

## MATERIAL CHANGE REPORT

### PURSUANT TO SECTION 7.1 OF NATIONAL INSTRUMENT 51-102 RESPECTING CONTINUOUS DISCLOSURE OBLIGATIONS

ITEM 1: **Name and Address of Corporation**

Terranueva Corporation (“**Terranueva**” or the “**Corporation**”)  
255, Curé-Labelle Blvd., suite 204  
Laval, Québec  
H7L 2Z9

ITEM 2: **Date of Material Changes**

March 26, 2020.

ITEM 3: **News Release**

A press release was issued in English and French by Terranueva on March 27, 2020. Copies of each version are attached hereto.

ITEM 4: **Summary of Material Changes**

Terranueva reached a preliminary agreement, which became effective on March 26, 2020, for the acquisition of all of LSL Laboratory Inc.’s outstanding securities issued by the company for \$23.7 million which will be completed by way of an exchange of shares.

ITEM 5: **Full Description of Material Changes**

Terranueva announces that it has reached a preliminary agreement, which became effective on March 26, 2020 following the consent of the two main creditors of Terranueva, with the owners of the pharmaceutical company LSL Laboratory Inc. (“**LSL Laboratory**”) for the acquisition of all of LSL Laboratory’s outstanding securities issued by the company (the “**Shares**”). This acquisition of \$23.7 million will be completed by way of an exchange of shares (the “**Transaction**”). The Transaction will constitute a Fundamental Change within the meaning of the policies of the Canadian Securities Exchange.

LSL Laboratory is a company with over 65 employees that develops, manufactures, and distributes sterile ophthalmic and injectable pharmaceutical products as well as natural health products. LSL Laboratory distinguishes itself from other companies in its industry by its solid network of partners and collaborators providing it with extensive expertise in the manufacturing and development of generic products as well as their commercialisation.

“Having a branch with an expertise in pharmaceuticals, Terranueva is achieving a giant step in its growth momentum”, underscores Francisco Jr Perez, Chief Operating Officer of the Corporation. “This operation creates a complementarity of methods, expertise, and experiences that will allow Terranueva and LSL Laboratory to accelerate their game plan which is beneficial to all. It is not a secret that those who are profitable, well-funded, and have a proven expertise in pharmaceuticals are the leading players in what constitutes an emerging and constantly growing industry”, declares Pierre Ayotte, President and Chief Executive Officer of the Corporation.

## **Transaction**

The Transaction will constitute an arm's length transaction within the meaning of applicable regulations and will be subject to a number of usual market conditions precedent, including due diligence conditions, the approval of Terranueva's shareholders and the receipt of necessary regulatory approvals.

Pursuant to the current terms of the preliminary purchase agreement and subject to the satisfaction of all other conditions, Terranueva's Management as well as its principal founding shareholders (53.32 % of issued and outstanding shares) have agreed to favorably support the exchange of shares Transaction and will submit special resolutions to the shareholders of the Corporation for the approval of the Transaction and the consolidation of Terranueva's common shares for a ratio of TWO for ONE common share upon the completion of the Transaction (the "**Consolidation**"). In summary, upon completion of the Transaction, there will be a Consolidation of the common shares of the Corporation, on a basis of two (2) old shares for each new common share, prior to the share exchange transaction.

Should the Transaction and Consolidation move forward, the Corporation accepted to acquire LSL Laboratory's Shares in consideration of \$23.7 million payable by the issuance of 43,089,000 post-Consolidation common shares at a deemed price of fifty-five cents (\$0.55) per common share.

## **Information on the Target Corporation LSL Laboratory**

LSL Laboratory's factories are located in La Pocatière and Upton where it develops and manufactures food supplements and vitamins (in the form of tablets and capsules) and sterile injectable ophthalmic pharmaceutical products. LSL Laboratory's vision is to continue developing and manufacturing products in accordance with the highest quality standards for the benefit of its clients in Canada and abroad.

### **Highlights:**

- A dynamic team of professionals, dedicated to growth (internal and external) with an innovative strategy in the development and commercialisation of generic and sterile pharmaceutical products;
- Premises located in an industrial complex in Sainte-Anne-de-la-Pocatière with an area of 7,500 square feet for the manufacture of its generic natural health products;
- Commercial property located in Upton for the manufacture of its sterile, ophthalmic, and injectable product line. The factory, having an area of over 26,000 square feet, is erected on 60,000 square feet of land; and
- Modern equipment proven to sustain the business's growth and the manufacturing, bottling and labeling processes of natural products, including tablets and capsules as well as the manufacturing and packaging and bottling of ointments, ophthalmic drops, and injectable products.

"This transaction by way of a reverse takeover represents an excellent opportunity for our shareholders and integrates itself perfectly within our growth strategy. LSL Laboratory's expertise in the development and manufacturing of tablets and sterile and injectable ophthalmic products will allow the addition of new cannabis-based methods of production and revenue in order to meet a growing demand in this market", adds François Roberge, President and Chief Executive Officer of LSL Laboratory.

The proposed Transaction and Consolidation must be completed for the 3rd quarter ending June 30, 2020 of the Corporation's financial year or in the first half of the 4th quarter, subject to usual contractual conditions. Additional financial information will be provided in an upcoming press release.

ITEM 6: **Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102**

Not applicable.

ITEM 7: **Omitted Information**

Not applicable.

ITEM 8 **Executive Officer**

For further information, please contact Mr. Pierre Ayotte, President and CEO, at (514) 883-8733.

ITEM 9: **Date of Report**

April 3, 2020.



## COMMUNIQUÉ DE PRESSE

**POUR DIFFUSION IMMÉDIATE**

**SYMBOLE BOURSIER : TEQ**

**LE 27 MARS 2020**

### **TRANSACTION MAJEURE AVEC LA PHARMACEUTIQUE LABORATOIRE LSL POUR 23.7 MILLIONS DE DOLLARS**

L'ASSOMPTION, QUÉBEC – CORPORATION TERRANUEVA (CSE : TEQ) (la « **Société** » ou « **Terranueva** ») annonce avoir conclu une entente préliminaire, rendue effective le 26 mars 2020 suite à l'acceptation des 2 principaux créanciers de Terranueva, avec les propriétaires de la firme pharmaceutique Laboratoire LSL Inc. (« **Laboratoire LSL** ») visant l'acquisition de l'ensemble des titres émis de l'entreprise de Laboratoire LSL (les « **Actions** »). L'acquisition au coût de 23.7 millions de dollars se fera par échange d'actions (la « **Transaction** »). La Transaction constituera un changement important au sens des politiques de la Bourse Canadienne CSE.

Laboratoire LSL est une société de plus de 65 employés qui développe, fabrique et distribue des produits pharmaceutiques stériles ophtalmiques et injectables ainsi que des produits de santé naturels. Laboratoire LSL se distingue des autres entreprises de son secteur par son solide réseau de partenaires et de collaborateurs lui fournissant une vaste expertise dans la fabrication et le développement des produits génériques ainsi que leur commercialisation.

« Avec une firme d'expertise pharmaceutique, Terranueva fait un pas de géant dans son élan de croissance » de souligner Francisco Jr Perez, Chef des opérations de la Société. « Cette opération crée une complémentarité de moyens, d'expertises et d'expérience qui permettra à Terranueva et à Laboratoire LSL d'accélérer un plan de match avantageux pour tous. Il n'y a pas de secret, ceux qui seront rentables, bien financés et munis d'un savoir-faire et de connaissances pharmaceutiques pourront être dominants dans ce qui est une industrie constamment en forte croissance » de déclarer Pierre Ayotte, Président et Chef de la direction de la Société.

#### **Transaction**

La Transaction constituera une acquisition sans lien de dépendance au sens de la réglementation applicable et sera assujettie à un certain nombre de conditions préalables usuelles du marché, notamment une vérification diligente, une approbation des actionnaires de Terranueva et l'obtention des approbations réglementaires.

Aux termes de l'entente actuelle préliminaire et de la satisfaction des autres conditions, la Direction et les principaux actionnaires fondateurs de Terranueva (53,32 % des actions en circulation) ont accepté de soutenir la Transaction d'échange d'actions et soumettront des résolutions spéciales aux actionnaires de la Société pour approbation de la Transaction et d'une consolidation d'actions ordinaires de Terranueva pour valoir DEUX pour UNE action ordinaire au terme de la Transaction (la « **Consolidation** »). En somme, au terme de la Transaction suivra une Consolidation des actions ordinaires de la Société, pour un ratio de deux (2) anciennes actions pour chaque nouvelle action ordinaire, préalablement à la transaction d'échange d'actions.

Si la Transaction et la Consolidation vont de l'avant, la Société a accepté d'acquiescer les Actions de Laboratoire LSL en contrepartie de 23.7 millions \$ payable par l'émission du trésor de 43 089 000 actions ordinaires post-Consolidation à un prix réputé de cinquante-cinq cents (0,55 \$) par action ordinaire.

### **Information sur la société cible Laboratoire LSL**

Laboratoire LSL dispose d'usines situées à La Pocatière et à Upton où leurs suppléments alimentaires et vitamines (sous forme de comprimés et capsules) et produits pharmaceutiques ophtalmiques et injectables stériles y sont développés et fabriqués. La vision d'affaires de Laboratoire LSL est de développer et de fabriquer des produits selon les plus hauts standards en matière de qualité pour le compte de ses clients, au Canada et à l'étranger.

#### Faits saillants :

- Équipe de professionnels dynamique, vouée à la croissance (interne et externe) avec une stratégie d'innovation dans le développement et la commercialisation de produits génériques et pharmaceutiques stériles;
- Locaux situés dans un complexe industriel à Sainte-Anne-de-la-Pocatière d'une superficie d'environ 7 500 pieds carrés pour la fabrication de ses produits génériques de santé naturels;
- Immeuble industriel situé à Upton pour la fabrication de ses produits stériles ophtalmiques et injectables. L'usine d'une superficie au sol de plus de 26 000 pieds carrés est érigée sur un terrain de 60 000 pieds carrés; et
- Équipements modernes pouvant assurer le processus de fabrication, de mise en bouteille et d'étiquetage de produits naturels, incluant les produits sous forme de comprimés et de capsules, ainsi que la fabrication et la mise en tube ou en bouteille d'onguents, gouttes ophtalmiques et produits injectables.

« Cette transaction de prise de contrôle inversée représente une excellente opportunité pour nos actionnaires et s'intègre parfaitement dans le cadre de notre stratégie de croissance. L'expertise de Laboratoire LSL au niveau du développement et de la fabrication de comprimés et de produits ophtalmiques et injectables stériles permettra d'ajouter différents types de production à base de cannabis et générer de nouveaux revenus afin de répondre à une demande grandissante dans ce marché » de renchérir François Roberge, Président et Chef de la direction de Laboratoire LSL.

La Transaction et la Consolidation envisagées doivent pouvoir se compléter pour le 3<sup>e</sup> trimestre se terminant le 30 juin 2020 de l'année financière de la Société ou dans la première moitié du 4<sup>e</sup> trimestre, sous réserve des conditions contractuelles usuelles. Des informations additionnelles et financières seront transmises dans un prochain communiqué de presse.

*La réalisation de la Transaction et la Consolidation sont conditionnelles, notamment, à l'obtention du consentement des autorités boursières et doit faire l'objet de l'approbation des actionnaires. Rien ne garantit que la Transaction ou la Consolidation sera réalisée et que, si la Transaction ou la Consolidation l'est effectivement, elle le sera dans sa forme proposée.*

*Les investisseurs doivent savoir que, à l'exception des renseignements fournis dans la circulaire de sollicitation de procurations ou la déclaration de changement à l'inscription par la direction devant être préparée pour les besoins de la Transaction, les renseignements publiés ou reçus à l'égard de la Transaction peuvent ne pas être tous exacts ou complets; par conséquent, les investisseurs ne devraient pas s'y fier. La négociation des titres de Terranueva doit être considérée comme hautement spéculative.*

*La Bourse Canadienne CSE ne s'est nullement prononcée sur le bien-fondé de l'opération projetée, et n'a ni approuvé ou ni désapprouvé le contenu du présent communiqué.*

*La Bourse Canadienne CSE et ses fournisseurs de services de réglementation (au sens attribué à ce terme dans ses politiques) n'assument aucune responsabilité quant à la pertinence ou à l'exactitude du présent communiqué.*

**Pour plus d'information, veuillez contacter :**

Pour Corporation Terranueva :

Pierre Ayotte  
Président et Chef de la direction  
Téléphone : (514) 883-8733

Pour Laboratoire LSL Inc. :

François Roberge  
Président et Chef de la direction  
Téléphone : (514) 664-7700



## PRESS RELEASE

**FOR IMMEDIATE RELEASE**

**TICKER SYMBOL: TEQ**

**MARCH 27, 2020**

### **MAJOR TRANSACTION WITH THE PHARMACEUTICAL LSL LABORATORY INC. FOR 23.7 MILLION DOLLARS**

L'ASSOMPTION, QUÉBEC – CORPORATION TERRANUEVA (CSE : TEQ) (the “**Corporation**” or “**Terranueva**”) announces that it has reached a preliminary agreement, which became effective on March 26, 2020 following the consent of the two main creditors of Terranueva, with the owners of the pharmaceutical company LSL Laboratory Inc. (“**LSL Laboratory**”) for the acquisition of all of LSL Laboratory’s outstanding securities issued by the company (the “**Shares**”). This acquisition of \$23.7 million will be completed by way of an exchange of shares (the “**Transaction**”). The Transaction will constitute a Fundamental Change within the meaning of the policies of the Canadian Securities Exchange.

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The proposed Transaction and Consolidation must be completed for the 3<sup>rd</sup> quarter ending June 30, 2020 of the Corporation's financial year or in the first half of the 4<sup>th</sup> quarter, subject to usual contractual conditions. Additional financial information will be provided in an upcoming press



release.

*Completion of the Transaction and Consolidation are conditional to, namely, the Exchange's acceptance and the shareholders' approval. There can be no assurance that the Transaction or Consolidation will be completed as proposed or at all.*

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

*The Canadian Securities Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.*

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

**For more information, please contact:**

For Terranueva Corporation:

Pierre Ayotte, President and Chief Financial Officer  
Telephone: (514) 883-8733

For LSL Laboratory Inc.:

François Roberge, President and Chief Financial Officer  
Telephone: (514) 664-7700