

MATERIAL CHANGE REPORT

1. Name and Address of Reporting Issuer:

PGNX Capital Corp. (formerly Paragon Pharmacies Limited, the "**Company**")
Unit 8, 2604 Enterprise Way
Kelowna, BC V1X 7Y5

2. Date of Material Change:

August 1, 2012

3. Material Change Report:

A news release disclosing the details discussed in this material change report was issued by the Company on August 1, 2012 and disseminated through the facilities of a recognized news wire service.

4. Summary of Material Change:

On August 1, 2012 the Company closed the sale of substantially all of its assets and changed its name to "PGNX Capital Corp."

5. Full Description of Material Change:

5.1 Full Description of Material Change

On August 1, 2012, the Company closed the sale to Shoppers Drug Mart Inc. ("**Shoppers**") of substantially all of the assets of the Company (the "**Assets**") for a cash purchase price of \$73.5 million, subject to certain post-closing adjustments and escrow provisions (the "**Transaction**"). The Assets are comprised of those assets formerly used in the Company's pharmacy business, which consisted of 19 retail pharmacies and three central fill pharmacies located in British Columbia, Alberta and Manitoba.

Summary of the Transaction

On May 22, 2012, Shoppers and the Company entered into an asset purchase agreement (the "**Agreement**") setting out the terms and conditions pursuant to which Shoppers agreed to purchase the Assets from the Company. On July 26, 2012, at an annual and special meeting of holders ("**Shareholders**") of common shares ("**Common Shares**") of the Company, the Shareholders approved the Transaction. Today, Shoppers and the Company closed the Transaction for immediate proceeds to the Company of \$58.4 and proceeds of \$15.1 million to be held in escrow pursuant to the Agreement, for aggregate proceeds of \$73.5million.

Name Change

In connection with the Transaction, pursuant to the Agreement, the Company agreed to change its name and at the Meeting, the Shareholders approved such name change. Today, the Company changed its name to "PGNX Capital Corp."

NEX

The Company has been advised by the TSX Venture Exchange (the "**TSXV**") that upon the completion of the Transaction, the Company no longer meets the TSXV's continued listing requirements. Accordingly, the Common Shares will be listed for trading on the NEX, a separate board of the TSX Venture Exchange and will no longer be listed on the TSXV. The Company expects that the Common Shares will commence trading on NEX on or before Tuesday, August 7, 2012.

Management Changes

In connection with the Transaction, Mr. Gordon Gooding will resign as chief executive officer of the Company on August 7, 2012 and Mr. Denis Taillieu will assume that role. The Company would like to thank Mr. Gooding for his service to the Company.

Expected Use of Proceeds

The proceeds from the Transaction are expected to be used to repay the Company's liabilities and obligations as they exist at closing. The remaining proceeds are expected to be distributed to Shareholders at future dates, with an initial distribution expected by late October 2012 in the amount of \$0.45 per share and a final distribution of approximately \$0.17 per share, assuming all escrow amounts are returned to the Company following the 18 month escrow period ending on November 22, 2013. The exact amount of the cash distribution and the date for determining the Shareholders of record will be confirmed at a later date.

5.2 Restructuring Transaction

Not applicable.

6. Reliance on subsection 7.1(2) of National Instrument 51-102:

Not applicable.

7. Omitted Information:

Not applicable.

8. Executive Officer:

The names and business numbers of the person who is knowledgeable of the material change and this report is:

Denis Taillieu, Director
Phone: (250) 868-8400

9. Date of Report:

This report is dated August 1, 2012.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This material change report contains forward-looking information and statements which constitute "forward-looking information" under Canadian securities law and which may be material regarding, among other things, the Company's beliefs, plans, objectives, strategies, estimates, intentions and expectations. These include, but are not limited to, statements with respect to the expected use of the proceeds from the Transaction by the Company, the expected date that the Common Shares are expected to commence trading on NEX and the amount, mechanism and timing of such cash distribution. Forward-looking information and statements are typically identified by words such as "anticipate", "believe", "expect", "estimate", "forecast", "goal", "intend", "plan", "will", "may", "should", "could" and similar expressions.

The forward-looking information and statements contained herein are based on certain factors and assumptions, certain of which appear proximate to the applicable forward-looking information and statements contained herein, including assumptions as to the time and amount of future distributions to shareholders. Such timing may change for a number of reasons, including ability to satisfy effective distribution planning requirements or conditions. Amounts may be impacted by unknown third party claims, or indemnifications sought by Shoppers against escrow funds. Accordingly, readers should not

place undue reliance on the forward-looking statements and information contained in this news release. Readers are cautioned that the foregoing list is not exhaustive.

Inherent in the forward-looking information and statements are known and unknown risks, uncertainties and other factors beyond the Company's ability to control or predict, which give rise to the possibility that the Company's predictions, forecasts, expectations or conclusions will not prove to be accurate, that its assumptions may not be correct and that its plans, objectives and statements will not be achieved. Actual results or developments may differ materially from those contemplated by the forward-looking information and statements.

Certain of these risks, factors, estimates and assumptions are described in more detail in the "Risks and Risk Management" section of the Company's most recently filed annual and interim Management's Discussion and Analysis for the year-ended August 31, 2011 and the nine month period ended May 31, 2012 to which readers are referred and which are incorporated by reference in this news release. In addition, all forward-looking statements made in this news release are qualified by the full caution regarding Forward-Looking Information and Statements in such Management's Discussion and Analysis. These risks, factors, estimates and assumptions are not exhaustive. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.