mercari Subco and/or Concordia.

5.2 Conditions to Obligations of Mercari

The obligations of Mercari and Mercari Subco to consummate the transactions contemplated herein are subject to the satisfaction, on or before the Closing Date, of the following conditions:

- (a) except as affected by the transactions contemplated herein, the representations and warranties of Concordia contained in Section 4.2 hereof shall be true in all material respects on the Closing Date with the same effect as though such representations and warranties had been made at and as of such time, other than in respect of representations and warranties qualified by materiality which representations and warranties shall be true and correct, and Mercari shall have received a certificate to such effect, dated the Closing Date, of a senior officer of Concordia to the best of his knowledge having made reasonable inquiry;
- (b) Concordia shall have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by it at or prior to the time of the Closing and Mercari shall have received a certificate of an officer of Concordia to such effect;
- (c) Concordia shall have furnished Mercari with:
 - (i) certified copies of the directors' resolutions passed by the board of directors of Concordia approving this Agreement, as well as the consummation of the transactions contemplated therein;
 - (ii) certified copies of the special resolution of the shareholders of Concordia authorizing and approving the Amalgamation and this Agreement; and
 - (iii) a certificate of Concordia, or Concordia's registrar and transfer agent, setting forth the number of issued and outstanding Concordia Common Shares immediately prior to the Amalgamation;
- (d) receipt of all regulatory or third party approvals, authorizations and consents as are required to be obtained by Mercari or Concordia in connection with the Amalgamation, including the approval of the TSX Venture and any other applicable regulatory authorities;
- (e) no Material Adverse Change shall have occurred in the business, results of operations, assets, liabilities, financial condition or affairs of Concordia since the date of this Agreement;
- (f) the Resulting Issuer Common Shares that are issued as consideration for the Concordia Common Shares shall be issued as fully paid and non-assessable Resulting Issuer Common Shares in the capital of Mercari, free and clear of any and all encumbrances, liens, charges and demands of whatsoever nature, except

those imposed pursuant to escrow restrictions of the TSX Venture, the TSX and/or applicable securities laws;

- (g) each of the Concordia Principals shall have entered into a Support Agreement with Mercari and Concordia and shall not be in default of any term thereof;
- (h) the shareholders of Mercari approving the Mercari Meeting Matters;
- (i) the shareholders of Concordia approving the Amalgamation and this Agreement;
- (j) there being no legal proceeding or regulatory actions or proceedings against any Person to enjoin, restrict or prohibit the Amalgamation or which could reasonably be expected to result in a Material Adverse Effect on Concordia; and
- (k) there being no prohibition at law against the completion of the transactions contemplated hereby.

The conditions described above are for the exclusive benefit of Mercari and Mercari Subco and may be asserted by Mercari and Mercari Subco regardless of the circumstances, or may be waived by Mercari and Mercari Subco in their sole discretion, in whole or in part, at any time and from time to time prior to the Amalgamation without prejudice to any other rights which Mercari and Mercari Subco may have hereunder or at law and notwithstanding the approval of this Agreement by the shareholders of Mercari Subco and/or Concordia.

5.3 Merger of Conditions

The conditions set out in Sections 5.1 and 5.2 hereof shall be conclusively deemed to have been satisfied, waived or released on the filing by Concordia and Mercari Subco of the Articles of Amalgamation with the registrar.

5.4 Alternative Transactions – Mercari

In the event that Mercari receives a *bona fide* offer, whether written or oral, (a “**Mercari Offer**”) from a third party to acquire the assets or shares of Mercari or to enter into an arrangement or agreement which would materially interfere with the Amalgamation which Mercari wishes to pursue at the instruction of its board of directors or a committee thereof, including without in any way limiting the generality of the foregoing, any such arrangement or agreement resulting from an unsolicited offer or proposal from a third party (a “**Mercari Alternative Transaction**”), then Mercari shall provide forthwith a copy of the Mercari Offer to Concordia or if made orally, a written summary of the Mercari Offer (and in any event within one Business Day following receipt thereof) and Mercari may terminate this Agreement upon written notice to Concordia. Upon termination of this Agreement by Mercari by written notice to Concordia (the “**Mercari Termination**”) or upon Mercari entering into an agreement, including a letter of intent, whether or not binding (the “**Mercari Alternative Transaction Agreement**”), prior to the termination of this Agreement, with respect to the Mercari Alternative Transaction, Mercari shall forthwith provide Concordia with a copy of the Mercari Alternative

Transaction Agreement and shall, within ten (10) Business Days following the earlier of the Mercari Termination and the entering into of the Mercari Alternative Transaction Agreement (collectively and individually referred to as a “**Mercari Event**”), as applicable, make a cash payment to Concordia in the amount of: (a) \$100,000 if the Mercari Event occurs after the entering into of this Agreement but prior to the filing of the Filing Statement on SEDAR; and (b) \$200,000 if the Mercari Event occurs on or after the filing of the Filing Statement on SEDAR, which payment shall constitute full and final compensation and remedy to Concordia for any breach or the non-performance of this Agreement and any and all fees and expenses associated therewith.

5.5 Alternative Transactions – Concordia

In the event that Concordia or any of the Concordia Subsidiaries or any of the Concordia Principals receives a *bona fide* offer, whether written or oral, (a “**Concordia Offer**”) from a third party to acquire the assets or shares of Concordia or any of the Concordia Subsidiaries or to enter into an arrangement or agreement which would materially interfere with the Amalgamation which Concordia wishes to pursue at the instruction of its board of directors or a committee thereof, including without in any way limiting the generality of the foregoing, any such arrangement or agreement resulting from an unsolicited offer or proposal from a third party (a “**Concordia Alternative Transaction**”), then Concordia shall provide forthwith a copy of the Concordia Offer to Mercari or if made orally, a written summary of the Concordia Offer (and in any event within one Business Day following receipt thereof) and Concordia may terminate this Agreement upon written notice to Mercari. Upon termination of this Agreement by Concordia by written notice to Mercari (the “**Concordia Termination**”) or upon Concordia entering into an agreement, including a letter of intent, whether or not binding (the “**Concordia Alternative Transaction Agreement**”) prior to the termination of this Agreement, with respect to the Concordia Alternative Transaction, Concordia shall forthwith provide Mercari with a copy of the Concordia Alternative Transaction Agreement and shall, within ten (10) Business Days following the earlier of the Concordia Termination and the entering into of the Concordia Alternative Transaction Agreement (collectively and individually referred to as a “**Concordia Event**”), as applicable, make a cash payment to Mercari in the amount of: (a) \$100,000 if the Concordia Event occurs after the entering into of this Agreement but prior to the filing of the Filing Statement on SEDAR; and (b) \$200,000 if the Concordia Event occurs on or after the filing of the Filing Statement on SEDAR, which payment shall constitute full and final compensation and remedy to Mercari for any breach or the non-performance of this Agreement and any and all fees and expenses associated therewith.

ARTICLE 6 NOTICES

6.1 Notices

All notices, requests and demands hereunder, which may or are required to be given pursuant to any provision of this Agreement, shall be given or made in writing and shall be delivered by courier, facsimile or e-mail as follows:

(a) to Mercari, addressed to:

Mercari Acquisition Corp.
Suite 300, 5 Hazelton Avenue
Toronto, ON M5R 2E1

Attn: Elena Masters
Fax: (416) 972-6208
Email: lena@jjrcapital.com

with a copy to:

Fasken Martineau DuMoulin LLP
333 Bay Street
Suite 2400, Bay Adelaide Centre
Toronto, ON M5H 2T6

Attn: Rubin Rapuch
Fax: (416) 364-7813
Email: rrapuch@fasken.com

(b) to Concordia, addressed to:

Concordia Healthcare Inc.
277 Lakeshore Road East, Suite 302
Oakville, Ontario L6J 6J3

Attn: Mark Thompson
Fax: (905) 842-5154
Email: mthompson@concordiarx.com

with a copy to:

Torkin Manes LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

Attn: Matthew Tevlin and Michael Hanley
Fax: (416) 863-0305
Email: mtevlin@torkinmanes.com and mhanley@torkinmanes.com

or to such other addresses and facsimile numbers or e-mail addresses as the parties may, from time to time, advise to the other parties hereto by notice in writing. All notices, requests and demands hereunder shall be deemed to have been received, if delivered personally or by prepaid courier on the date of delivery and if sent by facsimile or e-mail, on the next Business Day after the facsimile or e-mail was sent.

ARTICLE 7
AMENDMENT AND TERMINATION OF AGREEMENT

7.1 Amendment

This Agreement may, at any time and from time to time before or after the holding of the Mercari Meeting or obtaining the Concordia Shareholder Consent, be amended by written agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of their respective shareholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the parties hereto;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the parties hereto; or
- (d) waive compliance with or modify any other conditions precedent contained herein,

provided that no such amendment shall change the provisions hereof regarding the consideration to be received by securityholders of Concordia without approval by such securityholders of Concordia given in the same manner as required for the approval of the Amalgamation.

7.2 Rights of Termination

This Agreement may be terminated as follows:

- (a) by mutual agreement of the parties hereto in writing;
- (b) upon provision of notice in accordance with Section 5.4 or 5.5;
- (c) by Concordia (i) by notice to Mercari if any of the conditions contained in Section 5.1 hereof shall not be fulfilled or performed by the Termination Date or (ii) upon a breach by Mercari of Subsection 3.1(a) hereof that could reasonably result in a condition set forth in Section 5.1 which has not been waived to be incapable of being satisfied on or before the Termination Date;
- (d) by Mercari (i) by notice to Concordia if any of the conditions contained in Section 5.2 hereof shall not be fulfilled or performed by the Termination Date or (ii) upon a breach by Concordia of Subsection 3.3(a) hereof that could reasonably result in a condition set forth in Section 5.2 which has not been waived to be incapable of being satisfied on or before the Termination Date;
- (e) by any party if the Amalgamation is not completed by January 31, 2014; or

- (f) by any party if any applicable regulatory or Governmental Authority has notified any of Mercari, Mercari Subco or Concordia that it will not permit the Amalgamation to proceed, in whole or in part.

If this Agreement is terminated as aforesaid, the party terminating this Agreement shall be released from all obligations under this Agreement other than the obligations that by their terms survive the termination of this Agreement (including the obligation to make payments under Section 5.4 and 5.5, the obligations with respect to confidentiality under Section 8.6 and the obligations with respect to expenses under Section 8.7), all rights of specific performance against such party shall terminate and, unless such party can show that the condition or conditions the non-performance of which has caused such party to terminate this Agreement were reasonably capable of being performed by the other party, then the other party shall also be released from all obligations hereunder, except any liability expressly contemplated hereby; and further provided that any of such conditions may be waived in full or in part by either of the parties without prejudice to its rights of termination in the event of the non-fulfilment or non-performance of any other condition.

7.3 Notice of Unfulfilled Conditions

If either of Concordia or Mercari shall determine at any time prior to the Effective Date that it intends to refuse to consummate the Amalgamation or any of the other transactions contemplated hereby because of any unfulfilled or unperformed condition contained in this Agreement on the part of the other of them to be fulfilled or performed, Concordia or Mercari, as the case may be, shall so notify the other of them forthwith upon making such determination in order that such other of them shall have the right and opportunity to take such steps, at its own expense, as may be necessary for the purpose of fulfilling or performing such condition within a reasonable period of time, but in no event later than the Termination Date.

ARTICLE 8 GENERAL

8.1 Entire Agreement

The terms and provisions herein contained constitute the entire agreement between the parties with respect to the subject matter herein and shall supersede all previous oral or written communications, representations, undertakings and agreements with respect to such subject matter, including the Letter Agreement.

8.2 Binding Effect

This Agreement shall be binding upon and enure to the benefit of the parties hereto.

8.3 Waiver and Modification

Mercari and Concordia may waive or consent to the modification of, in whole or in part, any inaccuracy of any representation or warranty made to them hereunder or in any document to be delivered pursuant hereto and may waive or consent to the modification

of any of the covenants or agreements herein contained for their respective benefit or waive or consent to the modification of any of the obligations of the other parties hereto. No waiver, or consent to the modification of any inaccuracy of any provision of this Agreement constitutes a waiver of or consent to any proceeding, continuing or succeeding inaccuracy of such provision or of any other provision of this Agreement. Any waiver or consent to the modification of any of the provisions of this Agreement, to be effective, must be in writing executed by the party granting such waiver or consent.

8.4 No Personal Liability

- (a) No director, officer, employee or agent of either Concordia or any of the Concordia Subsidiaries shall have any personal liability whatsoever to Mercari under this Agreement, or under any other document delivered in connection with the Amalgamation on behalf of Concordia.
- (b) No director, officer, employee or agent of either Mercari or Mercari Subco shall have any personal liability whatsoever to Concordia under this Agreement, or under any other document delivered in connection with the Amalgamation on behalf of Mercari.

8.5 Assignment

No party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other party hereto.

8.6 Confidentiality

- (a) No disclosure or announcement, public or otherwise, in respect of this Agreement or the transactions contemplated hereby will be made by Mercari, Mercari Subco, Concordia or the Concordia Subsidiaries or their representatives without the prior agreement of the other parties hereto as to timing, content and method, provided that the obligations herein will not prevent a party from making, after consultation with the other parties, such disclosure as its counsel advises is required by applicable law or the rules and policies of the TSX Venture and/or the TSX.
- (b) Except as and only to the extent required by applicable law, a Receiving Party will not disclose or use, and it will cause its representatives not to disclose or use, any Confidential Information furnished, or to be furnished, by a Disclosing Party or its representatives to the Receiving Party or its representatives at any time or in any manner other than for purposes of evaluating the transactions proposed in this Agreement.
- (c) If this Agreement is terminated pursuant to Article 7, each Receiving Party will promptly return to the Disclosing Party or destroy any Confidential Information and any work product produced from such Confidential Information in its possession or in the possession of any of its representatives.

8.7 Costs

Each of the parties hereto shall be responsible for their own costs and charges incurred with respect to the transactions contemplated herein, including all costs and charges incurred prior to the date of this Agreement and all legal and accounting fees and disbursements relating to preparing the documents relating to the transactions contemplated herein or otherwise relating to the transactions contemplated herein. For the purposes of clarity, Concordia shall be responsible for paying the costs and fees payable to the TSX Venture and/or TSX regarding their review of the personal information forms to be submitted by the proposed executive officers, directors and promoters and insiders of the Resulting Issuer following completion of the Amalgamation and all listing fees payable in connection with any securities issued pursuant to the Amalgamation and/or any application fees payable to the TSX Venture and/or the TSX in connection with the transactions contemplated herein. The legal fees of Mercari shall also be the responsibility of the Resulting Issuer following completion of the Amalgamation.

8.8 Time of Essence

Time shall be of the essence of this Agreement.

8.9 Survival

The representations and warranties of each of Concordia, Mercari and Mercari Subco contained herein shall survive the execution and delivery of this Agreement and shall terminate on the earlier of the termination of this Agreement in accordance with its terms and the Effective Date.

8.10 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without giving effect to the principles of conflicts of laws thereof, and the parties hereto irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario in respect of any matter arising hereunder or in connection herewith.

8.11 Severability

In the event that any provisions contained in this Agreement shall be declared invalid, illegal or unenforceable by a court or other lawful authority of competent jurisdiction, this Agreement shall continue in force with respect to the enforceable provisions and all rights and remedies accrued under the enforceable provisions shall survive any such declaration, and any non-enforceable provision shall, to the extent permitted by law, be replaced by a provision which, being valid, comes closest to the intention underlying the invalid, illegal and unenforceable provision.

8.12 Further Assurances

Each party hereto shall, from time to time, and at all times hereafter, at the request of the other parties hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

8.13 Counterparts and Facsimile Copies

This Agreement may be executed in separate counterparts, and all such counterparts when taken together shall constitute one (1) agreement. The parties shall be entitled to rely on delivery of a facsimile copy of the executed Agreement and such facsimile copy shall be legally effective to create a valid and binding Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

MERCARI ACQUISITION CORP.

CONCORDIA HEALTHCARE INC.

Per: "Elena Masters"

Name: Elena Masters
Title: Director

Per: "Mark Thompson"

Name: Mark Thompson
Title: Chief Executive Officer

MERCARI SUBCO INC.

Per: "Elena Masters"

Name: Elena Masters
Title: Director