MEDICURE INC
Form 20-F
March 31, 2016

united states

Securities and Exchange Commission

Washington, D.C. 20549

FORM 20-F

¨ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

or

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: December 31, 2015

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

or

¨ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 0-31092

MEDICURE INC.

(Exact name of registrant as specified in its charter)

Canada

(Jurisdiction of incorporation or organization)

2 - 1250 Waverley Street, Winnipeg, Manitoba, Canada R3T 6C6

(Address of principal executive offices)

Dr. Albert D. Friesen, Tel: (204) 487-7412, Fax: (204) 488-9823

2 - 1250 Waverley Street, Winnipeg, Manitoba, Canada R3T 6C6

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act: **None**

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Common Shares, without par value

_____

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

At December 31, 2015 the registrant had 14,445,168 common shares issued and outstanding

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ¨ No þ

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ¨ No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ¨ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ¨ Accelerated Filer ¨ Non-Accelerated Filer þ

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP ¨ International Financial Reporting Standards as issued by the International Accounting Standards Board þ **Other ¨**

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 ¨ **Item 18 ¨**

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ¨ **No þ**

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GENERAL

As used in this Annual Report, the "Corporation" or "Company" refers to "Medicure Inc.", the company resulting from the amalgamation of Medicure Inc. and Lariat Capital Inc., and "Medicure" refers to "Medicure Inc." prior to its amalgamation with Lariat Capital Inc. on December 22, 1999 pursuant to the *Business Corporations Act* (Alberta).

The Company uses the Canadian dollar as its reporting currency. Unless otherwise indicated, all references to dollar amounts in this Annual Report are to Canadian dollars. As of December 31, 2015, the rate for Canadian dollars was US $1.00 for CND $1.3840. See also Item 3 – *Key Information* for more detailed currency and conversion information.

Except as noted, the information set forth in this Annual Report is as of March 28, 2016 and all information included in this document should only be considered correct as of such date.

GLOSSARY OF TERMS

The following words and phrases shall have the meanings set forth below:

"angioplasty" means an operation to repair a damaged blood vessel or unblock an artery;

"Apicore" means any one or more of Apicore LLC, Apicore US LLC, Apicore Inc., Apigen Investments Limited, and Apicore Pharmaceuticals PVT Ltd., including any of their affiliates and subsidiaries, and if the context requires, the pharmaceutical manufacturing business carried on by this group of companies;

"**Apicore Transaction**" means the transaction occurring on July 3, 2014 whereby the Company acquired a minority interest in Apicore.

"FDA" means the United States Food and Drug Administration;

"**GPIs**" means glycoprotein GP IIb/IIIa inhibitors, which are injectable platelet inhibitors used to treat acute coronary syndromes and related conditions and procedures;

"myocardial infarction" means destruction of heart tissue resulting from obstruction of the blood supply to the heart muscle;

"**sNDA**" means supplemental new drug application, which is submitted to the FDA;

"**STEMI**" means Segment Elevation Myocardial Infarction, a type of heart attack

"TSX-V" means the TSX Venture Exchange.

FORWARD LOOKING STATEMENTS

Medicure Inc. cautions readers that certain important factors (including without limitation those set forth in this Form 20-F) may affect the Company's actual results in the future and could cause such results to differ materially from any forward-looking statements that may be deemed to have been made in this Form 20-F annual report, or that are otherwise made by or on behalf of the Company. This Annual Report contains forward-looking statements and information which may not be based on historical fact, which may be identified by the words "believes," "may," "plan," "will," "estimate," "continue," "anticipates," "intends," "expects," and similar expressions and the negative of such expressions. Such forward-looking statements include, without limitation, statements regarding:

- intention to sell and market its acute care cardiovascular drug, AGGRASTAT® (tirofiban hydrochloride) in the United States and its territories through the Company's U.S. subsidiary, Medicure Pharma, Inc.;

- intention to develop and implement clinical, regulatory and other plans to generate an increase in the value of AGGRASTAT®;

- intention to expand or otherwise improve the approved indications and/or dosing information contained within AGGRASTAT®'s approved prescribing information;

- intention to increase sales of AGGRASTAT®;

- intention to develop TARDOXAL™ for neurological disorders;

- intention to investigate and advance certain other product opportunities, including but not limited to transdermal formulations of tirofiban or other pharmaceuticals;

- intention to obtain regulatory approval for the Company's products;

- expectations with respect to the cost of the testing and commercialization of the Company's products;

- sales and marketing strategy;

- anticipated sources of revenue;

- intentions regarding the protection of the Company's intellectual property;

- intention to identify, negotiate and complete business development transactions (eg. the sale, purchase, or license of pharmaceutical products or services);

- expectations with respect to acquiring additional ownership of Apicore, and/or deriving any material benefit from the Company's ownership of Apicore;

- business strategy; and

- intention with respect to dividends.

Such forward-looking statements and information involve a number of assumptions as well as known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements and information including, without limitation:

- general business and economic conditions;

- the impact of changes in Canadian-US dollar and other foreign exchange rates on the Company's revenues, costs and results;

- the timing of the receipt of regulatory and governmental approvals for the Company's research and development projects;

- the ability of the Company to continue as a going concern;
- the availability of financing for the Company's commercial operations and/or research and development projects, or the availability of financing on reasonable terms;
- results of current and future clinical trials;
- the uncertainties associated with the acceptance and demand for new products;
- clinical trials not being unreasonably delayed and expenses not increasing substantially;
- government regulation not imposing requirements that significantly increase expenses or that delay or impede the Company's ability to bring new products to market;
- the Company's ability to attract and retain skilled staff;
- the Company’s ability, amid circumstances and decisions that are out of the Company’s control, to maintain adequate supply of product for commercial sale;
- inaccuracies and deficiencies in the scientific understanding of the interaction and effects of pharmaceutical treatments when administered to humans;
- market competition;
- the ability of Apicore to successfully operate and/or increase its value;
- tax benefits and tax rates; and
- the Company's ongoing relations with its employees and with its business partners.

These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements and information. The Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements and information contained herein to reflect future results, events or developments, except as otherwise required by applicable law. Additional

risks and uncertainties relating to the Company and its business can be found in the “Risk Factors” section of this Annual Report.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and Senior Management

Not applicable

B. Advisers

Not applicable

C. Auditors

Not applicable

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable

ITEM 3. KEY INFORMATION

A. Selected Financial Data

The selected financial data of the Company as at December 31, 2015 and 2014, May 31, 2014 and 2013 and for the fiscal years ended December 31, 2015 and 2014, May 31, 2014 and 2013 was extracted from the audited consolidated financial statements of the Company included in this Annual Report on Form 20-F. The information contained in the selected financial data is qualified in its entirety by reference to the more detailed consolidated financial statements and related notes included in Item 18 - *Financial Statements*, and should be read in conjunction with such financial statements and with the information appearing in Item 5 - *Operating and Financial Review and Prospects*. The selected financial data as at May 31, 2013 and 2012 and for the fiscal year ended May 31, 2012 was extracted from the audited financial statements of the Company not included in this Annual Report.

The information provided in the audited consolidated financial statements included in this Annual Report on Form 20-F is prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

During the preparation of the Company’s consolidated financial statements for the seven months ended December 31, 2014, the Company determined that the accounting for stock-based compensation pertaining to a consulting agreement signed during the year ended May 31, 2014 was interpreted incorrectly in accordance with IFRS 2 Share-Based Payments for the year ended May 31, 2014. As a result the May 31, 2014 information provided has been restated to include stock-based compensation expense relating to this consulting agreement.

On November 1, 2012, the Company completed a consolidation of its outstanding share capital on the basis of one post-consolidation share for every fifteen pre-consolidation shares. All comparative figures have been adjusted retrospectively.

Under International Financial Reporting Standards (in Canadian dollars):

Statement of Financial Position Data (as at period end)	December 31, 2015 $	December 31, 2014 $	May 31, 2014 Restated $	May 31, 2013 $	May 31, 2012 $
Current Assets	17,448,554	3,874,097	2,153,740	1,491,485	2,211,951
Property and Equipment	230,162	33,161	20,681	22,235	30,745
Intangible Assets	1,411,992	1,096,946	1,433,158	1,910,069	2,500,928
Other Assets	2,166,170	1,556,315	-	-	-
Total Assets	21,256,878	6,560,519	3,607,579	3,423,789	4,723,624
Current Liabilities	10,352,462	4,377,498	3,022,904	3,557,024	1,378,288
Non-current Liabilities	6,442,865	6,094,037	6,461,629	4,193,446	5,186,009
Total Liabilities	16,795,327	10,471,535	9,484,533	7,750,470	6,564,297
Net Assets / (Deficiency)	4,461,551	(3,911,016)	(5,876,954)	(4,326,681)	(1,820,673)
Capital Stock, Warrants and Contributed Surplus	128,304,590	122,406,511	121,779,707	121,482,563	121,379,570
Accumulated Other Comprehensive Income (Loss)	1,071,735	298,329	154,791	68,112	102,809
Deficit	(124,947,427)	(126,615,856)	(127,811,452)	(125,877,356)	(123,303,052)
Statement of Net Income (Loss) (for the fiscal year ended on)					
Product Sales	22,083,128	5,264,395	5,050,761	2,602,700	4,796,811
(Loss) Gain on Settlement of Debt	(60,595)	-	-	-	23,931,807
Net Income (Loss) for the Period	1,668,429	1,195,596	(1,934,096)	(2,574,304)	23,385,779
Comprehensive Income (Loss) for the Period	2,474,488	1,339,134	(1,647,417)	(2,609,001)	23,865,218
Income (Loss) Per Share					
Basic	0.12	0.10	(0.16)	(0.21)	1.99
Diluted	0.11	0.09	(0.16)	(0.21)	1.99
Weighted-Average Number of Common Shares Outstanding					
Basic	13,461,609	12,204,827	12,196,745	12,196,508	11,745,854
Diluted	15,765,570	13,843,126	12,196,745	12,196,508	11,752,521

Dividends

No cash dividends have been declared nor are any intended to be declared. The Company is not subject to legal restrictions respecting the payment of dividends except that they may not be paid if the Company is, or would after the payment be, insolvent. Dividend policy will be based on the Company's cash resources and needs and it is anticipated that all available cash will be required to further the Company's research and development activities for the foreseeable future.

Exchange Rates

Unless otherwise indicated, all reference to dollar amounts are to Canadian dollars. On March 28, 2016, the rate of exchange of the Canadian dollar, based on the daily noon rate in Canada as published by the Bank of Canada, was US$1.00 = Canadian $1.3184. The exchange rates published by the Bank of Canada and made available on its website, www.bankofcanada.ca, are nominal quotations — not buying or selling rates — and are intended for statistical or analytical purposes.

The following tables set out the exchange rates, based on the daily noon rates in Canada as published by the Bank of Canada for the conversion of Canadian Dollars into U.S. Dollars.

	December 31, 2015	December 31, 2014	May 31, 2014	May 31, 2013	May 31, 2012
Period End	1.3840	1.1601	1.0842	1.0368	1.0349
Average for the Period*	1.2787	1.1083	1.0638	1.0043	0.9983
High for the Period	1.4004	1.1536	1.1279	1.0275	1.0604
Low for the Period	1.1680	1.0740	1.0137	0.9785	0.9449

* The average rate for each period is the average of the daily noon rates on the last day of each month during the period.

Monthly High and Low Exchange Rate (Canadian Dollar per U.S. Dollar)

	High	Low

March 2016	1.3537	1.2923
February 2016	1.4083	1.3481
January 2016	1.4661	1.3873
December 2015	1.4004	1.3303
November 2015	1.3390	1.3040
October 2015	1.3280	1.2832
September 2015	1.3457	1.3017
August 2015	1.3346	1.2952
July 2015	13103	1.2544
June 2015	1.2563	1.2127

B. Capitalization and Indebtedness

Not applicable

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C. Reasons for the Offer and Use of Proceeds

Not applicable

D. Risk Factors

An investment in the Company's common shares is highly speculative and subject to a number of risks. Only those persons who can bear the risk of the entire loss of their investment should participate. An investor should carefully consider the risks described below and the other information that the Company furnishes to, or files with, the Securities and Exchange Commission and with Canadian securities regulators before investing in the Company's common shares. The risks described below are not the only ones faced by the Company. Additional risks that management is unaware of or that the Company currently believes are immaterial may indeed become important factors that affect the Company's business. If any of the following risks occur, or if others occur, the Company's business, operating results and financial condition could be seriously harmed and the investor may lose all of his or her investment. The trading price of the Company's common shares could decline due to, or independent of, any of the negative results discussed herein.

The fact that the Company only derives revenue from a single product creates additional risks and uncertainties to shareholders.

Prior to the acquisition of AGGRASTAT®, during fiscal 2007, the Company had no products in commercial production or use. As such, the Company was considered to be a development-stage enterprise for accounting purposes prior to the acquisition. Although the Company's commercial operation has improved, and the Company is working to further improve, profitability, the Company may incur losses and may never achieve sustained profitability, which in turn may harm its future operating performance and may cause the market price of its stock to decline.

With the exception of AGGRASTAT®, the Company's products are in the development stage and accordingly, its business operations are subject to all of the risks inherent in the establishment and maintenance of a developing business enterprise, such as those related to competition and viable operations management.

The long-term profitability of the Company's operations is uncertain, and any profitability may not be sustained. The Company's long-term profitability will be directly related to its ability to maintain or expand sales of AGGRASTAT®

and to acquire and/or develop other commercially viable drug products. This in turn depends on numerous factors, including the following:

a) the success of the Company's research and development activities;
b) obtaining regulatory approvals to market any of its development products;
c) the ability to contract for the manufacture of the Company's products according to schedule and within budget, given the Company's limited experience and lack of internal capabilities for manufacturing;
d) the ability to develop, implement and maintain appropriate systems and structures to market and operate within applicable regulatory, industry and legal guidelines;
e) the ability to identify, negotiate and complete business development transactions (eg. the sale, purchase, or license of pharmaceutical products or services) with third parties;
f) the ability to maintain current or higher pricing and margins for the Company's products;
g) deriving material value from the Company's interest in Apicore;
h) the ability to successfully prosecute and defend its patents and other intellectual property; and
i) the ability to successfully market the Company's products, including AGGRASTAT®, given that it has limited resources.

If the Company does achieve sustained profitability, it may not be able to increase profitability in the future.

The Company may be exposed to short-term liquidity risk.

To a certain extent the Company relies on trade credit, as well as cash from operations, term debt and equity issues to provide the necessary short-term financing to conduct the Company's research and development activities, to complete business development transactions as desired, and to maintain or expand its commercial operations as desired. Should suppliers and other creditors decline to extend short-term credit to the Company in the future, it may have a material adverse effect on the Company's business prospects, financial results and financial condition.

Under current indebtedness levels the Company must meet its debt repayment obligations. Additionally, the Company may still be able to incur substantially more debt. This could further exacerbate the risks associated with the Company's substantial leverage.

On July 18, 2011, the Company borrowed $5,000,000 from the Government of Manitoba, under the Manitoba Industrial Opportunities Program, to assist with settling the Company's long-term debt at that time. The loan bears interest annually at the crown corporation borrowing rate plus two percent. The loan was renegotiated effective August 1, 2013 to remain subject to interest-only monthly payments until August 1, 2015, at which time the monthly payments became blended as to principal and interest, and the maturity date of the loan was extended from July 1, 2016 to July 1, 2018. The loan is secured by the Company's assets and guaranteed by the Chief Executive Officer of the Company and entities controlled by the Chief Executive Officer. The Company must meet its debt repayment obligations and failure to do so could cause the lender to realize upon its security interest in the Company's assets, and to call on the guarantee provided by the Chief Executive Officer and entities controlled by him. The Company has made all payments to date in relation to this indebtedness,; however, there is no certainty that the Company will be able to continue servicing the debt.

Despite current indebtedness levels, the Company may still incur substantial additional indebtedness in the future.

The Company may never receive regulatory approval in Canada, the United States or abroad for any of its products in development. Therefore, the Company may not be able to sell any therapeutic products currently under development.

The Company's failure to maintain or obtain necessary regulatory approvals to fully market its current and future development stage products in one or more significant markets may adversely affect its business, financial condition and results of operations. The process involved in obtaining regulatory approval from the competent authorities to market therapeutic products is long and costly and may delay product development. The approval to market a product may be applicable to a limited extent only or it may be refused entirely.

With the exception of AGGRASTAT®, all of the Company's products are currently in the research and development stages. The Company may never have another commercially viable drug product approved for marketing. To obtain regulatory approvals for its products and to achieve commercial success, human clinical trials must demonstrate that the products are safe for human use and that they show efficacy. Unsatisfactory results obtained from a particular study or clinical trial relating to one or more of the Company's products may cause the Company to reduce or abandon its commitment to that program.

If the Company fails to successfully complete its clinical trials, it will not obtain approval from the U.S. Food and Drug Administration ("FDA") and other international regulatory agencies, to market its leading products. Regulatory approvals also may be subject to conditions that could limit the market its products can be sold in or make either products more difficult or expensive to sell than anticipated. Also, regulatory approvals may be revoked at any time for various reasons, including for failure to comply with regulatory requirements or poor performance of its products in terms of safety and effectiveness.

The Company's business, financial condition and results of operations are likely to be adversely affected if it fails to maintain or obtain regulatory approvals in Canada, the United States and abroad to market and sell its current or future drug products, including any limitations imposed on the marketing of such products.

If the Company fails to acquire and develop additional product candidates or approved products, it will impair the Company's ability to grow its business and to increase value for shareholders.

The Company generates product revenue only from AGGRASTAT®. A component of the Company's plan to generate additional revenue is its intention to develop and/or to acquire or license, and then develop and/or market, additional product candidates or approved products. The success of this growth strategy depends upon the Company's ability to identify, select and then to develop, acquire or license pharmaceutical products that meet the criteria it has established. Due to the fact the Company has limited financial capacity, significant indebtedness, and limited value in its equity, relative to other companies in the industry, it has a limited number of product opportunities to choose from. Moreover, the Company's ability to research and develop its own, or other acquired/licensed products, is limited by the extent of its internal scientific research capabilities. In addition, proposing, negotiating and implementing an economically viable acquisition or license is a lengthy and complex process. Other companies, including those with substantially greater financial, marketing and sales resources, may compete with the Company for the acquisition or license of product candidates and approved products. The Company may not be able to acquire or license the rights to additional product candidates and approved products on terms that it finds acceptable, or at all. Moreover, the Company may not have the human, technical, financial, manufacturing and/or clinical resources to successfully develop additional products.

The Company may not receive regulatory approval in the United States to further expand or otherwise improve the approved indications and/or dosing information contained within AGGRASTAT®'s prescribing information. Therefore, the Company may not be able to materially increase the sales of AGGRASTAT®.

In fiscal 2014 the Company was able to obtain revisions to AGGRASTAT®'s prescribing information and these revisions have had a positive, material impact on sales of AGGRASTAT®. The Company believes that further revisions to AGGRASTAT®'s prescribing information will put the Company in a better position to maximize the revenue potential for AGGRASTAT®. To make such changes, the Company may need to conduct appropriate clinical trials, obtain positive results from those trials, or otherwise provide support in order to obtain regulatory approval for the proposed indications and dosing regimens. The Company's failure to obtain additional regulatory approvals from the FDA to expand or otherwise improve the approved indications and/or dosing information contained within AGGRASTAT®'s prescribing information may adversely affect its business, financial condition and results of operations. The process involved in obtaining such regulatory approval is long and costly and may require additional investments that may not be reasonably achievable by the Company. The regulatory authorities have substantial discretion in the approval process and may refuse to accept any application. Varying interpretations of the data obtained from pre-clinical and clinical testing could delay, limit or prevent regulatory approval of a new indication for a product. Furthermore, the approval to modify the prescribing information may be applicable to a limited extent only

or it may be refused entirely.

The current approved prescribing information for AGGRASTAT® does not have the same therapeutic indications and supporting information as that provided for in the prescribing information of its competitors. Moreover, the prescribing information does not include all of the dosing information and therapeutic indications for which a physician may wish to use the product. Although health care professionals may utilize a product at doses and for indications outside of the approved prescribing information, the Company is prohibited from promoting such uses.

To obtain regulatory approvals to modify the prescribing information, the Company must supply sufficient information supporting the safety and efficacy of such uses to the FDA, which in turn must review and deem this information to be sufficient to modify the label in the agreed upon fashion. Unsatisfactory or insufficient results obtained from any particular study or clinical trial relating to the Company's products may cause the Company to reduce or abandon its efforts to expand or otherwise improve the approved indications and/or dosing information contained within AGGRASTAT®'s prescribing information.

If the Company does not comply with federal, state and foreign laws and regulations relating to the health care business, it could face substantial penalties.

The Company and its customers are subject to extensive regulation by the United States federal government, and the governments of the states in which the business is conducted. In the United States, the laws that directly or indirectly affect the Company's ability to operate its business include the following:

- the Federal Anti-Kickback Law, which prohibits persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce either the referral of an individual or furnishing or arranging for a good or service for which payment may be made under federal health care programs such as Medicare and Medicaid;
- other Medicare laws and regulations that prescribe the requirements for coverage and payment for services performed by the Company's customers, including the amount of such payment;
- the Federal False Claims Act, which imposes civil and criminal liability on individuals and entities who submit, or cause to be submitted, false or fraudulent claims for payment to the government;
- the Federal False Statements Act, which prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with delivery of or payment for health care benefits, items or services; and
- various state laws that impose similar requirements and liability with respect to state healthcare reimbursement and other programs.

If the Company's operations are found to be in violation of any of the laws and regulations described above or any other law or governmental regulation to which the Company or its customers are or will be subject, the Company may be subject to civil and criminal penalties, damages, fines, exclusion from the Medicare and Medicaid programs and the curtailment or restructuring of its operations. Similarly, if the Company's customers are found to be non-compliant with applicable laws, they may be subject to sanctions, which could also have a negative impact on the Company. Any penalties, damages, fines, curtailment or restructuring of the Company's operations would adversely affect its ability to operate its business and financial results. Any action against the Company for violation of these laws, even if the Company is able to successfully defend against it, could cause it to incur significant legal expenses, divert management's attention from the operation of the business and damage the Company's reputation.

Due to the fact that a material amount of the use of AGGRASTAT® is outside of the FDA approved indications contained within AGGRASTAT®'s prescribing information, the Company may be at a greater risk than would be the case if the product was almost exclusively used within the approved prescribing information.

AGGRASTAST® competes with a variety of existing drugs and may compete against other new drugs, which may limit the use of AGGRASTAT® and adversely affect the Company's revenue.

Due to the incidence and severity of cardiovascular diseases, the market for anticoagulant and antiplatelet therapies is large and competition is intense. There are a number of anticoagulant and antiplatelet drugs recently approved, currently on the market, awaiting regulatory approval or in development. AGGRASTAT® competes with, or may compete with in the future, these drugs to the extent AGGRASTAT® and any of these drugs are approved for the same or similar indications.

AGGRASTAT® competes primarily with other platelet inhibitors, in particular the other GP IIb/IIIa inhibitors, ReoPro (abciximab) (sold by Eli Lilly and Company) and Integrilin (eptifibatide) (branded drug sold by Merck & Co., Inc., in addition to generic eptifibatide sold by other companies). It also competes with a number of oral platelet inhibitors, which can be used alone or in conjunction with anticoagulants, most notably with heparin (sold generically by a number of companies), and with a recently approved injectable platelet inhibitor, Kengreal (cangrelor) (sold by The Medicines Company, Inc.). In addition, some alternative methods of treatment, such as the use of Angiomax (bivalirudin) (sold by The Medicines Company, Inc.), also compete with AGGRASTAT®. These competitors are all marketed by large pharmaceutical companies with significantly more resources and experience than the Company.

In the majority of hospitals in the United States AGGRASTAT® is not available on the hospital formulary and it can be very difficult and time consuming to have AGGRASTAT® added to formulary for use by health care professionals. In many cases, competing treatment approaches may have FDA approval for dosing regimens and/or therapeutic indications that are outside of AGGRASTAT®'s approved prescribing information. The risk of bleeding associated with AGGRASTAT® may cause physicians to choose an alternative therapy. In some circumstances, AGGRASTAT® competes with other drugs for the use of hospital financial resources. Although AGGRASTAT® is positioned as a relatively low cost therapy, in certain circumstances, other treatment approaches are lower cost and may for this reason be preferred by health care professionals, in particular where oral antiplatelet agents are deemed suitable.

The availability of generic treatment options may affect cost advantage of AGGRASTAT® relative to the generic products.

AGGRASTAT® is a branded pharmaceutical product for which there is currently no generic alternative available in the Company's market. AGGRASTAT®'s reduced cost relative to other products is one of the advantages being used by the Company to promote and increase sales of AGGRASTAT®. Distributors of generic products typically price products significantly below the branded alternative, and these distributors are always seeking to introduce these generic alternatives of pharmaceuticals. There is a risk that new generic products will be introduced that compete with AGGRASTAT® and that their low pricing would reduce AGGRASTAT®'s relative cost advantage, and therefore negatively impact the maintenance and growth of sales by the Company. Two generic versions of a competing product, eptifibatide, entered the market in December 2015 and are now competing directly against AGGRASTAT®. Additional generic competitors are expected to enter the market in the months and years ahead, and it is anticipated that these will result in further reductions to the price of eptifibatide.

Moreover, due to the recent growth in sales of AGGRASTAT®, there is increased revenue potential that generic companies will attempt to enter the U.S. market ahead of the last patent expires for AGGRASTAT®. If this occurs, the Company will have to defend its patent position and market exclusivity for AGGRASTAT® against larger, better funded and more experienced generic companies. The entry of a generic version of AGGRASTAT® into the market would have a major negative effect on both the volume and profitability of the Company's AGGRASTAT® sales.

The Company may not be able to hire or retain the qualified scientific, technical and management personnel it requires.

The Company's business prospects and operations depend on the continued contributions of certain of the Company's executive officers and other key management and technical personnel, certain of whom would be difficult to replace.

The Company’s subsidiary, Medicure International, Inc., contracts with third parties to perform a significant amount of its research and development activities. Because of the specialized scientific nature of the Company’s business, the loss of services of any one or more of these parties may require the Company to attract and retain replacement qualified scientific, technical and management personnel. Competition in the biotechnology industry for such personnel is intense and the Company may not be able to hire or retain a sufficient number of qualified personnel, which may compromise the viability, pace and success of its research and development activities.

Also, certain of the Company's management personnel are officers and/or directors of other companies and organizations, some publicly-traded, and will only devote part of their time to the Company. Although the Company has key person insurance for Dr. Albert Friesen, Chief Executive Officer, the Company does not have key person insurance in effect in the event of a loss of any other management, scientific or other key personnel. The loss of the services of one or more of the Company's current executive officers or key personnel or the inability to continue to attract qualified personnel could have a material adverse effect on the Company's business prospects, financial results and financial condition.

The Company faces substantial technological competition from many biotechnology and pharmaceutical companies with much greater resources, and it may not be able to effectively compete.

Technological and scientific competition in the pharmaceutical and biotechnology industry is intense. The Company competes with other companies in Canada, the United States and abroad to develop products designed to treat similar conditions. Most of these other companies have substantially greater financial, technical and scientific research and development resources, manufacturing and production and sales and marketing capabilities than the Company. Smaller companies may also prove to be significant competitors, whether acting independently or through collaborative arrangements with large pharmaceutical and biotechnology companies. Developments by other companies may adversely affect the competitiveness of the Company's products or technologies or the commitment of its research and marketing collaborators to its programs or even render its products obsolete.

The pharmaceutical and biotechnology industry is characterized by extensive drug discovery and drug research efforts and rapid technological and scientific change. Competition can be expected to increase as technological advances are made and commercial applications for biopharmaceutical products increase. The Company's competitors may use different technologies or approaches to develop products similar to the products which it is developing, or may develop new or enhanced products or processes that may be more effective, less expensive, safer or more readily available before or after the Company obtains approval of its products. The Company may not be able to successfully compete with its competitors or their products and, if it is unable to do so, the Company's business, financial condition and results of operations may suffer.

The Company may be unable to establish collaborative and commercial relationships with third parties.

The Company's success may depend to some extent on its ability to enter into and to maintain various arrangements with corporate partners, licensors, licensees and others for the research, development, clinical trials, manufacturing, marketing, sales and commercialization of its products. These relationships are crucial to the Company's intention to license to or contract with other pharmaceutical companies for the manufacturing, marketing, sales and/or distribution of any its current or future products. There can be no assurance that any licensing or other agreements will be established on favourable terms, if at all. The failure to establish successful collaborative arrangements may

negatively impact the Company's ability to develop and commercialize its products, and may adversely affect its business, financial condition and results of operations.

The Company is currently dependent on its remaining inventory of its sole commercial product, AGGRASTAT® and does not have regulatory approvals in place for a new supplier of raw material used in the manufacture of AGGRASTAT®. In addition, the Company needs to extend its manufacturing agreement with its final product manufacturer, or find a new finished product manufacturer.

During fiscal 2012, the Company's subsidiary, Medicure International, Inc., acquired a significant quantity of the raw material (active pharmaceutical ingredient) used in the manufacture of AGGRASTAT® and terminated its supply contract with its sole supplier of the raw material for AGGRASTAT®. In addition, Medicure International, Inc. sold drug substance from inventory on hand to a third party. Also during fiscal 2012, Medicure International engaged and initiated work with a contract manufacturing organization to establish a new source of the raw material for AGGRASTAT®. Although significant progress has been made with the new contract manufacturing organization, this product is not yet approved for commercial use and additional work, as well as regulatory approvals, is required to establish the supplier as a new, approved source of the raw material for AGGRASTAT®.

The Company's subsidiary, Medicure Pharma, Inc., has a third party manufacturer of the final product AGGRASTAT® and that supply arrangement will expire on October 31, 2017. The Company has initiated and made significant progress towards transitioning to a new manufacturer of final product, however final product from the new manufacturer is not yet approved for commercial sale by the FDA and additional work is required. Although the Company believes that the inventory of final product made by the current manufacturer in 2015 will be sufficient to fulfill commercial demand needs until the new final product manufacturer is established and approved for commercial sale, this cannot be guaranteed.

If either the supply of raw material or the final product manufacturing agreement for AGGRASTAT® is terminated or interrupted, or if the Company and its subsidiaries are unable to establish new or maintain existing third party manufacturers, or to obtain regulatory approval for commercial use of product made by the new raw material manufacturer or the new finished product manufacturer, or if the inventories of AGGRASTAT® currently held are contaminated, exhausted due to stock-out, or otherwise lost, and the Company is unable to obtain a replacement supplier or manufacturer, it could have a material adverse effect on the Company's business prospects, financial results and financial condition. It is important to note that the establishment of new manufacturing sources of pharmaceutical raw material or finished product takes a prolonged period of time.

If Apicore encounters unanticipated challenges during the next two years, the Company may be obligated to help fund the resolution of these matters through the purchase of shares of Apicore.

One aspect of the Apicore Transaction announced on July 3, 2014, is that Medicure has a contractual obligation to help fund the resolution of certain specified damages if they are encountered before July 3, 2016. The specified mechanism for Medicure to fulfill this obligation is through the purchase of a portion of the equity of Apicore at a specified price per share, with such price being a discount to the price paid by Signet Healthcare for its investment in Apicore pursuant to the Apicore Transaction. This equity purchase obligation is capped, not to exceed US $5 million, and if such an equity purchase is made, it would result in a pro-rata reduction in the cost of Medicure acquiring full ownership of Apicore, should Medicure so desire to proceed as contemplated in the Apicore Transaction.

Although the occurrence of any of the specified damages that would precipitate such a purchase is not anticipated by the Company, there is a risk that it will be required, and that the specified purchase price would be above the then relevant valuation of Apicore. Moreover, Medicure may not have the available cash resources to fulfill such an obligation, and may be required to conduct its own equity financing, redirect finances away from other Company activities, or conduct some other financing activity that would otherwise not have been necessary. In these and other ways, the equity purchase obligation may have a material negative impact on the Company.

The Company's minority interest in Apicore, which was acquired under the Apicore Transaction announced on July 3, 2014, may never bring material benefit to the Company.

The business of Apicore is that of a manufacturer of pharmaceutical raw material (active pharmaceutical ingredients) and the development of abbreviated new drug applications. Although it is part of the same, overall pharmaceutical industry in which the Company is engaged, Apicore's specific sector and field of business faces its own unique set of risks and uncertainties, which include, but are not limited to, an intensely competitive environment, strict and changing government and FDA regulations on drug manufacturers, litigation risks associated with the manufacture of drugs for human use, high fixed costs of operations, and many of the other risks outlined in more detail herein. Because the Company is only a minority (<10%) owner of Apicore and the value such ownership interest is not a primary asset of the Company, this Form 20F does not attempt to identify all of the risks and uncertainties of Apicore. However, it is important for the Company's investors and shareholders to understand that (i) the value of the Company's minority interest in Apicore and, (ii) the value of the Company's option to purchase full ownership of Apicore, are each subject to, and could be materially impaired by, a number of other risks and uncertainties not described in this Form 20F.

The Company may fail to obtain acceptable prices or appropriate reimbursement for its products and its ability to successfully commercialize its products may be impaired as a result.

Government and insurance reimbursements for healthcare expenditures play an important role for all healthcare providers, including physicians, medical device companies, pharmaceutical companies, medical supply companies, and companies, such as the Company, that offer or plan to offer various products in the United States and other countries. The Company's ability to earn sufficient returns on its products will depend in part on the extent to which reimbursement for the costs of such products, related therapies and related treatments will be available from government health administration authorities, private health coverage insurers, managed care organizations, and other organizations. In the United States, the Company's ability to have its products and related treatments and therapies eligible for Medicare or private insurance reimbursement is and will remain an important factor in determining the ultimate success of its products. If, for any reason, Medicare or the insurance companies decline to provide reimbursement for the Company's products and related treatments, the Company's ability to commercialize its products would be adversely affected. There can be no assurance that the Company's products and related treatments will be eligible for reimbursement.

There has been a trend toward declining government and private insurance expenditures for many healthcare items. Third-party payers are increasingly challenging the price of medical products and services.

If purchasers or users of the Company's products and related treatments are not able to obtain appropriate reimbursement for the cost of using such products and related treatments, they may forgo or reduce such use. Even if the Company's products and related treatments are approved for reimbursement by Medicare and private insurers, as is the case with AGGRASTAT®, the amount of reimbursement may be reduced at times, or even eliminated. This would have a material adverse effect on the Company's business, financial condition, and results of operations.

Significant uncertainty exists as to the reimbursement status of newly approved healthcare products, and there can be no assurance that adequate third-party coverage will be available for new products developed or acquired by the Company.

The Company does not have significant manufacturing experience and has limited marketing resources and may never be able to successfully manufacture or market certain of its products.

The Company has limited experience in commercial manufacturing and has limited resources for marketing or selling its products. The Company may never be able to successfully manufacture and market certain of its development products. If any other of its development products are approved for sale, the Company intends to contract with and

rely on third parties to manufacture, and possibly also to market and sell its products. Accordingly, the quality, timing and commercial success of such products may be outside of the Company's control. Failure of, or delays by, a third party manufacturer to comply with good manufacturing practices or similar quality control regulations or satisfy regulatory inspections may have a material adverse effect on the Company and its products. Failure of, or delays by, a third party in the marketing or selling of the Company's products or failure of the Company to successfully market and sell such products likewise may have a material adverse effect on the Company and its products.

The Company has limited product liability insurance and may not be able to obtain adequate product liability insurance in the future.

The sale and use of the Company's commercial and development products, and the conduct of clinical studies involving human subjects, entails product and professional liability risks that are inherent in the testing, production, marketing and sale of pharmaceuticals to humans. While the Company has taken, and intends to continue to take, what it believes are appropriate precautions, there can be no assurance that it will avoid significant liability exposure. Although the Company currently carries product liability insurance, there can be no assurance that it has sufficient coverage, or can in the future obtain sufficient coverage at a reasonable cost. An inability to obtain insurance on economically feasible terms or to otherwise protect against potential product liability claims could inhibit or prevent the commercialization of products developed by the Company. The obligation to pay any product liability claim or recall for a product may have a material adverse effect on its business, financial condition and future prospects. In addition, even if a product liability claim is not successful, adverse publicity and the time and expense of defending such a claim may significantly impact the Company's business.

If the Company is unable to successfully protect its proprietary rights, its competitive position will be adversely affected.

The patent positions of pharmaceutical companies are generally uncertain and involve complex legal, scientific and factual issues. The Company's success depends significantly on its ability to:

- obtain and maintain U.S. and foreign patents, including defending those patents against adverse claims;
- secure patent term extensions for the patents covering its approved products;
- protect trade secrets;
- operate without infringing the proprietary rights of others; and
- prevent others from infringing its proprietary rights.

The Company's success will depend to a significant degree on its ability to obtain and protect its patents and protect its proprietary rights in unpatented trade secrets.

The Company owns or jointly owns numerous patents from the United States Patent Office and other jurisdictions. The Company has additional pending United States patent applications along with applications pending in other jurisdictions. The Company's pending and any future patent applications may not be accepted by the United States Patent and Trademark Office or any other jurisdiction in which applications may be filed. Also, processes or products that may be developed by the Company in the future may not be patentable. Errors or ill-advised decisions by Company staff and/or contracted patent agents may also affect the Company's ability to obtain or maintain valid patent protection.

The patent protection afforded to biotechnology and pharmaceutical companies is uncertain and involves many complex legal, scientific and factual questions. There is no clear law or policy involving the degree of protection afforded under patents. As a result, the scope of patents issued to the Company may not successfully prevent third parties from developing similar or competitive products. Competitors may develop similar or competitive products that do not conflict with the Company's patents. Litigation may be commenced by the Company to prevent infringement of its patents. Litigation may also commence against the Company to challenge its patents that, if successful, may result in the narrowing or invalidating of such patents. It is not possible to predict how any patent litigation will affect the Company's efforts to develop, manufacture or market its products. However, the cost of litigation to prevent infringement or uphold the validity of any patents issued to the Company may be significant, in which case its business, financial condition and results of operations may suffer. Patents provide protection for only a limited period of time, and much of such time can occur well before commercialization commences.

The U.S. Congress is considering patent reform legislation. In addition, the U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. This combination of events has created uncertainty with respect to the value of patents, once obtained, and the Company's ability to obtain patents in the future. Depending on decisions by the U.S. Congress, the federal courts, and the United States Patent and Trademark Office, the laws and regulations governing patents could change in unpredictable ways that would weaken the Company's ability to obtain new patents or to enforce its existing patents and patents that it might obtain in the future.

Disclosure and use of the Company's proprietary rights in unpatented trade secrets not otherwise protected by patents are generally controlled by written agreements. However, such agreements will not provide the Company with adequate protection if they are not honoured, others independently develop an equivalent technology, disputes arise concerning the ownership of intellectual property, or its trade secrets are disclosed improperly. To the extent that consultants or other research collaborators use intellectual property owned by others in their work with the Company, disputes may also arise as to the rights to related or resulting know-how or inventions.

Others could claim that the Company infringes on their proprietary rights, which may result in costly, complex and time consuming litigation.

The Company's success will depend partly on its ability to operate without infringing upon the patents and other proprietary rights of third parties. The Company is not currently aware that any of its products or processes infringes the proprietary rights of third parties. However, despite its best efforts, the Company may be sued for infringing on the patent or other proprietary rights of third parties at any time in the future.

Such litigation, with or without merit, is time-consuming and costly and may significantly impact the Company's financial condition and results of operations, even if it prevails. If the Company does not prevail, it may be required to stop the infringing activity or enter into a royalty or licensing agreement, in addition to any damages it may have to pay. The Company may not be able to obtain such a license or the terms of the royalty or license may be burdensome for it, which may significantly impair the Company's ability to market its products and adversely affect its business, financial condition and results of operations.

The Company is subject to stringent governmental regulation, in the future may become subject to additional regulations and if it is unable to comply, its business may be materially harmed.

Pharmaceutical companies operate in a high-risk regulatory environment. The FDA and other national health agencies can be very slow to approve a product and can also withhold product approvals. In addition, these health agencies also oversee many other aspects of the Company's operations, such as research and development, manufacturing, and testing and safety regulation of products. As a result, regulatory risk is normally higher than in other industry sectors.

The Company is or may become subject to various federal, provincial, state and local laws, regulations and recommendations. The Company and third parties providing manufacturing, research and/or development services to the Company is subject to various laws and regulations, relating to product emissions, use and disposal of hazardous or toxic chemicals or potentially hazardous substances, infectious disease agents and other materials, and laboratory and manufacturing practices used in connection with the activities. If the Company, or its contracted third party, fails to comply with these regulations, the Company may be fined or suffer other consequences that could materially affect the Company's business, financial condition or results of operations.

The pharmaceutical sales and marketing industry within which the Company operates is a complex legal and regulatory environment. The failure to comply with applicable laws, rules and regulations may result in civil and criminal legal proceedings. As those rules and regulations change or as governmental interpretation of those rules and regulations evolve, prior conduct may be called into question. The Company may become subject of federal and/or

state governmental investigations into pricing, marketing, and reimbursement of its prescription drug product. Any such investigation could result in related restitution or civil litigation on behalf of the federal or state governments, as well as related proceedings initiated against the Company by or on behalf of consumers and private payers. Such proceedings may result in trebling of damages awarded or fines in respect of each violation of law. Criminal proceedings may also be initiated against the Company. Any of these consequences could materially and adversely affect the Company's financial results.

The Company is unable to predict the extent of future government regulations or industry standards, however, it should be assumed that government regulations or standards will increase in the future. New regulations or standards may result in increased costs, including costs for obtaining permits, delays or fines resulting from loss of permits or failure to comply with regulations.

The Company's products may not gain market acceptance, and as a result it may be unable to generate significant revenues.

Except with respect to AGGRASTAT®, none of the Company's products have the required manufacturing approvals or capabilities, clinical data and regulatory approvals necessary to be marketed in any jurisdiction; future clinical or preclinical results may be negative or insufficient to allow the Company to successfully market any of its products under development; and obtaining needed data and results may take longer than planned, and may not be obtained at all.

Even if the Company's products under development are approved for sale, they may not be successful in the marketplace. Market acceptance of any of the Company's products will depend on a number of factors, including demonstration of clinical effectiveness and safety; the potential advantages of its products over alternative treatments; the availability of acceptable pricing and adequate third-party reimbursement; and the effectiveness of marketing and distribution methods for the products. Providers, payors or patients may not accept the Company's products, even if they prove to be safe and effective and are approved for marketing by the FDA and other national regulatory authorities. The Company anticipates that it will take many years before its initial products may be sold commercially. If the Company's products do not gain market acceptance among physicians, patients, and others in the medical community, its ability to generate significant revenues from its products would be limited.

The Company may not achieve its projected development and commercial goals in the time frames it announces and expects.

The Company sets goals for and may from time to time make public statements regarding timing of the accomplishment of objectives related to AGGRASTAT® and/or its products under development, that are material to the Company's success, such as the commencement and completion of clinical trials, anticipated regulatory approval dates, and timing of product launch. The actual timing of these events can vary dramatically due to factors such as delays or failures in the Company's clinical trials, the uncertainties inherent in the regulatory approval process, and delays in achieving product development, manufacturing or marketing milestones. There can be no assurance that the Company's clinical trials will be completed, that it will make regulatory submissions or receive regulatory approvals as planned, or that it will be able to adhere to its current schedule for the scale-up of manufacturing and launch of any of its products. If the Company fails to achieve one or more of these milestones as planned, that could materially affect its business, financial condition or results of operations.

The Company's business involves the use of hazardous material, which requires it to comply with environmental regulations.

The Company's research and development processes and commercial activities may involve the controlled storage, use, and disposal of hazardous materials and hazardous biological materials. The Company and the third party service providers conducting manufacturing, research and development for the Company, are subject to laws and regulations governing the use, manufacture, storage, handling, and disposal of such materials and certain waste products. Although the Company believes that its safety procedures for handling and disposing of such materials comply with the standards prescribed by such laws and regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, the Company could be held liable for any damages that result, and any such liability could exceed its resources. There can be no assurance that the Company will not be required to incur significant costs to comply with current or future environmental laws and regulations, or that its business, financial condition, and results of operations will not be materially or adversely affected by current or future environmental laws or regulations.

The Company's insurance may not provide adequate coverage with respect to environmental matters.

Environmental regulations could have a material adverse effect on the results of the Company's operations and its financial position.

The Company is subject to a broad range of environmental regulations imposed by federal, state, provincial, and local governmental authorities. Such environmental regulation relates to, among other things, the handling and storage of hazardous materials, the disposal of waste, and the discharge of contaminants into the environment. Although the Company believes that it is in material compliance with applicable environmental regulation, as a result of the potential existence of unknown environmental issues and frequent changes to environmental regulation and the interpretation and enforcement thereof, there can be no assurance that compliance with environmental regulation or obligations imposed thereunder will not have a material adverse effect on the Company in the future.

The Company operates in an industry that is more susceptible to legal proceedings. The Company may become involved in litigation.

The Company operates in an industry consisting of firms that are more susceptible to legal proceedings than firms in other industries. This susceptibility is due to several factors, including but not limited to, the fact that the Company's shares and those of its competitors are publically traded, and the uncertainty and complex regulatory environment involved in the development and sale of pharmaceuticals. The Company intends to vigorously defend such actions if and when they arise. Defense and prosecution of legal claims can be expensive and time consuming, may adversely affect the Company regardless of the outcome due to the diversion of financial, management and other resources away from the Company's primary operations, and could impact the Company's ability to continue as a going concern in the longer term. In addition, a negative judgment against the Company, even if the Company is planning to appeal such a decision, or even a settlement in a case, could negatively affect the cash reserves of the Company, and could have a material negative effect on the development and sale of its products.

Indemnification obligations to the Company's directors and senior management may adversely affect its financial condition.

The Company has entered into agreements pursuant to which it will indemnify the directors and senior management in respect of certain claims made against them while acting in their capacity as such. If the Company is called upon to perform its indemnity obligations, the Company's financial condition will be adversely affected. The Company is not currently aware of any matters pending or under consideration that may result in indemnification payments to any of its present or former directors or senior management.

The Company is exposed to foreign exchange movements since the majority of its commercial sales operations are denominated in U.S. currency.

The majority of the Company's sales revenues and a substantial portion of its selling, general and administrative expenses are denominated in U.S. dollars. The Company does not utilize derivatives, such as foreign currency forward contracts and futures contracts, to manage its exposure to currency risk and as a result a change in the value of the Canadian dollar against the U.S. dollar could have a negative impact on the Company's business prospects, financial results and financial condition. In the future, the Company may begin to utilize foreign exchange rate mitigation and management strategies, however any such efforts, if they are not based on accurate predictions of future fluctuations in foreign exchange rates, may actually have a negative impact on the Company.

The Company may need to raise additional capital through the sale of its securities, resulting in dilution to its existing shareholders. Such funds may not be available, or may not be available on reasonable terms, adversely affecting the Company's operations.

The Company has limited financial resources and has historically financed much of its operations through the sale of securities, primarily common shares. The Company has significant on-going cash expenses and limited ability to generate cash from operations. To meet its on-going cash needs the Company may need to rely on the taking on of additional debt and/or the sale of such securities for future financing, resulting in dilution to its existing shareholders. The Company's long-term capital requirements may be significant and will depend on many factors, including continued scientific progress in its product discovery and development program, revenue, progress in the maintenance and expansion of its sales and marketing capabilities, progress in its pre-clinical and clinical evaluation of products and product candidates, time and expense associated with filing, prosecuting and enforcing its patent claims and costs associated with obtaining regulatory approvals. In order to meet such capital requirements, the Company will consider contract fees, collaborative research and development arrangements, debt financing, public financing or additional private financing (including the issuance of additional equity securities) to fund all or a part of particular programs.

The Company's business, financial condition and results of operations will depend on its ability to obtain additional financing which may not be available under favourable terms, if at all. The Company's ability to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as its business performance. Where additional financing is available, the Company may be required to obtain approval from the Company's shareholders. Such approval may not be provided.

For the sake of clarity, any decision to conduct a major transaction, such as the possible acquisition of shares of Apicore or the possible acquisition of one or more commercial pharmaceutical products, is likely to necessitate the raising of additional capital through the sale of its securities (resulting in dilution to its existing shareholders) and/or through additional loans. Such funds may not be available, or may not be available on reasonable terms, adversely affecting the Company's operations. They may also adversely affect the Company subsequent to such a transaction or it may prevent the Company from completing such a transaction.

The Company is exposed to risks given its significant dependence on revenue from the sale of its sole commercial product, AGGRASTAT®.

The Company has limited financial resources and is largely dependent upon revenue from the sale of its sole commercial product, AGGRASTAT®. The Company has significant on-going cash expenses, including commitments to advance research and development programs; however, the Company has limited ability to generate cash from other sources.

If revenue from the sale of AGGRASTAT® is not maintained or increased, the Company may have to reduce substantially or eliminate expenditures for research and development, testing, production and marketing of its proposed products, or obtain funds through arrangements with corporate partners that require it to relinquish rights to certain of its technologies, assets or products.

Future issuance of the Company's common shares will result in dilution to its existing shareholders. Additionally, future sales of the Company's common shares into the public market may lower the market price which may result in losses to its shareholders.

As of December 31, 2015, the Company had 14,445,168 common shares issued and outstanding. A further 2,277,126 common shares are issuable upon exercise of outstanding stock options and another 126,442 common shares are issuable upon exercise of share purchase warrants, all of which may be exercised in the future resulting in dilution to the Company's shareholders. The Company's stock option plan allows for the issuance of stock options to purchase up to a maximum of 20% of the outstanding common shares at any time.

By Articles of Amendment filed by the Company under the *Canada Business Corporations Act* on November 1, 2012, a consolidation of shares was completed to reduce the total number of outstanding shares. However, as described above, the Company has limited financial resources and may from time to time be required to finance its operations through the sale of equity securities. In addition, it may be required to issue equity securities as consideration for services or asset acquisition transactions. Sales of substantial amounts of the Company's common shares into the public market, or even the perception by the market that such sales may occur, may lower the market price of its common shares.

The Company's common shares may experience extreme price and volume volatility which may result in losses to its shareholders.

The Company's common shares historically have been subject to extreme price and volume volatility. For example, during the period from January 1, 2015 to December 31, 2015, the high and low closing trading prices of the Company's common shares were CDN$4.25 and CDN$1.25, respectively, with a total trading volume of 8,038,156 shares. Daily trading volume on the TSX of the Company's common shares for the period from January 1, 2015 to December 31, 2015 has fluctuated, with a high of 1,460,305 shares and a low of no shares traded, averaging approximately 31,771 shares per trading day.

The Company expects that the trading price of its common shares will continue to be subject to wide fluctuations in response to a variety of factors including announcement of material events by the Company, such as the dependence of revenue on a single product, the status of required regulatory approvals for its products, competition by new products or new innovations, fluctuations in its operating results, general and industry-specific economic conditions and developments pertaining to patent and proprietary rights. The trading price of the Company's common shares may be subject to wide fluctuations in response to a variety of factors and/or announcements concerning such factors, including:

- actual or anticipated period-to-period fluctuations in financial results;
- litigation or threat of litigation;
- failure to achieve, or changes in, financial estimates of individual investors and/or by securities analysts;
- new or existing products or generic equivalents to products or services or technological innovations by the Company or its competitors;
- comments or opinions by securities analysts or major shareholders;
- conditions or trends in the pharmaceutical, biotechnology and life science industries;
- significant acquisitions, strategic partnerships, joint ventures or capital commitments;

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results of, and developments in, the Company's manufacturing, research and development efforts, including results and adequacy of, and developments in, its manufacturing activities, development activities, clinical trials and applications for regulatory approval;

- additions or departures of key personnel;
- sales of the Company's common shares, including by holders of the notes on conversion or repayment by the Company in common shares;
- economic and other external factors or disasters or crises;
- limited daily trading volume; and
- developments regarding the Company's patents or other intellectual property or that of its competitors.

In addition, the securities markets in the United States and Canada have recently experienced a high level of price and volume volatility, and the market price of securities of pharmaceutical companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

There may not be an active, liquid market for the Company's common shares.

On March 26, 2010, the Company's common shares were delisted from the TSX due to the Company's inability to meet continued listing requirements. On March 29, 2010, the Company's common shares commenced trading on the NEX board of the TSX-V under the symbol "MPH.H". The shares continued trading on the NEX until October 21, 2011, at which time the trading of the Company's shares was transferred to the TSX-V under the symbol "MPH".

There is no guarantee that an active trading market for the Company's common shares will be maintained on the TSX-V. Investors may not be able to sell their shares quickly or at the latest market price if trading in its common shares is not active.

If there are substantial sales of the Company's common shares, the market price of its common shares could decline.

Sales of substantial numbers of the Company's common shares could cause a decline in the market price of its common shares. Any sales by existing shareholders or holders of options or warrants may have an adverse effect on the Company's ability to raise capital and may adversely affect the market price of its common shares.

The Company has no history of paying dividends, does not intend to pay dividends in the foreseeable future and may never pay dividends.

Since incorporation, the Company has not paid any cash or other dividends on its common shares and does not expect to pay such dividends in the foreseeable future as all available funds will be invested to finance the growth of its business. The Company will need to achieve significant and prolonged profitability prior to any dividends being declared, which may never happen.

If the Company is classified as a "passive foreign investment Company" for United States income tax purposes, it could have significant and adverse tax consequences to United States holders of its common shares.

Company does not believe that it was a "passive foreign investment Company" for the taxable year ended December 31, 2015, and does not expect that it will be a "passive foreign investment Company" (PFIC) for the taxable year ending December 31, 2016. (See more detailed discussion in Item 10E – *Taxation*) However, there can be no assurance that the United States Internal Revenue Service ("IRS") will not challenge the determination made by the Company concerning its "passive foreign investment Company" status or that the Company will not be a "passive foreign investment Company" for the current taxable year or any subsequent taxable year. Accordingly, although the Company expects that it may be a "Qualified Foreign Corporation" (QFC) for the taxable year ending December 31, 2015, there can be no assurances that the IRS will not challenge the determination made by the Company concerning its QFC status, that the Company will be a QFC for the taxable year ending December 31, 2015 or any subsequent taxable year, or that the Company will be able to certify that it is a QFC in accordance with the certification procedures issued by the Treasury and the IRS.

The Company's classification as a PFIC could have significant and adverse tax consequences for United States holders of its common shares.

The Company no longer has a shareholder rights plan

During fiscal 2012, the Company allowed its shareholder rights plan to expire. The provisions of such plan were intended to strengthen the ability of the Board of Directors to protect the Company's shareholders, and help ensure that the shareholders were treated fairly by limiting the ability of any person or group to seize control of the Company without appropriately compensating all of the Company's shareholders.

Risks associated with material weaknesses within the Company's financial reporting and review process

In connection with its review of the Company's Internal Control over Financial Reporting, the Company has identified material weaknesses with the Company's financial reporting and review process, involving the accounting and reporting for complex transactions, due to limited staff not allowing for appropriate reviews of such transactions. Any failure to remediate the material weaknesses, to implement the required new or improved control, or difficulties encountered in the implementation, could cause the Company to fail to meet its reporting obligations on a timely basis or result in material misstatements in the annual or interim financial statements. Inadequate internal control over financial reporting could also cause investors to lose confidence in the Company's reported financial information, which could cause the Company's stock price to decline.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

On December 22, 1999, the Company was formed by the amalgamation of Medicure Inc. with Lariat Capital Inc. pursuant to the provisions of the *Business Corporations Act* (Alberta). The Company was continued from Alberta to the federal jurisdiction by Certificate of Continuance issued pursuant to the provisions of the *Canada Business Corporations Act* on February 23, 2000.

The Company's current legal and commercial name is Medicure Inc. and its current registered office is 30th Floor, 360 Main Street, Winnipeg, Manitoba, Canada, R3C 4G1, Phone (204) 487-7412. The Company's head office is located at 2-1250 Waverley Street, Winnipeg, Manitoba, Canada, R3T 6C6.

In August 2006, the Company acquired the U.S. rights to its first commercial product, AGGRASTAT® Injection (tirofiban hydrochloride) in the United States and its territories (Puerto Rico, Virgin Islands and Guam) for US$19,000,000.

In September 2007, the Company monetized a percentage of its current and potential future commercial revenues by entering into a debt financing agreement with Birmingham Associates Ltd. (Birmingham), an affiliate of Elliott Associates, L.P. (Elliott) for proceeds of US$25 million. This debt was subsequently settled in July 2011 for consideration that included a royalty payable by the Company to Birmingham based on future commercial AGGRASTAT® sales until 2023. The royalty is based on four percent of the first $2,000,000 of quarterly AGGRASTAT® sales, six percent on the portion of quarterly sales between $2,000,000 and $4,000,000 and eight percent on the portion of quarterly sales exceeding $4,000,000 payable within 60 days of the end of the preceding quarter.

In February 2008, the Company announced that its pivotal Phase III MEND-CABG II clinical trials with MC-1 did not meet the primary endpoint and as a result was not sufficient to support the filings. As a result, the Company announced a restructuring plan that resulted in the organization reducing its head count by approximately 50 employees and full-time consultants. The restructuring and downsizing in March 2008 conserved capital for ongoing operations.

Since March 2008, the Company has continued to focus on the sale and marketing of AGGRASTAT®. The Company has also explored and implemented a number of cost savings measures and has further downsized its operations. All these initiatives were initiated due to the restructuring plan announced towards the end of fiscal 2008. These activities assisted in further reducing the Company's use of capital, in particular its investment in research and development programs, but have moved forward certain programs on a limited and focused fashion such as the development and implementation of a new clinical, product and regulatory strategy for AGGRASTAT® and the ongoing Phase II clinical study of TARDOXAL™.

In calendar years 2014 and 2015, as a part of its effort to expand sales of AGGRASTAT®, the Company began to significantly increase the number of employees and otherwise increase expenses related to sales and marketing of AGGRASTAT®, and related to General and Administrative costs of the Company. In 2016, the Company plans to further expand total employment and otherwise increase expenses.

The Company's future operations are dependent upon its ability to maintain sales of AGGRASTAT®, to develop and/or acquire new products, and/or secure additional capital, which may not be available under favourable terms or at all, and/or renegotiate the terms of its contractual commitments and long-term debt.

If the Company is unable to maintain sales of AGGRASTAT®, develop and/or acquire new products, and/or raise additional capital and/or renegotiate the terms of its contractual commitments, management will consider other strategies including cost curtailments, delays of research and development activities, asset divestures and/or monetization of certain intangible assets.

During fiscal 2012, the Company's subsidiary, Medicure International, Inc., acquired a significant quantity of the raw material used in the manufacture of AGGRASTAT® and terminated its supply contract with its sole supplier of the raw material for AGGRASTAT®. Also during fiscal 2012, Medicure International engaged and initiated work with a contract manufacturing organization to establish a new source of the raw material for AGGRASTAT®. This work with the new contract manufacturing organization is still ongoing as part of efforts to establish the supplier as a new, approved source of the raw material for AGGRASTAT®.

The Company's subsidiary, Medicure Pharma, Inc., has a third party manufacturer of the final product AGGRASTAT® and that supply arrangement will expire on December 31, 2017. The Company has initiated and made significant progress towards transitioning to a new manufacturer of final product, however final product from the new manufacturer is not yet approved for commercial sale by the FDA and additional work is required. Although the Company believes that the inventory of final product made by the current manufacturer in 2015 will be sufficient to fulfill commercial demand needs until the new final product manufacturer is established and approved for commercial sale, this cannot be guaranteed.

On July 18, 2011, the Company borrowed $5,000,000 from the Government of Manitoba, under the Manitoba Industrial Opportunities Program, to assist with settling the Company’s debt to Birmingham. Effective August 1, 2013, the Company renegotiated this debt and received an additional two year deferral of principal repayments. Under the renegotiated terms, the loan continued to be interest only until August 1, 2015 when blended payments of principal and interest commenced, and the loan maturity date was extended to July 1, 2018.

On July 3, 2014, the Company and its newly formed and wholly owned subsidiary, Medicure U.S.A. Inc. ("Medicure USA"), entered into an arrangement whereby they have acquired a minority interest in a pharmaceutical manufacturing business known as Apicore, along with an option to acquire all of the remaining issued shares within the next three years. Specifically, Medicure and Medicure USA acquired a 6.09% equity interest (5.33% on a fully-diluted basis) in two newly formed holding companies of which Apicore LLC and Apicore US LLC will be wholly owned operating subsidiaries. The Company's equity interest and certain other rights, including the option rights were obtained by the Company for services provided in its lead role in structuring a US$22.5 million majority interest purchase and financing of Apicore. There was no cash outflow in connection with the acquisition of the minority interest in Apicore. The business and operations of Apicore are distinct from the Company, and the Company’s primary operating focus remains on the sale and marketing of AGGRASTAT®. The Company intends to seek opportunities to increase the value of its minority position in Apicore, and believes that the potential realization of value through the exercise of its option to acquire all of the remaining issued shares of Apicore could benefit the Company’s shareholders. As such, a modest amount of the Company’s energies and resources are being directed towards assisting and assessing Apicore’s ongoing operations.

B. Business Overview

Plan of Operation

Medicure is a specialty pharmaceutical company engaged in the research, clinical development and commercialization of human therapeutics. The Company's primary operating focus is on the sale and marketing of its acute care cardiovascular drug, AGGRASTAT® owned by its subsidiary, Medicure International, Inc. and distributed in the United States and its territories through the Company's U.S. subsidiary, Medicure Pharma, Inc.

The Company's research and development program is primarily focused on developing and implementing new regulatory, brand and life cycle management strategy for AGGRASTAT®. Medicure is also making selective research and development investments in certain high-value acute cardiovascular generic and reformulation product opportunities, in addition to exploring neurological treatment applications of its legacy product (MC-1, Tardoxal™). The Company is actively seeking to acquire and/or license additional approved products.

Strategic changes made over recent years, coupled with increased sales of AGGRASTAT® and an equity financing in fiscal 2015, have dramatically improved the Company's financial position compared to previous years. Nevertheless, the Company's ability to continue in operation for the foreseeable future remains dependent upon the maintenance of AGGRASTAT® sales and upon the effective execution of its business development and strategic plans.

The ongoing focus of the Company and its primary asset of interest is AGGRASTAT®. In parallel with the Company's ongoing commitment to support the product, its valued customers and the continuing efforts of the commercial organization, the Company is in the process of developing and further implementing a new regulatory, brand and life cycle management strategy for AGGRASTAT®. The objective of this effort is to further expand AGGRASTAT®'s share of the estimated US $280 million (2014) glycoprotein GP IIb/IIIa (GPI) inhibitor market. GPIs are injectable platelet inhibitors used in the treatment of patients with acute coronary syndrome.

The Company has financed its operations principally through the net revenue received from the sale of AGGRASTAT®, sale of its equity securities, including a private placement in June 2015 for gross proceeds to the Company of $4.0 million, the issue of warrants and stock options, interest on excess funds held, a build up in accounts payable associated with a reliance on trade debt, and the issuance of debt.

Effective August 1, 2013, the Company renegotiated its long-term debt and received an additional two year deferral of principal repayments. Under the renegotiated terms, the loan continued to be interest only until July 31, 2015 with principal repayments having begun on August 1, 2015 and the loan maturing on July 1, 2018.

On July 3, 2014, the Company acquired a minority interest in Apicore along with an option to acquire all of the remaining issued shares of Apicore until July 3, 2017 at a predetermined price. The business and operations of Apicore are distinct from the Company, and the Company's primary operating focus remains on the sale and marketing of AGGRASTAT®. The Company intends to seek opportunities to increase the value of its minority position in Apicore, and believes that the potential realization of value through the exercise of its option to acquire all of the remaining issued shares of Apicore could benefit the Company's shareholders. As such, a modest amount of the Company's energies and resources are being directed towards assisting and assessing Apicore's ongoing operations.

Recent Developments

- **Shares for Debt Settlements**

On July 11, 2014, the Company announced that, subject to all necessary regulatory approvals, it has entered into shares for debt agreements with its Chief Executive Officer, Dr. Albert Friesen and certain members of the Board of Directors, pursuant to which the Company will issue 205,867 of its common shares at a deemed price of $1.98 per common share to satisfy $407,617 of outstanding amounts owing to the CEO and members of the Company's Board of Directors. The shares were issued on January 9, 2015.

On January 27, 2015, the Company announced that, subject to all necessary regulatory approvals, it has entered into shares for debt agreements with certain members of the Board of Directors and a consultant, pursuant to which the Company will issue 108,206 of its common shares at a deemed price of $1.44 per common share to satisfy $155,817 of outstanding amounts owing to these individuals. The shares were issued on March 20, 2015.

- **Approval of Expanded Dosing Time for AGGRASTAT®**

On April 23, 2015 the Company announced that the FDA had approved a revision to the duration of the bolus delivery for the AGGRASTAT® high-dose bolus regimen. The dosing change and label modification was requested by the Company to help health care professionals more efficiently meet patient-specific administration needs and to optimize the implementation of AGGRASTAT® at new hospitals. The newly approved labeling supplement now allows the delivery duration of the AGGRASTAT® high-dose bolus (25 mcg/kg) to occur anytime within 5 minutes, instead of the previously specified duration of 3 minutes. This change is part of Medicure's ongoing regulatory strategy to expand the applications for AGGRASTAT®.

- **Bought Deal Private Placement Financing**

On June 26, 2015, the Company announced that it closed a bought deal private placement financing (the "Offering") with a syndicate of underwriters led by PI Financial Corp. as sole lead underwriter and including Bloom Burton & Co (collectively, the "Underwriters"). Pursuant to the Offering, the Company issued 1,829,545 common shares (the "Shares") of the Company at a purchase price of $2.20 per Share, including 238,636 Shares issued pursuant to the full exercise of the Underwriters over-allotment option, for gross proceeds to the Company of approximately $4,025,000.

The Underwriters received a cash commission equal to 7.0% of the gross proceeds raised in the Offering and were granted compensation options to purchase Shares of Medicure equal to 7.0% of the total number of Shares issued pursuant to the Offering, exercisable for a 24 month period from the closing of the Offering at a price of $2.20 per Share.

The net proceeds of the Offering will be used to fund product development costs related to AGGRASTAT, as well as for general corporate and working capital purposes.

· **Filing of Supplemental New Drug Application for New AGGRASTAT® Indication**

On September 10, 2015, the Company announced that it submitted a supplemental new drug application (commonly referred to by its acronym, "sNDA") to the FDA to expand the label for AGGRASTAT® to include the treatment of patients presenting with ST Segment Elevation Myocardial Infarction ("STEMI"), a type of heart attack. AGGRASTAT® is currently approved by the FDA for treatment of patients presenting with non-ST segment elevation acute coronary syndrome (NSTE ACS). If approved for STEMI, AGGRASTAT® would be the first in its class of glycoprotein IIb/IIIa inhibitors to receive such a label in the United States.

The Company has a Prescription Drug User Fee Act (PDUFA) action date for the STEMI sNDA on July 10, 2016. Under PDUFA, the FDA aims to complete its review within ten months from the receipt of a sNDA submission. The sNDA filing was accompanied by a mandatory US $1.167 million user fee paid by Medicure International, Inc. to the FDA.

· **Collaboration with Apicore**

Subsequent to December 31, 2015, on January 6, 2016 the Company announced that it has initiated the development of a high-value cardiovascular generic drug. The project is a collaboration between Medicure International, Inc. and Apicore US LLC (together with its affiliates “Apicore”), a leading-edge manufacturer of generic active pharmaceutical ingredients ("APIs”). The collaborative project is focused on the development of an intravenous abbreviated New Drug Application (“ANDA”) drug product for an acute cardiovascular indication. Medicure and Apicore have entered into an exclusive product supply and development agreement under which Medicure holds all commercial rights. The companies anticipate filing the ANDA with the U.S. Food and Drug Administration by the end of 2016.

Commercial:

In fiscal 2007, the Company’s subsidiary, Medicure International, Inc., acquired the U.S. rights to its first commercial product, AGGRASTAT®, in the United States and its territories (Puerto Rico, Virgin Islands, and Guam). AGGRASTAT®, a glycoprotein IIb/IIIa inhibitor (“GPI”), is used for the treatment of acute coronary syndrome (ACS), including unstable angina (chest pain) (UA), which is characterized by chest pain when one is at rest, and non-Q-wave myocardial infarction (MI). AGGRASTAT® is indicated to reduce the rate of thrombotic cardiovascular events (combined endpoint of death, myocardial infarction, or refractory ischemia/repeat cardiac procedure) in patients with non-ST elevation acute coronary syndrome (NSTE ACS). Under a contract with Medicure International, Inc., the Company’s subsidiary, Medicure Pharma, Inc., continues to support, market and distribute the product. Through a services agreement with Medicure Inc., work related to AGGRASTAT® is primarily conducted by staff based in Winnipeg, Canada, with support from a small number of third party contractors.

Net revenue from the sale of finished AGGRASTAT® products for the year ended December 31, 2015 increased by 162% over the net revenue for the twelve months ended December 31, 2014. All of the Company’s sales are denominated in U.S. dollars. Hospital demand for AGGRASTAT® increased significantly compared to the comparable period in the prior year. The increase in revenue is primarily attributable to an increase in the number of new hospital customers using AGGRASTAT®. The number of new customers reviewing and implementing AGGRASTAT® has increased sharply as a result of FDA approval of the new dosing regimen for AGGRASTAT® as announced on October 11, 2013 and due to increased marketing and promotional efforts of the Company. Additionally, favourable fluctuations in the U.S. dollar exchange rate contributed to the increase in revenue.

Going forward and contingent on sufficient finances being available, the Company intends to further expand revenue through marketing and promotional activities, strategic investments related to AGGRASTAT® and the acquisition and/or development of other niche products that fit the commercial organization.

Research and Development:

The Company's research and development activities are predominantly conducted by its subsidiary, Medicure International, Inc.

The primary ongoing research and development activity is the development and further implementation of a new regulatory, brand and life cycle management strategy for AGGRASTAT®. The extent to which the Company is able to invest in this plan is dependent upon the availability of sufficient finances.

An important aspect of the AGGRASTAT® strategy is the revision of its approved prescribing information. On October 11, 2013, the Company announced that the FDA has approved the AGGRASTAT® HDB regimen, as requested under Medicure's sNDA. The AGGRASTAT® HDB regimen (25 mcg/kg over 3 minutes, followed by 0.15 mcg/kg/min) now becomes the recommended dosing for the reduction of thrombotic cardiovascular events in patients with NSTE ACS.

The Company believes that further expanded indications and dosing regimens may put the Company in a better position to further maximize the revenue potential for AGGRASTAT®. The Company is currently exploring the potential to make such changes, and the Company may need to conduct appropriate clinical trials, obtain positive results from those trials, or otherwise provide support in order to obtain regulatory approval for such proposed indications and dosing regimens.

On April 23, 2015 the Company announced that the FDA has approved a revision to the duration of the bolus delivery for the AGGRASTAT® HDB regimen. The dosing change and label modification was requested by the Company to help health care professionals more efficiently meet patient-specific administration needs and to optimize the implementation of AGGRASTAT® at new hospitals. The newly approved labeling supplement now allows the delivery duration of the AGGRASTAT® high-dose bolus (25 mcg/kg) to occur anytime within 5 minutes, instead of the previously specified duration of 3 minutes. This change is part of Medicure's ongoing regulatory strategy to expand the applications for AGGRASTAT®.

On September 10, 2015, the Company announced that it submitted a sNDA to FDA to expand the label for AGGRASTAT® to include the treatment of patients presenting with STEMI. AGGRASTAT® is currently approved by the FDA for treatment of patients presenting with NSTE ACS. If approved for STEMI, AGGRASTAT® would be the first in its class of GPIs to receive such a label in the United States.

In previous communication with the Company, the FDA's Division of Cardiovascular and Renal Drug Products indicated its willingness to review and evaluate this label change request based substantially on data from the On-TIME 2 study, with additional support from published studies and other data pertinent to the use of the AGGRASTAT® HDB regimen in the treatment of STEMI. The efficacy and safety of the HDB regimen in STEMI has been evaluated in more than 20 clinical studies involving over 11,000 patients and is currently recommended by the ACCF/AHA Guideline for the Management of STEMI.

The Company has a Prescription Drug User Fee Act (PDUFA) action date for the STEMI sNDA on July 10, 2016. Under PDUFA, the FDA aims to complete its review within ten months from the receipt of a sNDA submission. The sNDA filing was accompanied by a mandatory US $1.167 million user fee paid by Medicure International, Inc. to the FDA.

Another aspect of the AGGRASTAT® strategy is to advance studies related to the contemporary use and future regulatory positioning of the product. On May 10, 2012 the Company announced the commencement of enrolment in a new clinical trial of AGGRASTAT® entitled "Shortened AGGRASTAT® Versus Integrilin in Percutaneous Coronary Intervention" (SAVI-PCI). SAVI PCI is a randomized, open-label study enrolling patients undergoing percutaneous coronary intervention (PCI) at sites across the United States. In June 2013, the target number of patients to be enrolled in the study was increased from 600 to 675. The study is designed to evaluate whether patients receiving the investigational, HDB regimen of AGGRASTAT® (25 mcg/kg bolus over 3 minutes) followed by an infusion of 0.15 mcg/kg/min for either a shortened duration of 1 to 2 hours or a lengthened infusion of 12 to 18 hours will have outcomes that are similar, or "non-inferior," to patients receiving a 12 to 18 hour infusion of Integrilin® (eptifibatide) (Merck & Co., Inc.) at its FDA approved dosing regimen. The study arm investigating AGGRASTAT® HDB followed by a 12 to 18 hour infusion was added subsequent to enrolment commencing.

The primary objective of SAVI-PCI is to demonstrate AGGRASTAT® is non-inferior to Integrilin with respect to the composite endpoint of death, PCI-related myocardial infarction, urgent target vessel revascularization, or major bleeding within 48 hours following PCI or hospital discharge. The secondary objectives of this study include the assessment of safety as measured by the incidence of major bleeding.

The first patient was enrolled in June 2012. As of March 29, 2016 the study was approximately 75% through to completion of enrolment.

Yet another aspect of the AGGRASTAT® strategy is to explore and develop new uses and dosing approaches related to the product. On September 26, 2012, the Company announced the development of a transdermal delivery formulation of AGGRASTAT®. The ability to administer a drug transdermally (i.e. through the skin) provides a convenient way to deliver a stable, therapeutic level of medication to the patient. AGGRASTAT® and other antiplatelet drugs of its class (known as glycoprotein IIb/IIIa inhibitors or GPIs) are currently only administered by intravenous infusion. In vivo proof of principle for the transdermal delivery of therapeutic levels of AGGRASTAT®'s active ingredient, tirofiban, has been established in animal studies conducted in collaboration with 4P Therapeutics, Inc. (Alpharetta, GA). 4P Therapeutics, a world leader in the research and development of novel transdermal products, has entered into an agreement with the Company's subsidiary, Medicure International, Inc., to further develop transdermal tirofiban. The delivery of tirofiban by a novel, transdermal method has potential to provide significant advantages over the current treatments used in this setting, including the potential for increased use prior to hospitalization.

Medicure International, Inc. holds worldwide rights to transdermal tirofiban. The Company is managing the advancement of the transdermal tirofiban development program in an effort to conserve resources and focus on other areas of investment.

The Company is also continuing to explore other experimental uses and product formats related to AGGRASTAT®.

Through an ongoing research and development investment, the Company is also exploring other new product opportunities in the interest of developing future sources of revenue and growth.

Subsequent to December 31, 2015, on January 6, 2016 the Company announced that it has initiated the development of a high-value cardiovascular generic drug. The project is a collaboration between Medicure International, Inc. and Apicore US LLC (together with its affiliates “Apicore”), a leading-edge manufacturer of generic active pharmaceutical ingredients ("API’s”). The collaborative project is focused on the development of an intravenous abbreviated New Drug Application (“ANDA”) drug product for an acute cardiovascular indication. Medicure and Apicore have entered into an exclusive product supply and development agreement under which Medicure holds all commercial rights. The companies anticipate filing the ANDA with the U.S. Food and Drug Administration by the end of 2016.

The Company is actively working and devoting a modest amount of resources to this program, including, but not limited to the development of TARDOXAL™ (formerly known as MC-1) for neurological conditions such as Tardive Dyskinesia. This work includes, but is not limited to, working with the FDA to better understand and refine the next steps in development of the product.

On August 13, 2014 the Company announced that the preliminary results of its Phase IIa Clinical Trial, TARDOXAL™ for the Treatment of Tardive Dyskinesia (TEND-TD) showed a non-statistically significant improvement in the primary efficacy endpoint in patients treated with TARDOXAL™. Medicure views these preliminary results as supportive of continuing the program and developing a modified formulation as a prelude to a larger, confirmatory Phase II study.

It is the Company’s intention to develop TARDOXAL™ independently and/or in conjunction with a larger pharmaceutical company for commercialization of the product. Similar partnerships may be required for other products that the Company may from time to time seek to develop. Such a partnership would provide funding for clinical development, add experience to the product development process and provide market positioning expertise. No formal agreement for such a commercial partnership has been entered into by the Company as of the date hereof.

The following table summarizes the Company's research and development programs, their therapeutic focus and their stage of development.

Product Candidate	***Therapeutic focus***	***Stage of Development***
AGGRASTAT®®	Acute Cardiology	Approved – Additional studies underway
Generic aNDA	Acute Cardiology	aNDA filing preparation is underway
TARDOXAL™	TD/Neurological indications	Phase IIa – enrollment complete, Regulatory and clinical planning underway
Transdermal AGGRASTAT®	Acute Cardiology	Preclinical– formulation development

The Company has evaluated and continues to evaluate the acquisition or license of other approved commercial products with the objective of further broadening its product portfolio and generating additional revenue.

Potential New Products in Development Stage

Cardiovascular Generic and Reformulation Products: Subsequent to year-end, Medicure Inc. initiated the development of a high-value cardiovascular generic drug. The project is a collaboration between Medicure International Inc. (a wholly owned subsidiary of Medicure) and Apicore U.S. LLC, a leading-edge manufacturer of generic active pharmaceutical ingredients. The collaborative project is focused on the development of an intravenous abbreviated new drug application (ANDA) drug product for an acute cardiovascular indication. Medicure and Apicore have entered into an exclusive product supply and development agreement under which Medicure holds all commercial rights. The companies anticipate filing the ANDA with the U.S. Food and Drug Administration by the end of 2016. Medicure is also exploring and investing in other opportunities to reformulate and to develop generic versions of acute cardiovascular drugs.

TARDOXAL™ for Neurological Conditions: One of the Company's ongoing investments is the clinical development and commercialization of its lead research product, TARDOXAL™ (pyridoxal 5-phosphate) for TD and other neurological conditions. TD is a serious movement disorder which results from long term treatment with antipsychotic medications. At present there is no treatment available for TD in the US. TARDOXAL™'s potential for treatment of TD is supported by its biological mechanism of action and by preliminary clinical studies which indicated efficacy of a related compound in treatment of TD.

On August 13, 2014 the Company announced that the preliminary results of its Phase IIa Clinical Trial, TARDOXAL™ for the Treatment of Tardive Dyskinesia (TEND-TD) showed a non-statistically significant improvement in the primary efficacy endpoint in patients treated with TARDOXAL™. Medicure views these preliminary results as supportive of continuing the program and developing a modified formulation as a prelude to a larger, confirmatory Phase II study.

TEND-TD was planned as a 140 patient Phase II clinical trial to evaluate the efficacy and safety of TARDOXAL™ for the treatment of Tardive Dyskinesia, with a pre-planned interim analysis after approximately 40 patients were enrolled. The primary efficacy endpoint for the study was a decrease in involuntary movements as measured by the Abnormal Involuntary Movement Scale (AIMS), a standardized test used to detect and monitor TD and other movement disorders. The results from all 37 patients (17 randomized to TARDOXAL™ and 20 to matching placebo) who completed the 12 week treatment period showed a trend to greater improvement in AIMS score from baseline to completion of study in the TARDOXAL™ group versus placebo. The study was not adequately powered to assess efficacy and the improvement noted was not statistically significant. No significant differences between the study groups were seen in safety endpoints, however, there was a trend to increased nausea reported in the treatment group.

This side effect was anticipated and has been seen in the Company's previous clinical studies with the product. As it was not feasible to complete an adequately powered study prior to expiry of the product and due to the Company's limited financial resources at that time, enrolment was stopped after attainment of the target number for the pre-planned interim analysis.

The Company plans to maintain a modest investment in the research and development of TARDOXAL™ over the next several months and is currently working with the FDA to develop clinical development plans. The Company is also exploring modified formulations to reduce nausea that may be associated with use of the product. A larger, confirmatory Phase II study will be required to evaluate and confirm the safety and efficacy of TARDOXAL™ in treatment of TD and other neurological conditions. TARDOXAL™ is an experimental drug and has not been approved for commercial use by regulatory bodies such as the FDA or Health Canada.

TARDOXAL™ continues to have Fast Track designation from the FDA for the treatment of moderate to severe TD. Fast Track designation is designed to facilitate the development and expedite the review of new drugs that are intended to treat serious or life-threatening conditions and that demonstrate the potential to address unmet medical needs.

Transdermal AGGRASTAT®: The Company has invested a modest amount of capital on the development of a new, transdermal formulation of AGGRASTAT®. On September 26, 2012, the Company announced the development of a transdermal delivery formulation of AGGRASTAT®. The ability to administer a drug transdermally (i.e. through the skin) provides a convenient way to deliver a stable, therapeutic level of medication to the patient. AGGRASTAT® and other antiplatelet drugs of its class (known as glycoprotein IIb/IIIa inhibitors or GPIs) are currently only administered by intravenous infusion. In vivo proof of principle for the transdermal delivery of therapeutic levels of AGGRASTAT®'s active ingredient, tirofiban, was recently established in animal studies conducted in collaboration with 4P Therapeutics, Inc. (Alpharetta, GA). 4P Therapeutics, a world leader in the research and development of novel transdermal products, has entered into an agreement with the Company's subsidiary, Medicure International, Inc., to further develop transdermal tirofiban. The delivery of tirofiban by a novel, transdermal method has potential to provide significant advantages over the current treatments used in this setting, including the potential for increased use prior to hospitalization.

Medicure International, Inc. holds worldwide rights to transdermal tirofiban. Limitations in the amount of available resources have caused the Company to slow the advancement of the transdermal tirofiban development program in an effort to conserve resources and focus on other areas of investment.

The Company is also exploring other experimental uses and product formats related to AGGRASTAT®.

Other Products: The Company is also investing in the research and development of other new product development opportunities. The Company is also exploring opportunities to grow the business through acquisition. The Company has evaluated and continues to evaluate the acquisition or license of other approved commercial products with the objective of further broadening its product portfolio and generating additional revenue.

As at December 31, 2015, the Company had numerous issued United States patents (see Item 5 – Operating and Financial Review and Prospects – C. Research and Development, Patents and Licenses, Etc. below).

Competitors' Current Products

The Company's only commercial product AGGRASTAT®, is owned by the Company's subsidiary, Medicure International, Inc., and is sold in the United States of America through the Company's subsidiary, Medicure Pharma, Inc. AGGRASTAT® is indicated to reduce the rate of thrombotic cardiovascular events (combined endpoint of death, myocardial infarction, or refractory ischemia/repeat cardiac procedure) in patients with non-ST elevation acute coronary syndrome (NSTE-ACS).

AGGRASTAT® competes in a market segment commonly referred to as the anti-thrombotic market (treatments to remove or prevent formation of blood clots). More specifically, AGGRASTAT® is an antiplatelet drug which affects thrombus (blood clot) formation by preventing the aggregation of platelets in the blood stream. Of the different classes of antiplatelet drugs, AGGRASTAT® is a representative of the glycoprotein IIB/IIIA inhibitors drug class. There are three of these agents approved for use, including abciximab (ReoPro®), eptifibatide (Integrilin®), and tirofiban (AGGRASTAT®). All three are proprietary drugs and only eptifibatide has a generic equivalent, which was introduced in December 2015. Of the two directly competing agents, AGGRASTAT® is most closely comparable to eptifibatide (Integrilin) as they are both highly potent, small molecule drugs that have reversible antiplatelet effects.

The launch of the injectable antiplatelet agent, cangrelor, by The Medicines Company, occurred in 2015 and is expected to have some impact on the use and sale of GPIs, including AGGRASTAT®.

The launch of generic versions of eptifibatide (Integrilin) occurred in December 2015 and may impact the utilization of AGGRASTAT®.

Competitors' Products in Development

At present the Company is not aware of any other glycoprotein IIb/IIIa inhibitors in mid to late stage clinical development. However, the choice and use of AGGRASTAT® may be affected by the continued advancement of new antithrombotic and antiplatelet agents, including the recently approved oral antiplatelet agents, ticagrelor (Brilinta®) and prasugrel (Effient®). Any future launch of generic version of AGGRASTAT® and/or of other competitive drugs may also be expected to impact utilization of the Company's drug. Many companies, including large pharmaceutical and biotechnology companies, are conducting development of products that are intended to address the same or a similar medical need. Many of these companies have much larger financial and other resources than the Company does, including those related to research and development, manufacturing, and sales and marketing. The Company also faces competition in recruiting scientific personnel from colleges, universities, agencies, and research organizations who seek patent protection and licensing agreements for the technologies they develop.

Competitive Strategy and Position

The Company is primarily focusing on:

- Maintaining and growing AGGRASTAT® sales in the United States

The Company is working to expand sales of AGGRASTAT® in the United States. The present market for GPIs, of which AGGRASTAT® is one of three agents, is approximately $280 million per year (2014). The use of AGGRASTAT® is recommended by the AHA and ACC Guidelines for the treatment of ACS. AGGRASTAT® has been shown, to reduce the rate of thrombotic cardiovascular events (combined endpoint of death, myocardial infarction, or refractory ischemia/repeat cardiac procedure) in patients with NSTE ACS.

- The development and implementation of a new regulatory, brand and clinical strategy for AGGRASTAT®

As stated previously, the Company's primary ongoing research and development activity is the development and further implementation of a new regulatory, brand and life cycle management strategy for AGGRASTAT®.

An important aspect of the AGGRASTAT® strategy is the revision of its approved prescribing information. On October 11, 2013, the Company announced that the FDA has approved the AGGRASTAT® HDB regimen, as requested under Medicure's sNDA. The AGGRASTAT® HDB regimen (25 mcg/kg over 3 minutes, followed by 0.15

mcg/kg/min) now becomes the recommended dosing for the reduction of thrombotic cardiovascular events in patients with NSTE ACS.

The Company believes that further expanded indications and dosing regimens may put the Company in a better position to further maximize the revenue potential for AGGRASTAT®. The Company is currently exploring the potential to make such changes, and the Company may need to conduct appropriate clinical trials, obtain positive results from those trials, or otherwise provide support in order to obtain regulatory approval for such proposed indications and dosing regimens.

On September 10, 2015, the Company announced that it submitted a sNDA to the FDA to expand the label for AGGRASTAT® to include the treatment of patients presenting with STEMI. AGGRASTAT® is currently approved by the FDA for treatment of patients presenting with NSTE ACS. If approved for STEMI, AGGRASTAT® would be the first in its class of GPI to receive such a label in the United States.

The SAVI-PCI trial is intended to generate additional clinical data related to use of AGGRASTAT® which may help support future investments in the product. The SAVI-PCI study is not expected nor intended to support further changes to AGGRASTAT®'s prescribing information.

While the Company believes that it will be able to implement a relatively low cost clinical, product and regulatory strategy, the Company's limited financial resources may limit its ability to fully realize the product's revenue potential. The Company is working to advance this program with the modest capital investment that it can make from its available cash resources.

- **Developing high-value acute cardiovascular generic and reformulation products**

Subsequent to year-end, Medicure Inc. initiated the development of a high-value cardiovascular generic drug. The project is a collaboration between Medicure International Inc. (a wholly owned subsidiary of Medicure) and Apicore U.S. LLC, a leading-edge manufacturer of generic active pharmaceutical ingredients. The collaborative project is focused on the development of an intravenous abbreviated new drug application (ANDA) drug product for an acute cardiovascular indication. Medicure and Apicore have entered into an exclusive product supply and development agreement under which Medicure holds all commercial rights. The companies anticipate filing the ANDA with the U.S. Food and Drug Administration by the end of 2016. Medicure is also exploring and investing in other opportunities to reformulate and to develop generic versions of acute cardiovascular drugs.

- **Generating material value for the Company from the minority ownership position in Apicore and, potentially, from the Company's option to acquire additional shares of Apicore**

On July 3, 2014, the Company acquired a minority interest in Apicore along with an option to acquire all of the remaining issued shares of Apicore within the next three years at a predetermined price. The business and operations of Apicore are distinct from the Company, and the Company's primary operating focus remains on the sale and marketing of AGGRASTAT®. The Company intends to seek opportunities to increase the value of its minority position in Apicore, and believes that the potential realization of value through the exercise of its option to acquire all of the remaining issued shares of Apicore could benefit the Company's shareholders. As such, a modest amount of the Company's energies and resources are being directed towards assisting and assessing Apicore's ongoing operations.

- The development of TARDOXAL™ for Tardive Dyskinesia and other neurological indications

The Company is actively working and devoting a modest amount of resources to this program, including, but not limited to the development of TARDOXAL™ (formerly known as MC-1) for neurological conditions such as Tardive Dyskinesia. This work includes, but is not limited to, working with the FDA to better understand and refine the next steps in development of the product.

It is the Company's intention to develop TARDOXAL™ independently and/or in conjunction with a larger pharmaceutical company for commercialization of the product. Similar partnerships may be required for other products that the Company may from time to time seek to develop. Such a partnership would provide funding for clinical development, add experience to the product development process and provide market positioning expertise. No formal agreement for such a commercial partnership has been entered into by the Company as of the date hereof.

C. Organizational Structure

Medicure International, Inc., a wholly owned subsidiary of the Company, was incorporated pursuant to the laws of Barbados, West Indies, on May 23, 2000. Medicure International, Inc.'s registered office is located at Whitepark House, White Park Road, Bridgetown, Barbados. Medicure International Inc.'s head office is located at 1st Floor Limegrove Centre Holetown, St. James, Barbados.

Medicure Pharma, Inc., a wholly owned subsidiary of the Company, was incorporated pursuant to the laws of the State of Delaware, United States of America, on September 30, 2005. Medicure Pharma Inc.'s registered office is 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808. Medicure Pharma, Inc.'s head office is located at 49 Napoleon Court, Suite 2, Somerset, NJ, 08873.

Medicure U.S.A., Inc., a wholly owned subsidiary of the Company, was incorporated pursuant to the laws of the State of Delaware, United States of America, on June 23, 2014. Medicure U.S.A. Inc.'s registered office is 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808.

American Cardio Therapeutics Inc., a Company that is 49% owned by Medicure Pharma Inc., was incorporated pursuant to the laws of the State of Delaware, United States of America, on September 30, 2005. American Cardio Therapeutics Inc.'s registered office is 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808. As at May 31, 2014, American Cardio Therapeutics Inc. had no activity and it is the Company's intention that American Cardio Therapeutics Inc. will be wound up.

D. Property, Plant and Equipment

Office Space

Included within the *business and administration services agreement* entered into with Genesys Venture Inc. (see Item 5F - *Contractual Obligations*), is the use of office space at Genesys Venture Inc.'s head office located at 1250 Waverley Street in Winnipeg, Manitoba, Canada. As at December 31, 2015, the Company had use of approximately 8,500 square feet.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

This section contains forward-looking statements involving risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under part Item 3D - Risk Factors. The following discussion of the financial condition, changes in financial conditions and results of operations of the Company for the years ended December 31, 2015 and December 31, 2014 should be read in conjunction with the consolidated financial statements of the Company. The Company's consolidated financial statements are presented in Canadian dollars and have been prepared in accordance with IFRS included under Item 18 to this Annual Report.

Critical Accounting Policies and Estimates

Estimates

The Company’s consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Areas where management has made critical judgments in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements include the determination of the Company and its subsidiaries, functional currency and the determination of the Company's cash generating units ("CGU") for the purposes of impairment testing.

Information about key assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the notes the financial statements. Areas of significant estimates include; valuation of the royalty obligation, valuation of the warrant liability, valuation of the other long-term liability, provisions for returns, chargebacks and discounts, the estimation of accruals for research and development costs, the measurement and period of useful life of intangible assets, valuation of investment in Apicore, valuation of long-term derivative, the assumptions and model used to estimate the value of share-based payment transactions and the measurement of the amount and assessment of the recoverability of income tax assets.

Valuation of the royalty obligation, warrant liability and other long-term liability

The Company has the following non-derivative financial liabilities which are classified as other financial liabilities: accounts payable and accrued liabilities and long-term debt.

All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Costs incurred to obtain financing are deferred and amortized over the term of the associated debt using the effective interest method. Amortization is a non-cash charge to finance expense.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or when they expire.

The royalty obligation was recorded at its fair value at the date at which the liability was incurred and subsequently measured at amortized cost using the effective interest method at each reporting date. Estimating fair value for this liability requires determining the most appropriate valuation model which is dependent on its underlying terms and conditions. This estimate also requires determining expected revenue from AGGRASTAT® sales and an appropriate discount rate and making assumptions about them.

The other long-term liability was recorded at its fair value at the date at which the liability was incurred and subsequently measured at amortized cost using the effective interest method at each reporting date. Estimating fair value for this liability requires determining the most appropriate valuation model which is dependent on its underlying terms and conditions. This estimate also requires determining the time frame when certain sales targets are expected to be met and an appropriate discount rate and making assumptions about them.

Warrants with an exercise price denominated in a foreign currency are recorded as a liability and classified as fair value through profit and loss. The warrant liability is included within accounts payable and accrued liabilities and the change in the fair value of the warrants is recorded as a gain or loss in the consolidated statement of net income (loss) and comprehensive income (loss) within finance expense. These warrants have not been listed on an exchange and therefore do not trade on an active market.

The warrant liability was recorded at the fair value of the warrants at the date at which they were granted and subsequently revalued at each reporting date. Estimating fair value for these warrants requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the warrants, volatility and dividend yield and making assumptions about them.

IFRS 13 *Fair Value Measurement*, establishes a fair value hierarchy that reflects the significance of the inputs used in measuring fair value. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable;
- Level 3 - Unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

The fair value of the warrant liability is based on level 2 (significant observable inputs) and the fair value of the royalty obligation and other long-term liability are based on level 3 (unobservable inputs).

Provision for returns and discounts

Revenue from the sale of goods, comprising finished and unfinished products, in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of estimated returns, chargebacks, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

Net sales reflect a reduction of gross sales at the time of initial sales recognition for estimated wholesaler chargebacks, discounts, allowances for product returns, and other rebates (product sales allowances). Wholesaler management decisions to increase or decrease their inventory of AGGRASTAT® may result in sales of AGGRASTAT® to wholesalers that do not track directly with demand for the product at hospitals. In determining the amounts for these allowances and accruals, the Company uses estimates. Through reports provided by the Company's wholesalers and other third party external information, management estimates customer and wholesaler inventory levels, sales trends and hospital demand. Management uses this information along with such factors as: historical experience and average contractual chargeback rates to estimate product sales allowances. Third-party data is subject to inherent limitations of estimates due to the reliance on information from external sources, as this information may itself rely on certain estimates.

Estimation of accruals for research and development costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. No development costs have been capitalized to date.

Research and development expenses include all direct and indirect operating expenses supporting the products in development.

Clinical trial expenses are a component of the Company’s research and development costs. These expenses include fees paid to contract research organizations, clinical sites, and other organizations who conduct development activities on the Company’s behalf. The amount of clinical trial expenses recognized in a period related to clinical agreements are based on estimates of the work performed using an accrual basis of accounting. These estimates incorporate factors such as patient enrolment, services provided, contractual terms, and prior experience with similar contracts.

Measurement and period of use of intangible assets

Intangible assets that are acquired separately and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred.

Costs incurred in obtaining a patent are capitalized and amortized on a straight-line basis over the legal life of the respective patent, ranging from five to twenty years, or its economic life, if shorter. Costs incurred in obtaining a trademark are capitalized and amortized on a straight-line basis over the legal life of the respective trademark, being ten years, or its economic life, if shorter. Costs incurred in obtaining a customer list are capitalized and amortized on a straight-line basis over approximately ten years, or its economic life, if shorter.

Costs incurred in successfully obtaining a patent, trademark or customer list are measured at cost less accumulated amortization and accumulated impairment losses. The cost of servicing the Company's patents and trademarks are expensed as incurred.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss for financial assets carried at amortized cost. The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Assumptions and model used to estimate the value of share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognized as a personnel expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

For share-based payment arrangements with non-employees, the expense is recorded over the service period until the options vest. Once the options vest, services are deemed to have been received.

For the year ended December 31, 2015, the Company recorded $1,460,316 related to stock-based compensation (seven months ended December 31, 2014 - $620,705 and year ended May 31, 2014 - $295,144).

Measurement of the amount and assessment of the recoverability of income tax assets

Income tax expense comprises current and deferred taxes. Current taxes and deferred taxes are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity (deficiency) or in other comprehensive income (loss).

Current taxes are the expected tax receivable or payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax receivable or payable in respect of previous years.

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred taxes are not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Investment in Apicore and long-term derivative

The investment in Apicore represents the acquisition of a minority interest in a pharmaceutical manufacturing business as described in note 8 of the consolidated financial statements. The acquisition was completed by the Company and a wholly owned subsidiary, Medicure U.S.A. Inc. and was initially recorded at fair value and subsequently remeasured at amortized cost.

The long-term derivative is the value associated to the options rights received by the Company and is classified as fair value through profit and loss. The change in the long-term derivative is recorded as a revaluation of long-term derivative in the consolidated statement of net income (loss) and comprehensive income (loss). The long-term derivative is non-transferable and is recorded at fair value at the date at which it was acquired and subsequently revalued at each reporting date. Estimating fair value for this derivative requires determining the most appropriate valuation model which is dependent on the terms and conditions of the derivative. This estimate also requires determining the most appropriate inputs to the valuation model, including the expected life of the derivative, volatility, dividend yield and probabilities pertaining to its exercise and making assumptions about them.

A. Operating Results

General

Although the Company is currently focused on Medicure International's sole commercial product, AGGRASTAT®, this product has not been able to generate enough revenue for the Company to reach sustained profitability.

Historically, the Company concentrated primarily on research and development and continues to invest a significant amount of funds in research and development activities. To date, the Company has yet to and may never derive any revenues from its research and development products.

The Company has a limited operating history and its prospects must be considered in light of the risks, expenses and difficulties frequently encountered with the establishment of a business in a highly competitive industry, characterized by frequent new product introductions.

Twelve Months Ended December 31, 2015 Compared to the Twelve Months Ended December 31, 2014

On December 18, 2014, the Company announced that the Board of Directors had approved a change in the Company's fiscal year end from May 31 to December 31. The change resulted in a stub period from June 1, 2014, to December 31, 2014, and as a result of the change, the first full fiscal year ended on December 31, 2015. This change in year end from May 31 to December 31 was being made by the Company to better align the Company’s financial reporting calendar with its industry peers and with most other companies trading on the TSX.V. As a result of this change in year end, it is important to note that the comparable period, being the twelve months ended December 31, 2014 is unaudited and considered estimated.

Net product sales for year ended December 31, 2015 were $22,083,000, compared to $8,426,000 in the comparable period in 2014. The Company currently sells finished AGGRASTAT® to drug wholesalers. These wholesalers subsequently sell AGGRASTAT® to the hospitals where health care providers administer the drug to patients. Wholesaler management decisions to increase or decrease their inventory of AGGRASTAT® may result in sales of AGGRASTAT® to wholesalers that do not track directly with demand for the product at hospitals. All of the Company’s sales are denominated in US dollars.

Net revenue from the sale of finished AGGRASTAT® products for the year ended December 31, 2015 increased by 162% over the net revenue for the twelve months ended December 31, 2014. The increase in revenue compared to the previous year and the comparable quarter for the previous year is primarily attributable to an increase in the number of new hospital customers using AGGRASTAT® and the increase in market share held by the product. Revenue growth was also aided by favourable fluctuations in the U.S. dollar exchange rate throughout the third quarter. The Company's commercial team continues to work on further expanding its customer base.

Cost of goods sold represents direct product costs associated with AGGRASTAT® including and write-downs for obsolete inventory and amortization of the related acquired AGGRASTAT® intangible assets.

Cost of goods sold, excluding amortization, for the year ended December 31, 2015 were $1,604,000 compared to $393,000 for the comparable period in the prior year. For the year ended December 31, 2015, increases to cost of goods sold are the result of increases in net sales of AGGRASTAT® during the period when compared to the same period in 2014.

Amortization of AGGRASTAT® intangible assets increased for the year ended December 31, 2015 to $656,000, when compared to $663,000 for the comparable period in the prior year. The increase is as a result of fluctuations in foreign exchange rates causing the amortization expense to be higher during the year ended December 31, 2015 as the asset is owned by a subsidiary whose functional currency is the US dollar.

Total selling, general, and administrative expenditures for the year ended December 31, 2015 were $10,237,000, compared to $5,549,000 for the comparable period in the prior year. Selling, general, and administrative expenditures related to AGGRASTAT® were $7,666,000 for the year ended December 31, 2015, compared to $4,038,000 for the comparable period in the prior year. Selling, general, and administrative expenditures – Other were $2,571,000 for the year ended December 31, 2015, compared to $1,511,000 the comparable period in the prior year. Selling, general and administrative expenses include salaries and related costs for those employees not directly involved in research and development. The expenditures are required to support sales and marketing efforts of AGGRASTAT® and ongoing business development and corporate stewardship activities. The balance also includes professional fees such as legal, audit, investor and public relations.

Selling, general and administrative expenditures – AGGRASTAT® increased during the year ended December 31, 2015 as compared to same period in the prior year mainly due to:

· Additional payroll costs associated with the sale of AGGRASTAT® due to additional head office employees providing support for AGGRASTAT® as the Company’s headcount increased from 18 at December 31, 2014 to 39 at

December 31, 2015; and

- Increased travel costs associated with the sale of AGGRASTAT® due to more sales people travelling to service accounts and increased frequency of hospital visits.

Selling, general and administrative expenditures – Other increased during the year ended December 31, 2015 as compared to same period in the prior year mainly due to:

- Higher stock-based compensation expenses, which totaled $1,460,318 during the year ended December 31, 2015 as a result of stock options issued during the year, compared to $915,849 for the twelve months ended December 31, 2014.

Net research and development expenditures for the year ended December 31, 2015 were $4,865,000, compared to $999,000 for the comparable period in the prior year. Research and development expenditures include costs associated with the Company's on-going AGGRASTAT development, clinical development and preclinical programs including salaries, research centred costs and monitoring costs. The Company expenses research costs and has not had any development costs that meet the criteria for capitalization under IFRS. The increase in research and development expenditures, for the year ended December 31, 2015 as compared to the twelve months ended December 31, 2014 is primarily due to the filing of a sNDA during 2015 with the FDA to expand the label for AGGRASTAT® to include the treatment of patients presenting with ST segment elevation myocardial infarction (STEMI). This filing included a one-time filing fee paid to the FDA of $1.5 million ($1.2 million USD), as well as approximately $700,000 in other costs associated with its filing and preparation incurred during the quarter. Additionally research and development expenditures increased as a result of manufacturing set-up costs associated with the AGGRASTAT® finished product and development costs associated with non-AGGRASTAT® projects.

Generally, included in research and development expenses are charges related to impairment of the Company's intangibles assets, however there were no impairments recorded in either period. Intangible assets are reviewed for impairment on an ongoing basis whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Based on this review certain patents were deemed not significant to the Company's commercial and research operations and a decision was made to no longer pursue these patents and as a result the carrying value of these patents was written off.

It is important to note that historical patterns of impairment charges cannot be taken as an indication of future impairments. The amount and timing of impairments and write-downs may vary substantially from period to period depending on the business and research activities being undertaken at any one time and changes in the Company's commercial strategy.

During the year ended December 31, 2015, the Company recorded a reversal of an impairment loss relating to AGGRASTAT intangible assets, originally written down during the year ended May 31, 2008, totalling $788,305 as a result of sustained improvements in the AGGRASTAT business

During the twelve months ended December 31, 2014, the Company recognized $1,385,000 of income pertaining to investment structuring services resulting from its acquisition of a minority interest in a pharmaceutical manufacturing business known as Apicore. The Company's equity interest and certain other rights, including the option rights, were obtained by the Company for services provided in its lead role in structuring a US$22.5 million majority purchase and financing of Apicore. There was no cash outflow in connection with the acquisition of the minority interest in Apicore, with the exception of costs incurred by the Company in relation to the transaction which totalled $167,672.

Finance expense for the year ended December 31, 2015 was $4,123,000, compared to $2,145,000 in the comparable period in the prior year. The increase in finance expense for the year ended December 31, 2015 as compared to the prior fiscal year is due to higher accretion on the Company's royalty obligation resulting from higher revenue estimates as a result of the October 2013 label change and the Company's continued sales growth. The royalty obligation arose out of the previous debt settlement.

The net foreign exchange loss for the year ended December 31, 2015 was $69,000, compared to a net foreign exchange loss of $18,000 for the comparable period in the prior year. The change is due to higher fluctuations in the Canadian dollar versus the US dollar experienced during the year ended December 31, 2015 compared to the twelve months ended December 31, 2014.

The Company recognized an income tax recovery of $379,000 for the year ended December 31, 2015 to the extent it is probable that future taxable profits will be available against which the accumulated tax losses and temporary differences can be utilized.

For the year ended December 31, 2015, the Company recorded consolidated net income of $1,668,000 or $0.12 per share compared to $463,000 or $0.04 per share for the twelve months ended December 31, 2014. As discussed above, the main factors contributing to the increase in the net income were the income resulting from investment structuring services relating to the acquisition of a minority interest in Apicore in the comparable period offset by the significant increase revenues experienced during the year ended December 31, 2015 when compared to the comparable period in the prior year. Revenue increase were partially offset by increases in selling, general and administration, research and development and finance expenses.

For the year ended December 31, 2015, the Company recorded total comprehensive income of $2,474,000 compared to $620,000 for the twelve months ended December 31, 2014. The change in comprehensive income results from the factors described above.

The weighted average number of common shares outstanding used to calculate basic income per share was 13,461,608 for the year ended December 31, 2015 and 12,209,907 for the twelve months ended December 31, 2014.

The weighted average number of common shares outstanding used to calculate diluted income per share was 15,765,570 for the year ended December 31, 2015 and 13,843,126 for the twelve months ended December 31, 2014.

Seven Months Ended December 31, 2014 Compared to the Seven Months Ended December 31, 2013

On December 18, 2014, the Company announced that the Board of Directors had approved a change in the Company's fiscal year end to December 31. The change resulted in a stub period from June 1, 2014, to December 31, 2014, and as a result of the change, the first full fiscal year ended on December 31, 2015. This change in year end from May 31 to December 31 was being made by the Company to better align the Company’s financial reporting calendar with its industry peers and with most other companies trading on the TSX.V. As a result of this change in year end, it is important to note that the comparable period, being the seven months ended December 31, 2013 is unaudited.

Net product sales for seven months ended December 31, 2014 were $5,264,000, compared to $2,165,000 in the comparable period in 2013. The Company currently sells finished AGGRASTAT® to drug wholesalers. These wholesalers subsequently sell AGGRASTAT® to the hospitals where health care providers administer the drug to patients. Wholesaler management decisions to increase or decrease their inventory of AGGRASTAT® may result in sales of AGGRASTAT® to wholesalers that do not track directly with demand for the product at hospitals. All of the Company’s sales are denominated in US dollars.

Net revenue from the sale of finished AGGRASTAT® products for the seven months ended December 31, 2014 increased by 143% over the net revenue for the seven months ended December 31, 2013. Hospital demand for AGGRASTAT® increased significantly compared to the comparable period in the prior year. The increase in revenue is primarily attributable to an increase in the number of new hospital customers using AGGRASTAT®. The number of new customers reviewing and implementing AGGRASTAT® has increased sharply as a result of FDA approval of the new dosing regimen for AGGRASTAT® as announced on October 11, 2013. Additionally, favourable fluctuations in the U.S. dollar exchange rate contributed to the increase in revenue.

Cost of goods sold represents direct product costs associated with AGGRASTAT® including and write-downs for obsolete inventory and amortization of the related acquired AGGRASTAT® intangible assets.

Cost of goods sold, excluding amortization, for the seven months ended December 31, 2014 were $269,000 compared to $148,000 for the comparable period in the prior year. For the seven months ended December 31, 2014, increases to cost of goods sold are the result of increases in net sales of AGGRASTAT® during the period when compared to the same period in 2013.

Amortization of AGGRASTAT® intangible assets increased for the seven months ended December 31, 2014 to $332,000, when compared to $299,000 for the comparable period in the prior year. The increase is as a result of fluctuations in foreign exchange rates causing the amortization expense to be higher during the seven months ended December 31, 2014 as the asset is owned by a subsidiary whose functional currency is the US dollar.

Total selling, general, and administrative expenditures for the seven months ended December 31, 2014 were $3,231,000, compared to $1,807,000 for the comparable period in the prior year. Selling, general, and administrative expenditures related to AGGRASTAT® were $1,711,000 for the seven months ended December 31, 2014, compared to $1,031,000 for the comparable period in the prior year. Selling, general, and administrative expenditures – Other were $1520,000 for the seven months ended December 31, 2014, compared to $776,000 the comparable period in the prior year. Selling, general and administrative expenses include salaries and related costs for those employees not directly involved in research and development. The expenditures are required to support sales and marketing efforts of AGGRASTAT® and ongoing business development and corporate stewardship activities. The balance also includes professional fees such as legal, audit, investor and public relations.

Selling, general and administrative expenditures – AGGRASTAT® increased during the seven months ended December 31, 2014 as compared to same period in the prior year mainly due to:

- Additional payroll costs associated with the sale of AGGRASTAT® due to additional head office employees providing support for AGGRASTAT®; and
- Increased travel costs associated with the sale of AGGRASTAT®.

Selling, general and administrative expenditures – Other increased during the seven months ended December 31, 2014 as compared to same period in the prior year mainly due to:

- Increased business development costs, some of which were associated with the Apicore transaction that closed on July 3, 2014.
- Higher stock-based compensation expenses, which totaled $620,705 during the seven months ended December 31, 2014 as a result of stock options issued during the period, which were granted on July 7, 2014. No stock options were issued and no stock-based compensation expense was recorded during the seven months ended December 31, 2013.

Net research and development expenditures for the seven months ended December 2014 were $783,000, compared to $473,000 for the comparable period in the prior year. Research and development expenditures include costs associated

with the Company’s clinical development and preclinical programs including salaries, research centred costs and monitoring costs. The Company expenses research costs and has not had any development costs that meet the criteria for capitalization under IFRS. The increase in research and development expenditures, for the seven months ended December 31, 2014 as compared to the same period in the prior year is due to increased costs from the Company’s clinical trial of AGGRASTAT® (tirofiban HCl) entitled “Shortened AGGRASTAT® Versus Integrilin in Percutaneous Coronary Intervention” (SAVI-PCI), in addition to an increase in the Company’s transdermal research program.

Generally charges related to impairment of the Company’s intangibles assets are included in research and development expenses. However there were no impairments recorded in either period. Intangible assets are reviewed for impairment on an ongoing basis whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Based on this review certain patents were deemed not significant to the Company’s commercial and research operations and a decision was made to no longer pursue these patents and as a result the carrying value of these patents was written off.

It is important to note that historical patterns of impairment charges cannot be taken as an indication of future impairments. The amount and timing of impairments and write-downs may vary substantially from period to period depending on the business and research activities being undertaken at any one time and changes in the Company's commercial strategy.

During the seven months ended December 31, 2014, the Company recognized $1,385,000 of income pertaining to investment structuring services resulting from its acquisition of a minority interest in a pharmaceutical manufacturing business known as Apicore. The Company's equity interest and certain other rights, including the option rights, were obtained by the Company for services provided in its lead role in structuring a US$22.5 million majority purchase and financing of Apicore. There was no cash outflow in connection with the acquisition of the minority interest in Apicore, with the exception of costs incurred by the Company in relation to the transaction which totalled $167,672.

Finance expense for the seven months ended December 31, 2014 was $730,000, compared to $394,000 in the comparable period in the prior year. The increase in finance expense for the seven ended December 31, 2014 as compared to the prior fiscal year is due to higher accretion on the Company's royalty obligation resulting from higher revenue estimates as a result of the October 2013 label change. The royalty obligation arose out of the previous debt settlement.

The net foreign exchange loss for the seven months ended December 31, 2014 was $28,000, compared to a net foreign exchange loss of $5,000 for the comparable period in the prior year. The change is due to higher fluctuations in the Canadian dollar versus the US dollar experienced during the seven months ended December 31, 2014 compared to the seven months ended December 31, 2013.

For the seven months ended December 31, 2014, the Company recorded consolidated net income of $1,196,000 or $0.10 per share compared to a loss of $960,000 or $0.08 per share for the seven months ended December 31, 2013. As discussed above the main factors contributing to the increase in the net income were the income resulting from investment structuring services relating to the acquisition of a minority interest in Apicore and the increased revenues experienced during the seven months ended December 31, 2014 when compared to the comparable period in the prior year. These were partially offset by increases in selling, general and administration expenses and finance expense.

For the seven months ended December 31, 2014, the Company recorded total comprehensive income of $1,339,000 compared to a total comprehensive loss of $887,000 for the seven months ended December 31, 2013. The change in comprehensive income results from the factors described above.

The weighted average number of common shares outstanding used to calculate basic loss per share was 12,204,827 for the seven months ended December 31, 2014 and 12,196,508 for the seven months ended December 31, 2013.

The weighted average number of common shares outstanding used to calculate diluted loss per share was 13,843,126 for the seven months ended December 31, 2014 and 12,196,508 for the seven months ended December 31, 2013.

Year Ended May 31, 2014 Compared to the Year Ended May 31, 2013

During the preparation of the Company's consolidated financial statements for the seven months ended December 31, 2014, the Company determined that the accounting for stock-based compensation pertaining to a consulting agreement signed during the year ended May 31, 2014 was interpreted incorrectly in accordance with IFRS 2 Share-Based Payments for the year ended May 31, 2014. As a result the May 31, 2014 information provided has been restated to include stock-based compensation expense relating to this consulting agreement.

Net product sales for fiscal 2014 were $5,051,000, compared to $2,603,000 in fiscal 2013. The Company currently sells finished AGGRASTAT® to drug wholesalers. These wholesalers subsequently sell AGGRASTAT® to the hospitals where health care providers administer the drug to patients. Wholesaler management decisions to increase or decrease their inventory of AGGRASTAT® may result in sales of AGGRASTAT® to wholesalers that do not track directly with demand for the product at hospitals. All of the Company's sales are denominated in US dollars.

Net revenue from the sale of finished AGGRASTAT® products for the year ended May 31, 2014 increased by 94% over the net revenue for the year ended May 31, 2013. Hospital demand for AGGRASTAT® increased significantly compared to the previous fiscal year. The increase in revenue is primarily attributable to an increase in the number of new hospital customers using AGGRASTAT®. The number of new customers reviewing and implementing AGGRASTAT® has increased sharply as a result of FDA approval of the new dosing regimen for AGGRASTAT® as announced on October 11, 2013. Additionally, favourable fluctuations in the U.S. dollar exchange rate contributed to the increase in revenue as all sales are denominated in U.S. dollars.

Cost of goods sold represents direct product costs associated with AGGRASTAT® including and write-downs for obsolete inventory and amortization of the related acquired AGGRASTAT® intangible assets.

Cost of goods sold, excluding amortization, for fiscal 2014 were $323,000 compared to $131,000 in fiscal 2013. For the year ended May 31, 2014, increases to cost of goods sold are the result of increases in net sales of AGGRASTAT® during fiscal 2014 when compared to fiscal 2013.

Amortization of AGGRASTAT® intangible assets increased for the year ended May 31, 2014 to $546,000, when compared to $515,000 in fiscal 2013. The increase is as a result of fluctuations in foreign exchange rates causing the amortization expense to be higher during fiscal 2014 as the asset is owned by a subsidiary whose functional currency is the US dollar.

Total selling, general, and administrative expenditures for fiscal 2014 were $3,625,000, compared to $2,323,000 in fiscal 2013. Selling, general, and administrative expenditures related to AGGRASTAT® were $1,626,000 in fiscal 2014, compared to $1,331,000 in fiscal 2013. Selling, general, and administrative expenditures – Other were $1,999,000 in fiscal 2014, compared to $992,000 in fiscal 2013. Selling, general and administrative expenses include salaries and related costs for those employees not directly involved in research and development. The expenditures are required to support sales and marketing efforts of AGGRASTAT® and ongoing business development and corporate stewardship activities. The balance also includes professional fees such as legal, audit, investor and public relations.

Selling, general and administrative expenditures – AGGRASTAT® increased during the year ended May 31, 2014 as compared to same period in the prior year mainly due to:

- Additional payroll costs associated with the sale of AGGRASTAT® due to additional head office employees providing support for AGGRASTAT®; and

- Increased travel costs associated with the sale of AGGRASTAT®.

Selling, general and administrative expenditures – Other increased during the year ended May 31, 2014 as compared to same period in the prior year mainly due to:

- Increased business development costs, some of which were associated with the Apicore transaction that closed on July 3, 2014.

- Higher salaries and benefits due to $286,849 of bonuses declared to the Company's Chief Executive Officer. The Chief Executive Officer agreed on July 11, 2014 to receive these bonuses in the form of common shares when the Company and Chief Executive Officer entered into a shares for debt agreement. To date, the shares have not been issued as the Company is in the process of obtaining the necessary regulatory approval for issuance of the shares.

- Stock-based compensation of $295,144 pertaining to stock-based compensation for a consultant whom the Company signed a consulting agreement with during the year ended May 31, 2014

Net research and development expenditures for fiscal 2014 were $689,000, compared to $1,700,000 in fiscal 2013. Research and development expenditures include costs associated with the Company's clinical development and preclinical programs including salaries, research centred costs and monitoring costs. The Company expenses research costs and has not had any development costs that meet the criteria for capitalization under IFRS. The decrease in research and development expenditures, for the year ended May 31, 2014 as compared to the same period in fiscal 2013 is due to reduced costs from the Company's clinical trial of AGGRASTAT® (tirofiban HCl) entitled "Shortened AGGRASTAT® Versus Integrilin in Percutaneous Coronary Intervention" (SAVI-PCI) as well as a renal dosing study that was completed as a part of the Company's sNDA filing during fiscal 2013.

Included in research and development expenses are charges related to impairment of the Company's intangibles assets. Impairments of intangible assets for fiscal 2014 were nil, compared to $62,000 in fiscal 2013. Intangible assets are reviewed for impairment on an ongoing basis whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Based on this review certain patents were deemed not significant to the Company's commercial and research operations and a decision was made to no longer pursue these patents and as a result the carrying value of these patents was written off.

It is important to note that historical patterns of impairment charges cannot be taken as an indication of future impairments. The amount and timing of impairments and write-downs may vary substantially from period to period depending on the business and research activities being undertaken at any one time and changes in the Company's commercial strategy.

Finance expense for fiscal 2014 was $1,809,000, compared to $466,000 in fiscal 2013. The increase in finance expense for the year ended May 31, 2014 as compared to the prior fiscal year is due to higher accretion on the Company's royalty obligation resulting from higher revenue estimates as a result of the October 2013 label change. The royalty obligation arose out of the previous debt settlement.

The net foreign exchange gain for the year ended May 31, 2014 was $6,000, compared to a net foreign exchange loss of $22,000 in fiscal 2013. The change is due to higher fluctuations in the Canadian dollar versus the US dollar experienced during the year-ended May 31, 2014 compared to the year ended May 31, 2013.

For the year ended May 31, 2014, the Company recorded a consolidated net loss of $1,934,000 or $0.16 per share compared to $2,574,000 or $0.21 per share for the year ended May 31, 2013. As discussed above the main factors contributing to the decrease in net loss were the increased revenues and decreased research and development expenses experienced during the year ended May 31, 2014 when compared to the previous year. These were partially offset by increases in selling, general and administration expenses and finance expense.

For the year ended May 31, 2014, the Company recorded a total comprehensive loss of $1,847,000 compared to $2,609,000 for the year ended May 31, 2013. The change in comprehensive loss results from the factors described above.

The weighted average number of common shares outstanding used to calculate basic loss per share was 12,196,745 for the year ended May 31, 2014 and 12,196,508 for the year ended May 31, 2013.

The weighted average number of common shares outstanding used to calculate diluted loss per share was 12,196,745 for the year ended May 31, 2014 and 12,196,508 for the year ended May 31, 2013.

B. Liquidity and Capital Resources

Since the Company’s inception, it has financed operations primarily from net revenue received from the sale of AGGRASTAT®, sale of its equity securities, the issue and exercise of warrants and stock options, interest on excess funds held and the issuance of debt as well as a build up in accounts payable associated with a reliance on trade debt.

On July 18, 2011, the Company borrowed $5,000,000 from the Government of Manitoba, under the Manitoba Industrial Opportunities Program, to assist with settling the Company’s debt to Birmingham. Effective August 1, 2013, the Company renegotiated this debt and received an additional two year deferral of principal repayments. Under the renegotiated terms, the loan continued to be interest only until August 1, 2015 when blended payments of principal and interest commenced, and the loan maturity date was extended to July 1, 2018.

On December 18, 2014, the Company announced that the Board of Directors had approved a change in the Company's fiscal year end to December 31. The change resulted in a stub period from June 1, 2014, to December 31, 2014, and as a result of the change, the first full fiscal year ended on December 31, 2015. This change in year end from May 31 to December 31 was made by the Company to better align the Company's financial reporting calendar with its industry peers and with most other companies trading on the TSX.V. As a result of this change in year end, it is important to note that the comparable period, being the twelve months ended December 31, 2014 is unaudited.

Cash from operating activities for the year ended December 31, 2015 decreased $331,000 to $143,000 compared to cash from operating activities of $474,000 for the comparable period in the prior year primarily due to higher accounts receivable balances as at December 31, 2015 when compared to December 31, 2014.

Investing activities for the year ended December 31, 2015 were cash used totaling $227,000 relating to the acquisition of property and equipment, including leasehold improvements, compared to $41,000 relating to the acquisition of property and equipment for the twelve months ended December 31, 2014.

Financing activities for the year ended December 31, 2015 included $3.6 million received from a private placement financing completed in June of 2015, $33,000 and $150,000 received upon the exercise of stock options and warrants, respectively, during fiscal this period and $694,000 in repayments on long-term debt. Cash from financing activities for the twelve months ended December 31, 2014 included $6,000 received upon the exercise of stock options.

As at December 31, 2015, the Company had cash totaling $3.6 million compared to $493,000 as of December 31, 2014. As at December 31, 2015, the Company had a working capital of $7.0 million compared to a working capital deficit of $506,000 at December 31, 2014. The increase in working capital between the two periods is as a result of higher net income, when factoring out non-cash items, resulting from increased revenues resulting in higher accounts receivable and cash as at December 31, 2015. Additionally, the $3.6 million, net, private placement financing completed during June of 2015 contributed to the increase in working capital.

The Company has long-term debt at December 31, 2015 of $4.3 million recorded in its financial statements relating to the Government of Manitoba loan. Interest is accrued based on an annual effective interest rate of seven percent. The minimum annual debt obligations are disclosed under Contractual Obligations.

C. Research and Development, Patents and Licenses, Etc.

Research and Development

The Company’s research and development activities are predominantly conducted by its subsidiary, Medicure International, Inc.

The primary ongoing research and development activity is the development and further implementation of a new regulatory, brand and life cycle management strategy for AGGRASTAT®. The extent to which the Company is able to invest in this plan is dependent upon the availability of sufficient finances.

An important aspect of the AGGRASTAT® strategy is the revision of its approved prescribing information. On October 11, 2013, the Company announced that the FDA has approved the AGGRASTAT® HDB regimen, as requested under Medicure's sNDA. The AGGRASTAT® HDB regimen (25 mcg/kg over 3 minutes, followed by 0.15 mcg/kg/min) now becomes the recommended dosing for the reduction of thrombotic cardiovascular events in patients with NSTE ACS.

The Company believes that further expanded indications and dosing regimens may put the Company in a better position to further maximize the revenue potential for AGGRASTAT®. The Company is currently exploring the potential to make such changes, and the Company may need to conduct appropriate clinical trials, obtain positive results from those trials, or otherwise provide support in order to obtain regulatory approval for such proposed indications and dosing regimens.

On April 23, 2015 the Company announced that the FDA has approved a revision to the duration of the bolus delivery for the AGGRASTAT® HDB regimen. The dosing change and label modification was requested by the Company to help health care professionals more efficiently meet patient-specific administration needs and to optimize the implementation of AGGRASTAT® at new hospitals. The newly approved labeling supplement now allows the delivery duration of the AGGRASTAT® high-dose bolus (25 mcg/kg) to occur anytime within 5 minutes, instead of the previously specified duration of 3 minutes. This change is part of Medicure's ongoing regulatory strategy to expand the applications for AGGRASTAT®.

On September 10, 2015, the Company announced that it submitted a sNDA to FDA to expand the label for AGGRASTAT® to include the treatment of patients presenting with STEMI. AGGRASTAT® is currently approved by the FDA for treatment of patients presenting with NSTE ACS. If approved for STEMI, AGGRASTAT® would be the first in its class of GPIs to receive such a label in the United States.

In previous communication with the Company, the FDA's Division of Cardiovascular and Renal Drug Products indicated its willingness to review and evaluate this label change request based substantially on data from the On-TIME 2 study, with additional support from published studies and other data pertinent to the use of the AGGRASTAT® HDB regimen in the treatment of STEMI. The efficacy and safety of the HDB regimen in STEMI has been evaluated in more than 20 clinical studies involving over 11,000 patients and is currently recommended by the ACCF/AHA Guideline for the Management of STEMI.

The Company has a PDUFA action date for the STEMI sNDA on July 10, 2016. Under PDUFA, the FDA aims to complete its review within ten months from the receipt of a sNDA submission. The sNDA filing was accompanied by a mandatory US $1.167 million user fee paid by Medicure International, Inc. to the FDA.

Another aspect of the AGGRASTAT® strategy is to advance studies related to the contemporary use and future regulatory positioning of the product. On May 10, 2012 the Company announced the commencement of enrolment in a new clinical trial of AGGRASTAT® entitled "Shortened AGGRASTAT® Versus Integrilin in Percutaneous Coronary Intervention" (SAVI-PCI). SAVI PCI is a randomized, open-label study enrolling patients undergoing percutaneous coronary intervention (PCI) at sites across the United States. In June 2013, the target number of patients to be enrolled in the study was increased from 600 to 675. The study is designed to evaluate whether patients receiving the investigational, HDB regimen of AGGRASTAT® (25 mcg/kg bolus over 3 minutes) followed by an infusion of 0.15

mcg/kg/min for either a shortened duration of 1 to 2 hours or a lengthened infusion of 12 to 18 hours will have outcomes that are similar, or “non-inferior,” to patients receiving a 12 to 18 hour infusion of Integrilin® (eptifibatide) (Merck & Co., Inc.) at its FDA approved dosing regimen. The study arm investigating AGGRASTAT® HDB followed by a 12 to 18 hour infusion was added subsequent to enrolment commencing.

The primary objective of SAVI-PCI is to demonstrate AGGRASTAT® is non-inferior to Integrilin with respect to the composite endpoint of death, PCI-related myocardial infarction, urgent target vessel revascularization, or major bleeding within 48 hours following PCI or hospital discharge. The secondary objectives of this study include the assessment of safety as measured by the incidence of major bleeding.

The first patient was enrolled in June 2012. As of March 29, 2016 the study was approximately 75% through to completion of enrolment.

Yet another aspect of the AGGRASTAT® strategy is to explore and develop new uses and dosing approaches related to the product. On September 26, 2012, the Company announced the development of a transdermal delivery formulation of AGGRASTAT®. The ability to administer a drug transdermally (i.e. through the skin) provides a convenient way to deliver a stable, therapeutic level of medication to the patient. AGGRASTAT® and other antiplatelet drugs of its class (known as glycoprotein IIb/IIIa inhibitors or GPIs) are currently only administered by intravenous infusion. In vivo proof of principle for the transdermal delivery of therapeutic levels of AGGRASTAT®'s active ingredient, tirofiban, has been established in animal studies conducted in collaboration with 4P Therapeutics, Inc. (Alpharetta, GA). 4P Therapeutics, a world leader in the research and development of novel transdermal products, has entered into an agreement with the Company's subsidiary, Medicure International, Inc., to further develop transdermal tirofiban. The delivery of tirofiban by a novel, transdermal method has potential to provide significant advantages over the current treatments used in this setting, including the potential for increased use prior to hospitalization.

Medicure International, Inc. holds worldwide rights to transdermal tirofiban. The Company is managing the advancement of the transdermal tirofiban development program in an effort to conserve resources and focus on other areas of investment.

The Company is also continuing to explore other experimental uses and product formats related to AGGRASTAT®.

Through an ongoing research and development investment, the Company is also exploring other new product opportunities in the interest of developing future sources of revenue and growth.

Subsequent to December 31, 2015, on January 6, 2016 the Company announced that it has initiated the development of a high-value cardiovascular generic drug. The project is a collaboration between Medicure International, Inc. and Apicore US LLC (together with its affiliates “Apicore”), a leading-edge manufacturer of generic active pharmaceutical ingredients ("API’s”). The collaborative project is focused on the development of an intravenous abbreviated New Drug Application (“ANDA”) drug product for an acute cardiovascular indication. Medicure and Apicore have entered into an exclusive product supply and development agreement under which Medicure holds all commercial rights. The companies anticipate filing the ANDA with the U.S. Food and Drug Administration by the end of 2016.

The Company is actively working and devoting a modest amount of resources to this program, including, but not limited to the development of TARDOXAL™ (formerly known as MC-1) for neurological conditions such as Tardive Dyskinesia. This work includes, but is not limited to, working with the FDA to better understand and refine the next steps in development of the product.

On August 13, 2014 the Company announced that the preliminary results of its Phase IIa Clinical Trial, TARDOXAL™ for the Treatment of Tardive Dyskinesia (TEND-TD) showed a non-statistically significant improvement in the primary efficacy endpoint in patients treated with TARDOXAL™. Medicure views these preliminary results as supportive of continuing the program and developing a modified formulation as a prelude to a larger, confirmatory Phase II study.

It is the Company’s intention to develop TARDOXAL™ independently and/or in conjunction with a larger pharmaceutical company for commercialization of the product. Similar partnerships may be required for other products that the Company may from time to time seek to develop. Such a partnership would provide funding for clinical development, add experience to the product development process and provide market positioning expertise. No formal agreement for such a commercial partnership has been entered into by the Company as of the date hereof.

Company-sponsored research and development net expenditures the year ended December 31, 2015 were $4,865,000 (seven months ended December 31, 2014 - $783,000, year ended May 31, 2014 - $689,000 and year ended May 31, 2013 - $1,700,000).

Patents and Licenses

In addition to a number of pending patent applications, the Company has ~~17~~ 7 issued patents from the United States Patent Office providing protection for AGGRASTAT® and related its current and historic development compounds. The Company will continue to file patents related to its research and development activities. The United States patents currently issued to the Company are as follows:

Patent Number	Issue Date	Title
5,733,919	March 31, 1998	Compositions for Inhibiting Platelet Aggregation
5,965,581	October 12, 1999	Compositions for Inhibiting Platelet Aggregation
5,972,967	October 26, 1999	Compositions for Inhibiting Platelet Aggregation
5,978,698	November 2, 1999	Angioplasty Procedure Using Nonionic Contrast Media
6,136,794	October 24, 2000	Platelet Aggregation Inhibition Using Low Molecular Weight Heparin in Combination with a GP IIb/IIIa Antagonist
6,770,660	August 3, 2004	Method for Inhibiting Platelet Aggregation
7,375,112	May 20, 2008	Compounds and Methods for Reducing Triglyceride Levels

Patents 5,733,919, 5,965,581, 5,972,967, 5,978,698, 6,136,794, 6,538,112 and 6,770,660 were purchased by the Company from MGI GP, INC. (a Delaware corporation doing business as MGI PHARMA and its Affiliate, Artery, LLC). Pursuant to an Asset Purchase Agreement dated August 8, 2006, MGI GP, INC. sold the exclusive use of the patents to the Company in the specified territory (the United States of America including the Commonwealth of Puerto Rico; Guam; and the United States Virgin Islands). Pursuant to the Asset Purchase Agreement the Company agreed to pay MGI GP, INC. a one-time fee for the procurement of the acquired assets. The Asset Purchase Agreement was executed August 8, 2006.

Much of the work, including some of the research methods, that is important to the success of the Company’s business is germane to the industry and may not be patentable. For this reason all employees, contracted researchers and consultants are bound by non-disclosure agreements.

Given that the patent applications for these technologies involve complex legal, scientific and factual questions, there can be no assurance that patent applications relating to the technology used by the Company will result in patents being issued, or that, if issued, the patents will provide a competitive advantage or will afford protection against competitors with similar technology, or will not be challenged successfully or circumvented by competitors.

The Company has filed patents in accordance with the Patent Cooperation Treaty (the ‘‘PCT’’). The PCT is a multilateral treaty that was concluded in Washington in 1970 and entered into force in 1978. It is administered by the International Bureau of the World Intellectual Property Organization (the ‘‘WIPO’’), headquartered in Geneva, Switzerland. The PCT facilitates the obtaining of protection for inventions where such protection is sought in any or all of the PCT contracting states (total of 104 at July 1999). It provides for the filing of one patent application (the ‘‘international application’’), with effect in several contracting states, instead of filing several separate national and/or regional patent applications. At the present time, an international application may include designation for regional patents in respect of contracting states party to any of the following regional patent treaties: The Protocol on Patents and Industrial Designs within the framework of the African Regional Industrial Property Organization, the Eurasian Patent Convention, the European Patent Convention, and the Agreement Establishing the African Intellectual Property

Organization. The PCT does not eliminate the necessity of prosecuting the international application in the national phase of processing before the national or regional offices, but it does facilitate such prosecution in several important respects by virtue of the procedures carried out first on all international applications during the international phase of processing under the PCT. The formalities check, the international search and (optionally) the international preliminary examination carried out during the international phase, as well as the automatic deferral of national processing which is entailed; give the applicant more time and a better basis for deciding whether and in what countries to further pursue the application. Further information may be obtained from the official WIPO internet website (http://www.wipo.int).

Although the Company is no longer developing MC-1, the Company does have a royalty bearing agreement with its subsidiary in regards to this discontinued development program. On June 1, 2000 the Company entered into the Medicure International Licensing Agreement whereby it licensed the world-wide development and marketing rights for MC-1, except for Canada, to its wholly owned subsidiary, Medicure International, Inc. As consideration for the grant of the license, Medicure International, Inc. agreed to pay the Company a fee of $1.00 upon the completion of specified milestones in the development process, together with a variable royalty of 7% to 9% of net sales of MC-1 (if any sales are ever in fact made). The term of the Medicure International Licensing Agreement will expire on the date of expiration of the last to expire patent on MC-1, or in the absence of any such patent, on the 10th anniversary of the date of the first commercial sale of MC-1 in the country where it was last introduced (if it is ever so introduced). The Medicure International Licensing Agreement may be terminated under a number of circumstances and, in any event, by either party at any time by providing the other with at least 90 days prior written notice of its intention to terminate the Medicure International Licensing Agreement.

Medicure International, Inc. subsequently entered into a development agreement with CanAm on June 1, 2000 to perform research and development of MC-1 and other compounds at cost, plus a reasonable mark-up not to exceed ten percent of any amount invoiced. The parties to the development agreements have agreed that the aggregate amount of all invoiced expenditures shall not exceed $30,000,000 over the term of each agreement. The term of the CanAm development agreement is to expire on the completion of all research and development activities by CanAm and the written acknowledgment by CanAm and Medicure International, Inc. that no further research projects will be undertaken. CanAm continues to perform work on AGGRASTAT®, TARDOXAL™ and other projects under this agreement, however there is no ongoing research activity related to MC-1.

The development agreements may be terminated under a number of circumstances and, in any event, by Medicure International, Inc. at any time by providing CanAm with at least 30 days prior written notice of its intention to terminate, or by CanAm at any time by providing Medicure International, Inc., with at least 90 days prior written notice of its intention to terminate the development agreement.

The agreements provide that all confidential information developed or made known during the course of the relationship with the Company is to be kept confidential except in specific circumstances.

D. Trend Information

Net product sales for year ended December 31, 2015 were $22,083,000, compared to $8,426,000 for the twelve months ended December 31, 2014. The Company currently sells finished AGGRASTAT® to drug wholesalers. These wholesalers subsequently sell AGGRASTAT® to the hospitals where health care providers administer the drug to patients. Wholesaler management decisions to increase or decrease their inventory of AGGRASTAT® may result in sales of AGGRASTAT® to wholesalers that do not track directly with demand for the product at hospitals. All of the

Company’s sales are denominated in US dollars.

Net revenue from the sale of finished AGGRASTAT® products for the year ended December 31, 2015 increased by 162% over the net revenue for the twelve months ended December 31, 2014. All of the Company’s sales are denominated in U.S. dollars. Hospital demand for AGGRASTAT® increased significantly compared to the comparable period in the prior year. The increase in revenue is primarily attributable to an increase in the number of new hospital customers using AGGRASTAT®. The number of new customers reviewing and implementing AGGRASTAT® has increased sharply as a result of FDA approval of the new dosing regimen for AGGRASTAT® as announced on October 11, 2013. Additionally, favourable fluctuations in the U.S. dollar exchange rate contributed to the increase in revenue.

The Company is not aware of any other trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon the Company’s net sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

E. Off-balance Sheet Arrangements

As of December 31, 2015 the Company does not have any off-balance sheet arrangements, other than those disclosed below.

F. Contractual Obligations

The following tables set forth the Company’s contractual obligations as of December 31, 2015:

	Contractual Obligations Payment Due By Period						
(in thousands of CDN$)	Total	2016	2017	2018	2019	2020	Thereafter
Accounts Payable and Accrued Liabilities	$7,079	$7,079	$-	$-	$-	$-	$ -
Long-term debt obligations [1]	4,607	1,853	1,765	989	-	-	-
Purchase Agreement commitments [2]	5,839	3,047	1,338	208	208	208	830
Total	$17,525	$11,979	$3,103	$1,197	$208	$208	$ 830

1. On July 18, 2011, the Company borrowed $5,000,000 from the Government of Manitoba, under the Manitoba Industrial Opportunities Program ("MIOP"), to assist in the settlement of its then existing long-term debt. The loan bears interest annually at 5.25% and originally matured on July 1, 2016. The loan was payable interest-only for the first 24 months, with blended principal and interest payments made monthly thereafter until maturity. Effective August 1, 2013, the Company renegotiated its long-term debt and received an additional two-year deferral of principal repayments. Under the renegotiated terms, the loan continued to be interest-only until August 1, 2015, at which point blended principal and interest payments began. The loan matures on July 1, 2018 and is secured by the Company's assets and guaranteed by the Chief Executive Officer of the Company and entities controlled by the Chief Executive Officer. The Company issued 1,333,333 common shares (20,000,000 pre-consolidated common shares) of the Company with a fair value of $371,834, net of share issue costs of $28,166, in consideration for the guarantee to the Company's Chief Executive Officer and entities controlled by the Chief Executive Officer. In connection with the guarantee, the Company entered into an indemnification agreement with the Chief Executive Officer under which the Company shall pay the Guarantor on demand all amounts paid by the Guarantor pursuant to the guarantee. In addition, under the indemnity agreement, the Company agreed to provide certain compensation upon a change in control of the Company. The Company relied on the financial hardship exemption from the minority approval requirement of Multilateral Instrument ("MI") 61-101. Specifically, pursuant to MI 61-101, minority approval is not required for a related party transaction in the event of financial hardship in specified circumstances.

The Company is required to maintain certain non-financial covenants under the terms of the MIOP loan. As at December 31, 2015, management believes it is in compliance with the terms of the loan.

2. The Company had entered into manufacturing and supply agreements, as amended, to purchase a minimum quantity of AGGRASTAT® from a third party and all remaining committed payments relating to inventory purchases were completed during fiscal 2015. Effective January 1, 2014, the agreement was amended and the amounts previously due during fiscal 2014 were deferred and bore interest at 3.25% per annum, with monthly payments being made against this balance owing of US$45,000 until June 30, 2015. These payments were applied to inventory purchases made during fiscal 2015 and prepayments for future manufacturing expected to be completed during fiscal 2016, and as at December 31, 2015, $1,063,707 (December 31, 2014 - $549,247 and May 31, 2014 - $182,620) is recorded within prepaid expenses in regards to this agreement. For the year ended December 31, 2015, interest of $22,675 (seven months ended December 31, 2014 - $18,738, May 31, 2014 - $17,009 and May 31, 2014 - nil) is recorded within finance expense relating to this agreement. The Company signed an amendment to this manufacturing and supply agreement which extends the agreement to December 31, 2017 with additional minimum purchase commitments of US$719,420 (based on current pricing) per annum until 2017.

Additionally, the Company has entered into a manufacturing and supply agreement to purchase a minimum quantity of unfinished product inventory totaling US $150,000 annually (based on current pricing) until 2024.

On November 1, 2014, the Company amended its business and administration services agreement with Genesys Venture Inc. ("GVI"), a company controlled by the Chief Executive Officer, under which the Company is now committed to pay $17,917 per month, or $215,000 per year effective November 1, 2014 for a fourteen month term. The services provided under the business and administration agreement are described in note 16(b) to the consolidated financial statements. Either party may terminate this agreement at any time upon 90 days written notice. Additionally, effective November 1, 2014, the Company has entered into a sub-lease with GVI to lease office space at a rate of $170,000 per annum for three years ending October 31, 2017.

Subsequent to December 31, 2015 and effective January 1, 2016, the Company entered into a new business and administration services agreement with GVI, under which the Company is committed to pay $7,083 per month or $85,000 per year for a one year term.

During 2015, the Company began a development project of a high value cardiovascular generic drug in collaboration with Apicore. The Company has entered into a supply and development agreement under which the Company holds all commercial rights to the drug and is required to pay an additional US$200,000 in milestone payments and US$507,500 in costs relating to the project.

Debt obligations reflect the minimum annual payments under the debt financing agreement. In addition to the contractual obligations disclosed above, the Company and its wholly-owned subsidiaries, have ongoing research and development agreements with third parties in the ordinary course of business. These agreements include research and development related to AGGRASTAT® and TARDOXAL™ as well as other product opportunities.

On July 18, 2011, the Company renewed its consulting agreement with its Chief Executive Officer for a term of five years, at a rate of $180,000 annually. The Company may terminate this agreement at any time upon 120 days written notice.

The Company received $200,000 of funding from the Province of Manitoba's Commercialization Support for Business program to assist the Company with the completion of a study evaluating AGGRASTAT® in patients with impaired kidney function. The study was completed and the funds received during the year ended May 31, 2013. The funding is repayable when certain sales targets are met and the repayable requirement will remain in effect for a period not less than eight fiscal years.

Contracts with contract research organizations (CROs) are payable over the terms of the trials and timing of payments is largely dependent on various milestones being met, such as the number of patients recruited, number of monitoring visits conducted, the completion of certain data management activities, trial completion, and other trial-related activities.

The Company periodically enters into research agreements with third parties that include indemnification provisions customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of claims arising from research and development activities undertaken on behalf of the Company. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions could be unlimited. These indemnification provisions generally survive termination of the underlying agreement. The nature of the indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay. Historically, the Company has not made any indemnification payments under such agreements and no amount has been accrued in the accompanying financial statements with respect to these indemnification obligations.

As a part of the Birmingham debt settlement described in note 9 to the Company's consolidated financial statements, for the year ended December 31, 2015, beginning on July 18, 2011, the Company is obligated to pay a royalty to the previous lender based on future commercial AGGRASTAT® sales until 2023. The royalty is based on 4% of the first $2,000,000 of quarterly AGGRASTAT® sales, 6% on the portion of quarterly sales between $2,000,000 and $4,000,000 and 8% on the portion of quarterly sales exceeding $4,000,000 payable within 60 days of the end of the preceding quarter. The previous lender has a one-time option to switch the royalty payment from AGGRASTAT® to a royalty on MC-1 sales. Management has determined there is no value to the option to switch the royalty to MC-1 as the product is not commercially available for sale and development of the product is on hold. Royalties for the year ended December 31, 2015 total $1,207,772, in regards to the royalty obligation (seven months ended December 31, 2014 - $210,576, year ended May 31, 2014 - $201,131 and year ended May 31, 2013 - $104,979) with payments made during the year ended December 31, 2015 of $642,768 (seven months ended December 31, 2014 - $156,722, year ended May 31, 2014 - $165,291 and year ended May 31, 2013 - $88,105).

The Company is obligated to pay royalties to the University of Manitoba based on any future commercial sales of MC-1, aggregating up to 3.9% on net sales. To date, no royalties are due and/or payable and, given the fact that these development programs have been placed on hold, the Company does not anticipate any such royalties to be paid.

The Company received $200,000 of funding from the Province of Manitoba's Commercialization Support for Business program to assist the Company with the completion of a study evaluating AGGRASTAT® in patients with impaired kidney function. The study was completed and the funds received during the year ended May 31, 2013. The funding is repayable when certain sales targets are met and the repayable requirement will remain in effect for a period not less than eight fiscal years.

In the normal course of business the Company may from time to time be subject to various claims or possible claims. Although management currently believes there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows, these matters are inherently uncertain and management's view of these matters may change in the future.

On September 10, 2015 the Company submitted a sNDA to the FDA to expand the label for AGGRASTAT®. The label change is being reviewed and evaluated based substantially on data from published studies. If the label change submission is successful, the Company will be obligated to pay 300,000 euros over the course of a three year period in equal quarterly instalments following approval. A decision from the FDA is expected in July 2016. The payments are contingent upon the success of the filing and as such the Company has not recorded any amount in the consolidated financial statements pertaining to this contingent liability.

In connection with the Company's development project of a high value cardiovascular generic drug, as described in note 15(a) to the consolidated financial statements, in collaboration with Apicore, the Company is obligated to pay Apicore 50% of net profit from the sale of this drug.

G. Safe Harbor

Statements in Item 5.E and Item 5.F of this Annual Report on Form 20-F that are not statements of historical fact, constitute "forward-looking statements." See "Forward-Looking Statements" on page 1 of this Annual Report. Our Company is relying on the safe harbor provided in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, in making such forward-looking statements.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Directors and Senior Management

The members of the board of directors and senior officers of the Company including a brief biography of each are as follows:

Dr. Albert D. Friesen, Winnipeg, Manitoba, Canada - Director, Chairman and Chief Executive Officer

The founder and CEO and Chair of the Board of Medicure Inc., Dr. Friesen holds a Ph.D. in protein chemistry from the University of Manitoba. Dr. Friesen played a key role in founding several health industry companies including the first employee and President of the Winnipeg Rh Institute for over 20 years (then acquired by Cangene Inc. and more recently by Emergent BioSolutions), ABI Biotechnology (acquired by Apotex Inc.), Viventia Biotech Inc., Genesys Pharma Inc., DiaMedica Inc, Miraculins Inc., Kane Biotech Inc. and KAM Scientific Inc. Dr. Friesen has experience in the establishment of pharmaceutical production facilities and has also managed and initiated the research and clinical development of several pharmaceutical candidates. Dr. Friesen is a founder of the Industrial Biotechnology Association of Canada (IBAC) and past Chairman of its board of directors and former member of the Industrial Advisory Committee to the Biotechnology Research Institute in Montreal. In addition to his role with the Company, Dr. Friesen is currently the President and Chairman of Genesys Venture Inc., a biotech incubator, based in Winnipeg. Dr. Friesen provides his services to the Company through A.D. Friesen Enterprises Ltd., his private consulting corporation. Dr. Friesen served as both CEO and President of Medicure Inc. until July 25, 2011 at which point the position of President was filled by Mr. Dawson Reimer. Dr. Friesen's date of birth is May 19, 1947.

Dr. Arnold Naimark, Winnipeg, Manitoba, Canada - Director

Dr. Arnold Naimark, O.C., O.M., M.D., L.L.D., F.R.C.P.(C), F.R.S.C, FCAHS,. has had a distinguished career in biomedical research, medicine and higher education. He is President Emeritus and Dean of Medicine Emeritus and Professor of Medicine and Physiology at the University of Manitoba. He is currently Director of the Centre for the Advancement of Medicine, Chair of Genome Prairie Immediate Past-Chair of CancerCare Manitoba. Dr. Naimark serves on the National Statistics Council of Canada and is Vice-Chair of the Statistics Canada Audit Committee. He was formerly: on the Research Council of the Canadian Institute for Advanced Research, Chair of Health Canada's Ministerial Science Advisory Board, Member of the International Advisory Committee on Research of the Alberta Cancer Board, Research Institute, Vice-Chair of the Manitoba Health Research Council and Director of the Robarts Research Institute. He is the founding Chairman of the North Portage Development Corporation, the Canadian Health Services Research Foundation and the Canadian Biotechnology Advisory Committee. He has served as President of several academic bodies including, the Canadian Physiological Society, the Canadian Society for Clinical Investigation, the Association of Canadian Medical Colleges, the Association of Universities and Colleges of Canada and as Chairman of the Association of Commonwealth Universities. Dr. Naimark is an Officer of the Order of Canada, a Member of the Order of Manitoba and a Fellow of the Royal College of Physicians and Surgeons of Canada, the Royal Society of Canada, and the Canadian Academy of Health Sciences. He is recipient of the G. Malcolm Brown Award of the Royal College of Physicians and Surgeons and Medical Research Council of Canada, the Osler Award, the Distinguished Service Award of Ben Gurion University, the Symons Award of the Association of Commonwealth Universities; and of honorary doctorates from Mount Allison University and the University of Toronto, and of several other awards and distinctions related to his professional, academic and civic activities. Date of birth is August 24, 1933.

Gerald P. McDole, Mississauga, Ontario, Canada, MBA – Director

Mr. McDole is currently a director of two Canadian healthcare companies. Mr. McDole is Past President of AstraZeneca Canada Inc. He was named President and CEO of AstraZeneca Canada Inc.'s pharmaceutical operations in 1999 and immediately led the merger of Astra Pharma and Zeneca Pharma Inc. Prior to this, Mr. McDole was president and CEO of Astra Pharma Inc., a position he assumed in 1985 after having served as Executive Vice-President. Mr. McDole is a member of the Canadian Healthcare Marketing Hall of Fame, and has been recognized by Canadian Healthcare Manager Magazine with the Who's Who in Healthcare Award in the pharmaceutical category. In recognition of Mr. McDole's outstanding contributions to the biotech and pharmaceutical industries, the University of Manitoba established The Gerry McDole Fellowship in Health Policy and Economic Growth. Mr. McDole holds a Bachelor of Science and a Certificate of Business Management from the University of Manitoba, an MBA from Simon Fraser University, and a Business Administration diploma from the University of Toronto. Date of birth is January 25, 1940.

Peter Quick, Mill Neck, New York, USA - Director

Peter Quick has over 30 years experience in the securities and financial services industries. He is a recognized leader in the securities industry with experience in the domestic and international equities market, equities market making, market structure reform, trading technology and clearing operations. Mr. Quick is a Partner of Burke and Quick Partners Holdings LLP, the parent company of Burke & Quick Partners LLC a broker dealer. Mr. Quick was President at the American Stock Exchange from 2000 to 2005. Prior to joining the American Stock Exchange he served as President of Quick & Reilly Inc., a Quick & Reilly subsidiary and a national discount brokerage firm. He also served as President of Quick & Reilly/Fleet Securities. Mr. Quick is a graduate from the University of Virginia with a B.S. in Engineering, and attended Stanford University’s Graduate School of Petroleum Engineering. He served four years active duty from 1978 to 1982 as an Officer in the United States Navy. He is Chairman of the Board of Directors of Gain Capital (GCAP: NYSE) and a member of the Boards of Trustees of First of Long Island Corporation (FLIC: NASDAQ) and First National Bank of Long Island. He is a member of the Board of Directors of Fund for the Poor. Mr. Quick serves as the Mayor of the Incorporated Village of Mill Neck, NY. He is a former member of the Board of Alliance Capital Money Market Fund, Chicago Stock Exchange Inc (CHX), The Depository Trust & Clearing Corporation (DTCC), The Midwest Trust Company, Securities Industry Automation Corporation (SIAC), National Security Clearing Corporation, The American Stock Exchange and the National Association of Security Dealers Inc), Quick & Reilly, Inc., (NYSE: BQR), Reckson Associates Realty Corp (NYSE: RX) and The Bear Stearns Current Yield Fund (AMEX:YYY). He is a former Chairman of the Board of Governors of St. Francis Hospital, Roslyn, NY and Mercy Medical Center, Rockville Centre, NY. Date of birth is February 11, 1956.

Brent Fawkes, Winnipeg, Manitoba, Canada - Director

Mr. Fawkes is a Chartered Accountant with over 20 years of experience in accounting and finance. Mr. Fawkes is currently the Vice President of Finance with Standard Aero Limited, one of the world's largest independent providers of a variety of aerospace services serving a diverse array of customers in business and general aviation, airline, military, helicopter, components, energy and VIP completions markets. In his current role, Mr. Fawkes is responsible for the oversight of the finance department including external reporting, budgeting and planning and treasury management. Date of birth is December 21, 1969.

Dawson Reimer, MAES – President and Chief Operating Officer

Dawson Reimer proceeded from a Master's Degree in Economic Development, University of Waterloo to be employed as a full-time consultant to the Federal Department of Western Diversification. Beginning in 1996, he served as Business Development/Investor Relations with Genesys Pharma Inc. In 1997, he transitioned to Genesys Venture Inc., a biotech business incubator, where he assisted numerous biotechnology ventures in developing business plans, obtaining financing, and developing intellectual property protection. In this capacity, Mr. Reimer became actively involved in the Company at its inception and has been directly employed by the Company since 2001. In July 2011 he transitioned from Vice President, Operations to his current position as President and Chief Operating Officer of the Company. Mr. Reimer is a son-in-law of Dr. Albert D. Friesen, Director, Chairman and Chief Executive Officer. Date of birth is May 7, 1971.

James Kinley, CA – Chief Financial Officer

Effective September 21, 2011 Mr. James Kinley was appointed as CFO of the Company, replacing Dawson Reimer, who has served as Chief Financial Officer in an interim capacity since July 15, 2011 until Mr. Kinley’s appointment. Mr. Kinley’s services are provided to the Company through a Management Services Agreement with Genesys Venture Inc. (“GVI”). Previous to his time at GVI and the Company, he was Manager, Financial Reporting at Manitoba Telecom Services Inc. and was involved in all aspects of financial reporting, including publicly filed documents such as their financial statements. James is a Chartered Accountant and holds a Bachelor of Commerce (Hons.) degree from the University of Manitoba. Date of birth is July 9, 1978.

Graeme Merchant, B.B.A. – Vice President, Commercial Operations

Graeme Merchant joined the Company as an analyst in business development and commercial operations in 2007. He was soon promoted to Manager of Commercial Operations for AGGRASTAT, and eventually named Director. Since 2013, Mr. Merchant has been Vice President of Commercial Operations. He is responsible for all sales, marketing, and medical activities for AGGRASTAT within the United States. Graeme was instrumental in helping guide the Company through its corporate restructuring and the relaunch of AGGRASTAT under the FDA approved High-Dose Bolus regimen. He has a B.B.A. from the University of New Brunswick with a specialization in finance.

Management

Dr. Albert D. Friesen - Chairman, Chief Executive Officer and Director: Dr. Friesen directs the overall business management of the Company (see “Directors and Senior Management” under this item).

Dawson Reimer - President and Chief Operating Officer: Subject to the direction of the Chief Executive Officer, Mr. Reimer has general charge of the Corporation’s day to day business activities with a primary focus on its commercial direction, including the advancement and management of new and existing pharmaceutical products. (See “Directors and Senior Management” under this item)

James Kinley, CA - Chief Financial Officer: Mr. Kinley is responsible for the Company’s financial management and accounting practices (see “Directors and Senior Management” under this item).

Graeme Merchant, B.B.A. – Vice President, Commercial Operations: Mr. Merchant is responsible for the Company’s Commercial Operations pertaining to AGGRASTAT (see “Directors and Senior Management” under this item).

B. Compensation

Compensation paid to the directors, and executive officers of the Company during the year ended December 31, 2015, is described below and stock-based compensation described in Item 6(E) below:

The Company recorded $57,701 in fees paid or payable to Board members for attendance at meetings between January 1, 2015 and December 31, 2015 and the chairs of the Audit and Finance Committee and executive compensation, nominating and corporate governance committee were paid an additional $5,000 each for services are committee chairs.

On October 1, 2001, a compensation agreement was entered into between the Company and A.D. Friesen Enterprises Ltd., a corporation owned by Dr. Friesen and subsequently amended on October 1, 2003, October 1, 2005, October 1, 2006, October 1, 2007 and July 18, 2011. For the year ended December 31, 2015, the Company recorded A.D. Friesen Enterprises Ltd., $186,000 in consulting compensation, including taxable benefits. Dr. Friesen is eligible for an annual bonus, if certain objectives of the Company are met, as determined by the Board of Directors. During the year ended December 31, 2015, a bonus of $100,000 was accrued to Dr. Friesen.

Dawson Reimer serves the Company as President and Chief Operating Officer and received a salary of $190,000 payable in equal semi-monthly instalments and a bonus of $38,000 paid as a lump-sum for the year ended December 31, 2015.

Graeme Merchant serves the Company as Vice President, Commercial Operations and received a salary of $155,000 payable in equal semi-monthly instalments and bonuses of $49,676 paid quarterly for the year ended December 31, 2015.

During the year ended December 31, 2015, the Company paid directors a total of Nil (seven months ended December 31, 2014: Nil, Year ended May 31, 2014: Nil; Year ended May 31, 2013: Nil; Year ended May 31, 2012: Nil; and Year ended May 31, 2012: Nil) for consulting fees.

The Company has agreed to provide its independent directors $2,000 for each quarterly board meeting they personally attend ($1,000 via telephone), and $1,500 for each quarterly executive compensation, nominating and corporate governance committee meeting or audit and finance committee meeting they attend that is not held in conjunction with a regular Board meeting.

For fiscal 2011 and prior, due to the Company's financial position, the board had offered and committed not to request, and has therefore not received, any compensation for their services as independent directors. Subsequent to the debt settlement that occurred on July 18, 2011, the Company began paying the Board members this amount owing and had paid $54,000 during fiscal 2013 relating to these accrued amounts. During fiscal 2013, the members of the Board of Directors agreed to further defer payments on amounts owing. Beginning on February 22, 2013 and until June 30, 2015, these amounts bore interest at a rate of 5.5% per annum. For the year ended December 31, 2015, $4,517 (seven months ended December 31, 2014 - $10,127 and year ended May 31, 2014 - $14,918) was recorded within finance expense in relation to these amounts payable to the members of the Company's Board of Directors. As at December 31, 2015, the Company has $5,675 of accrued compensation owing to the independent members of the Board of Directors relating to Directors fees.

On July 11, 2014, the Company announced that, subject to all necessary regulatory approvals, it has entered into shares for debt agreements with certain members of the Board of Directors, pursuant to which the Company will issue 106,490 of its common shares at a deemed price of $1.98 per common share to satisfy $210,850 of outstanding amounts owing to the Company's Board of Directors. The shares were issued on January 9, 2015.

On January 27, 2015, the Company announced that, subject to all necessary regulatory approvals, it has entered into shares for debt agreements with certain members of the Board of Directors, pursuant to which the Company will issue 75,472 of its common shares at a deemed price of $1.44 per common share to satisfy $108,680 of outstanding amounts owing to these individuals. The shares were issued on March 20, 2015.

The Company does not provide any cash compensation for its directors who are also officers of the Company for their services as directors.

No pension, retirement fund and other similar benefits have been set aside for the officers and directors of the Company.

C. Board Practices

The Board of Directors presently consists of five directors, four of whom were elected at the Company's annual general meeting of the shareholders held on June 26, 2015. Each director holds office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the By-Laws of the Company, or pursuant to the provisions of the *Canada Business Corporations Act*.

Dr. Albert D. Friesen has served as a director of the Company since September 1997. Dr. Arnold Naimark has served as a director of the Company since March 2000. Gerald McDole has served as a director of the Company since January 2004. Peter Quick has served as a director of the Company since November 2005. Brent Fawkes has served as a director of the Company since January 2013.

As discussed in more detail below, the Board of Directors maintains an Audit and Finance Committee and an Executive Compensation, Nominating and Corporate Governance Committee.

Corporate Governance

The Canadian Securities Administrators (the "CSA") have adopted National Policy 58-201 *Corporate Governance Guidelines*, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the CSA have implemented National Instrument NI 58-101 *Disclosure of Corporate Governance Practices*, which prescribes certain disclosure by the Company of its corporate governance practices. The Company's approach to corporate governance is set forth below.

The Board believes that a clearly defined system of corporate governance is essential to the effective and efficient operation of the Company. The system of corporate governance should reflect the Company’s particular circumstances, having always as its ultimate objective, the best long-term interests of the Company and the enhancement of value for all shareholders.

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Company's board of directors, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Executive Compensation, Nominating and Corporate Governance Committee has reviewed the independence of each director on the basis of the definition in section 1.4 of National Instrument 52-110 – *Audit Committees* ("NI 52-110"). The Board has determined, after reviewing the roles and relationships of each of the directors, that Dr. Arnold Naimark, Brent Fawkes, Gerald McDole and Peter Quick are independent from the Company. Only Dr. Albert Friesen is deemed to not be independent from the Company. As part of every regularly scheduled Board and committee meeting, the independent directors are given the opportunity to meet separately from management and the non-independent director. Board committees are entirely composed of independent directors who meet without management when required.

Gerald McDole is presently a director of Cipher Pharmaceuticals Inc. No other director of the Company is currently a director of any other “reporting issuers” (as such term is defined in Canadian provincial securities legislation).

The Board has an orientation program in place for new directors which the Board feels is appropriate having regard to the current makeup of the Board. Each director receives relevant corporate and business information on the Company, the Board, and its committees. The directors regularly meet with Management and are given periodic presentations on relevant business issues and developments.

Presentations are made to the Board from time to time to educate and keep it informed of changes within the Company and of regulatory and industry requirements and standards.

The Company's Board has adopted a Code of Ethics applicable to directors, officers and employees, copies of which are available on the Company's website (www.medicure.com). A copy may also be obtained upon request to the Secretary of the Company at its head office, 2-1250 Waverley Street, Winnipeg, Manitoba, R3T 6C6. The ECNCG Committee regularly monitors compliance with the Code of Ethics and also ensures that Management encourages and promotes a culture of ethical business conduct.

Audit and Finance Committee

Pursuant to Section 171 of the *Canada Business Corporations Act* (the "Act"), the Company is required to have an Audit Committee. Section 171(1) of the Act requires the directors of a reporting corporation to elect from among their number a committee composed of not fewer than three directors, of whom a majority must not be officers or employees of the corporation or an affiliate of the corporation. Section 171(3) of the Act provides that, before financial statements are approved by the directors, they must be submitted to the audit committee for review. Section 171(4) of the Act provides that the auditor must be given notice of, and has the right to appear before and to be heard at, every meeting of the audit committee, and must appear before the audit committee when requested to do so by the committee. Finally, section 171(5) of the Act provides that on the request of the auditor, the audit committee must convene a meeting of the audit committee to consider any matters the auditor believes should be brought to the attention of the directors or members.

Pursuant to section 6.1 of NI 52-110, the Company is exempt from the requirements of Parts 3 and 5 of NI 52-110 for the year ended December 31, 2015, by virtue of the Company being a "venture issuer" (as defined in NI 52-110).

Part 3 of NI 52-110 prescribes certain requirements for the composition of audit committees of non-exempt companies that are reporting issuers under Canadian provincial securities legislation. Part 3 of NI 52-110 requires, among other things that an audit committee be comprised of at three directors, each of whom, is, subject to certain exceptions, independent and financially literate in accordance with the standards set forth in NI 52-110.

Part 5 of NI 52-110 requires an annual information form that is filed by a non-exempt reporting issuer under National Instrument 51-102 – *Continuous Disclosure Obligations*, as adopted the CSA, to include certain disclosure about the issuer's audit committee, including, among other things: the text of the audit committee's charter; the name of each audit committee member and whether or not the member is independent and financially literate; whether a recommendation of the audit committee to nominate or compensate an external auditor was not adopted by the issuer's board of directors, and the reasons for the board's decision; a description of any policies and procedures adopted by the audit committee for the engagement of non-audit services; and disclosure of the fees billed by the issuer's external auditor in each of the last two fiscal years for audit, tax and other services.

Notwithstanding the exemption available under section 6.1 of NI 52-110, as at the date hereof, the Audit and Finance Committee is comprised of four independent directors: Brent Fawkes (Chair), Gerald McDole, Dr. Arnold Naimark, and Peter Quick. The relevant experience of each member is described above. (See “Item 6 - *Directors, Senior Management and Employees*”.)

As a result of their education and experience, each member of the audit committee has familiarity with, an understanding of, or experience in:

- the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;

- reviewing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, and

- an understanding of internal controls and procedures for financial reporting.

Under the Sarbanes-Oxley Act of 2002, the independent auditor of a public Company is prohibited from performing certain non-audit services. The Audit and Finance Committee has adopted procedures and policies for the pre-approval of non-audit services, as described in the Audit and Finance Committee Charter reproduced below.

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AUDIT AND FINANCE COMMITTEE CHARTER

GENERAL FUNCTIONS, AUTHORITY, AND ROLE

The purpose of the Audit and Finance Committee (the "Committee") is to oversee the accounting, financial reporting and disclosure processes of the Company and the audits of its financial statements, and thereby assist the Board of Directors of the Company (the "Board") in monitoring the following:

(1) the integrity of the financial statements of the Company;

(2) compliance by the Company with ethical policies and legal and regulatory requirements related to financial reporting and disclosure;

(3) the appointment, compensation, qualifications, independence and performance of the Company's internal and external auditors;

(4) the performance of the Company's independent auditors;

(5) performance of the Company's internal controls and financial reporting and disclosure processes; and

(6) that management of the Company has assessed areas of potential significant financial risk to the Company and taken appropriate measures.

The Committee has the power to conduct or authorize investigations into any matters within its scope of responsibilities, with full access to all books, records, facilities and personnel of the Company, its auditors and its legal advisors. In connection with such investigations or otherwise in the course of fulfilling its responsibilities under this charter, the Committee has the authority to independently retain, and set and pay compensation to, special legal, accounting, or other consultants to advise it, and may request any officer or employee of the Company, its independent legal counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee has the power to create specific sub-committees with all of the power to conduct or authorize investigations into any matters within the scope of the mandate of the sub-committee,

with full access to all books, records, facilities and personnel of the Company, its auditors and its legal advisors.

In the course of fulfilling its specific responsibilities hereunder, the Committee has authority to, and must, maintain free and open communication between the Company's independent auditor, Board and Company management. The responsibilities of a member of the Committee are in addition to such member's duties as a member of the Board.

While the Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete, accurate, and in accordance with International Financial Reporting Standards (“IFRS”). This is the responsibility of management and the independent auditor. Nor is it the duty of the Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditor or to assure compliance with laws and regulations and the Company’s Code of Ethics. Any responsibilities that the Committee has the power to act upon, may be recommended to the Board to act upon.

MEMBERSHIP

The membership of the Committee will be as follows:

The Committee shall consist of a minimum of three members of the Board, appointed from time to time, each of whom is affirmatively confirmed as independent by the Board in accordance with the definition of independence for audit committee members set out in Appendix I hereto, with such affirmation disclosed in the Company's Management Information Circular for its annual meeting of shareholders. All members of the Committee should be “financially literate”, as defined in Appendix I, and at least one of the members shall be an “audit committee financial expert” as defined in as defined in Appendix I.

The Board will elect, by a majority vote, one member as chairperson. In the absence of the Chair of the Committee, the members shall appoint an acting Chair.

The members of the Committee shall meet all independence and financial literacy requirements of The TSX Venture Exchange, and the requirements of such other securities exchange or quotations system or regulatory agency as may from time to time apply to the Company.

Any member of the Committee may be removed and replaced at any time by the Board and will automatically cease to be a member of the Committee as soon as such member ceases to be a Director. The Board may fill vacancies in the Committee by election from among the members of the Board. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains in office.

A quorum shall be a majority of the members provided that if the number of members is an even number, one half of the number plus one shall constitute a quorum.

A member of the Committee may not, other than in his or her capacity as a member of the Committee, the Board, or any other Board committee, accept any consulting, advisory, or other compensatory fee from the Company, and may not be an affiliated person of the Company or any subsidiary thereof.

RESPONSIBILITIES

The responsibilities of the Committee shall be as follows:

Frequency of Meetings

Meet quarterly or more often as may be deemed necessary or appropriate in its judgment, either in person or telephonically.

The Committee will meet with the independent auditor at least annually, either in person or telephonically.

Reporting Responsibilities

Provide to the Board proper Committee minutes.

Report Committee actions to the Board with such recommendations as the Committee may deem appropriate.

Committee and Charter Evaluation

The Committee shall annually review, discuss and assess its own performance. In addition, the Committee shall periodically review its role and responsibilities.

Annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

Whistleblower Mechanism

Adopt and review annually a procedure through which employees and others can confidentially and anonymously inform the Committee regarding any concerns about the Company's accounting, internal accounting controls or auditing matters. The procedure shall include responding to and the retention of, any such complaints.

Legal Responsibilities

Perform such functions as may be assigned by law, by the Company's certificate of incorporation, memorandum, articles or similar documents, or by the Board.

INDEPENDENT AUDITOR

Nomination, Compensation and Evaluation

The Company's independent auditor is ultimately accountable to the Committee and the Board and shall report directly to the Committee. The Committee shall review the independence and performance of the auditor and annually recommend to the Board the appointment and compensation of the independent auditor or approve any discharge of auditor when circumstances warrant.

Review of Work

The Committee is directly responsibility for overseeing the work of the independent auditor engaged to prepare or issue an audit report or perform other audit, review or attest services for the Company, including the resolution of disagreements between management and the independent auditor regarding financial reporting.

Approval in Advance of Related Party Transactions

Pre-approval of all "related party transactions," which are transactions or loans between the Company and a related party involving goods, services, or tangible or intangible assets that are:

(1) material to the Company or the related party; or

(2) unusual in their nature or conditions.

A related party includes an affiliate, major shareholder, officer, other key management personnel or director of the Company, a company controlled by any of those parties or a family member of any of those parties.

Engagement Procedures for Audit and Non-Audit Services

Approve in advance all audit services to be provided by the independent auditor. Establish policies and procedures that establish a requirement for approval in advance of the engagement of the independent auditor to provide permitted non-audit services provided to the Company or its subsidiary entities and to prohibit the engagement of the independent auditor for any activities or services not permitted by any of the Canadian provincial securities commissions, the Securities Exchange Commission ("SEC") or any securities exchange on which the Company's shares are traded including any of the following non-audit services:

- Bookkeeping or other services related to accounting records or financial statements of the Company;
- Financial information systems design and implementation consulting services;
- Appraisal or valuation services, fairness opinions, or contributions-in-kind reports;
- Actuarial services;
- Internal audit outsourcing services;
- Any management or human resources function;
- Broker, dealer, investment advisor, or investment banking services;
- Legal services;

· Expert services related to the auditing service; and

· Any other service the Board determines is not permitted.

Hiring Practices

Review and approve the Company's hiring policy regarding the partners, employees and former partners and employees of the present and former independent auditor of the Company. Ensure that no individual who is, or in the past three years has been, affiliated with or employed by a present or former auditor of the Company or an affiliate, is hired by the Company as a senior officer until at least three years after the end of either the affiliation or the auditing relationship.

Independence Test

Take reasonable steps to confirm the independence of the independent auditor, which shall annually include:

· Ensuring receipt from the independent auditor of a formal written statement delineating all relationships between the independent auditor and the Company, consistent with the Independence Standards Board Standard No. 1 and related Canadian regulatory body standards;

· Considering and discussing with the independent auditor any relationships or services provided to the Company, including non-audit services, that may impact the objectivity and independence of the independent auditor; and

· As necessary, taking, or recommending that the Board take, appropriate action to oversee the independence of the independent auditor and evaluate whether it is appropriate to rotate the independent auditor on a regular basis.

Audit and Finance Committee Meetings

Notify the independent auditor of every Committee meeting and permit the independent auditor to appear and speak at those meetings.

At the request of the independent auditor, convene a meeting of the Committee to consider matters the auditor believes should be brought to the attention of the directors or shareholders.

Keep minutes of its meetings and report to the Board for approval of any actions taken or recommendations made.

Restrictions

Confirm with management and the independent auditor that no restrictions are placed on the scope of the auditors' review and examination of the Company's accounts.

OTHER PROFESSIONAL CONSULTING SERVICES

Engagement Review

As necessary, consider with management the rationale and selection criteria for engaging professional consulting services firms.

Ultimate authority and responsibility to select, evaluate and approve professional consulting services engagements.

AUDIT AND REVIEW PROCESS AND RESULTS

Scope

Consider, in consultation with the independent auditor, the audit scope, staffing and planning of the independent auditor.

Review Process and Results

Consider and review with the independent auditor the matters required to be discussed by such auditing standards as may be applicable.

Review and discuss with management and the independent auditor at the completion of annual and quarterly examinations, if any:

- The Company's audited and unaudited financial statements and related notes;
- The Company's Management Discussion & Analysis ("MD&A") and news releases related to financial results;
- The Company's management certifications of the financial statements and accompanying MD&A as required under applicable securities laws;
- The Company's annual information form ("AIF"), if one is prepared and filed.
- The independent auditor's audit of the financial statements and its report thereon;

- Any significant changes required in the independent auditor's audit plan;

- The appropriateness of the presentation of any non-IFRS related financial information;

- Any serious difficulties or disputes with management encountered during the course of the audit; and

- Other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards.

Review the management letter, if any, delivered by the independent auditor in connection with the audit.

Following such review and discussion, if so determined by the Committee, recommend to the Board that the annual financial statements be included in the Company's annual report.

Review and discuss with management and the independent auditor the adequacy of the Company's internal accounting and financial controls that management and the Board have established and the effectiveness of those systems, and inquire of management and the independent auditor about significant financial risks or exposures and the steps management has taken to minimize such risks to the Company.

Meet separately with the independent auditor and management, as necessary or appropriate, to discuss any matters that the Committee or any of these groups believe should be discussed privately with the Committee.

Review and discuss with management and the independent auditor the accounting policies which may be viewed as critical, including all alternative treatments for financial information within IFRS that have been discussed with management, and review and discuss any significant changes in the accounting policies of the Company and industry accounting and regulatory financial reporting proposals that may have a significant impact on the Company's financial reports

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Review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures, if any, on the Company's financial statements.

Review with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.

Review with the Company's legal counsel legal matters that may have a material impact on the financial statements, the Company's financial compliance policies and any material reports or inquiries received from regulators or governmental agencies related to financial matters.

SECURITIES REGULATORY FILINGS

Review filings with the Canadian provincial securities commissions and the SEC and other published documents containing the Company's financial statements.

Review, with management, prior to public disclosure, the Company’s financial statements and MD&A and related press releases. The chairperson of the Committee may represent the entire Committee for purposes of this review.

Ensure that adequate procedures are in place for the review of the Company’s public disclosure of financial information extracted or derived from the Company’s financial statements, other than the disclosure stated above, and periodically assess the adequacy of those procedures.

RISK ASSESSMENT

Meet periodically with management to review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

Assess risk areas and policies to manage risk including, without limitation, environmental risk, insurance coverage and other areas as determined by the Board from time to time.

Review and discuss with management, and approve changes to, the Company's Corporate Investment Policy.

LIMITATION ON DUTIES OF AUDIT AND FINANCE COMMITTEE

In contributing to the Committee’s discharging of its duties under this charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this charter is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject.

ADOPTION OF CHARTER

This charter was originally adopted by the Board on August 23, 2004 and revised on January 17, 2012.

APPENDIX I

GLOSSARY OF TERMS

"Independent" means a director who has no direct or indirect material relationship with the Company or its subsidiaries.

A "**material relationship"** is a relationship which could, in the view of the Board of the Company, be reasonably expected to interfere with the exercise of the person's independent judgment.

For greater certainty, certain individuals will be deemed not to be independent:

a) an individual who is, or has been within the last three years, an employee or executive officer of the Company;

b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Company;

c) an individual who is a partner of, or employed by the Company's internal or external auditor or who was, within the last three years, a partner or employee of that audit firm and personally worked on the Company's audit within that time. For this purpose, "partner" does not include a fixed income partner;

d) an individual whose child or stepchild shares a home with the individual or whose spouse, is a partner of the Company's internal or external auditor, or is an employee of the audit firm and participates in its audit, assurance or tax compliance practice or who was within the last three years a partner or employee of the audit firm and personally worked on the Company's audit within that time. For this purpose, "partner" does not include a fixed income partner;

e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Company's current executive officers serve or served at the same time on the entity's compensation committee; and

f)

an individual who received, or whose immediate family member who is employed as an executive officer of the Company received, more than $75,000 in direct compensation from the Company during any 12 month period within the last three years. For purposes hereof, direct compensation does not include remuneration for acting as a member of the Board or of any Board committee or remuneration consisting of fixed amounts of compensation under a retirement plan for prior service provided that such compensation is not contingent on any way on continued service.

For purposes hereof, "**Company"** includes Medicure Inc. and any subsidiaries thereof.

Notwithstanding the foregoing, a person will not be considered to have a material relationship with the Company solely because he or she:

a) has previously acted as an interim chief executive officer of the issuer, or

b) acts, or has previously acted, as a chair or vice-chair of the Board or any Board committee, on a part-time basis.

Meaning Of "Independence" For Audit Committees

In addition to the requirement of being an Independent Director as described above, members of the Audit Committee will not be considered "independent" for that purpose where the individual:

a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or subsidiary of the Company, other than as remuneration for acting in his or her capacity as a member of the Board or any Board committee, or as a part-time or vice-chair of the Board or any Board Committee; or

b) is an affiliated entity (as defined in National Instrument 52-110 Audit Committees) of the Company or any of its subsidiaries.

For purposes hereof, indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by (i) an individual's spouse, minor child or stepchild, or child or stepchild who shares the individual's home, or (ii) an entity in which such individual is a partner, member, executive officer or managing director (or comparable position) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Company or any subsidiary of the Company. Notwithstanding the foregoing, compensatory fees do not include receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

Meaning of "financially literate"

For purposes hereof, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Meaning of "audit committee financial expert"

An "audit committee financial expert" means a person who has the following attributes:

(1) An understanding of generally accepted accounting principles and financial statements;

(2) The ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;

(3) Experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities;

(4) An understanding of internal controls over financial reporting;

(5) An understanding of audit committee functions.

A person shall have acquired such attributes through:

(1) Education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;

(2) Experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;

(3) Experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or

(4) Other relevant experience.

Executive Compensation, Nominating and Corporate Governance Committee

The Executive Compensation, Nominating and Corporate Governance Committee is responsible for determining the compensation of executive officers of the Company. The current members of the Committee are Dr. Arnold Naimark (Chair), Gerald McDole, Peter Quick and Brent Fawkes, none of whom is a current or former executive officer of the Company. The Committee meets at least once a year.

The Committee has developed a policy to govern the Company's approach to corporate governance issues and provides a forum for concerns of individual directors about matters not easily or readily discussed in a full board meeting, e.g., the performance of management. The Committee ensures there is a clear definition and separation of the responsibilities of the Board, the Committees of the Board, the Chief Executive Officer and other management employees. It also ensures there is a process in place for the orientation and education of new directors and for continuing education of the Board. The Committee also assesses the effectiveness of the Board and its committees on an ongoing ad hoc basis. It also reviews at least annually the Company's responsiveness to environmental impact, health and safety and other regulatory standards.

The Committee reviews the objectives, performance and compensation of the Chief Executive Officer at least annually and makes recommendations to the Board for change. The Committee makes recommendations based upon the Chief Executive Officer’s suggestions regarding the salaries and incentive compensation for senior officers of the Company. The Committee also reviews significant changes to compensation, benefits and human resources policies and compliance with current human resource management practices, such as pay equity, performance review and staff development. The Committee is responsible for reviewing and recommending changes to the compensation of directors as necessary.

The charter of the Executive Compensation, Nominating and Corporate Governance Committee can be found on the Company’s website at www.medicure.com.

D. Employees

In addition to the individuals disclosed in Section A. Directors and Senior Management of this item, the Company has 39 employees as at December 31, 2015. During the year ended December 31, 2015, the Company has increased its total employment and plans to continue to increase total employment during 2016.

E. Share Ownership

The following table discloses the number of shares (each share possessing identical voting rights), stock options and percent of the shares outstanding held by the directors and officers of the Company, and their respective affiliates, directly and indirectly, at December 31, 2015.

Title of Class	Identity of Person or Group	Amount Owned	Percentage of Class

Common shares	Dr. Albert D. Friesen[1] [2]	2,448,455	(1)	16.95	%
Common shares	Dr. Arnold Naimark [3]	35,194		0.16	%
Common shares	Gerald P. McDole [2]	44,950		0.24	%
Common shares	Peter Quick [3]	40,278		0.28	%
Common shares	Brent Fawkes [2]	12,376		0.09	%
Common shares	James Kinley	2,100		0.01	%
Common shares	Dawson Reimer	23,315		0.16	%
Common shares	Graeme Merchant	17,217		0.12	%

(1) Dr. Albert D. Friesen holds 834,867 shares personally or in an RRSP, a Canadian individual retirement plan. The rest of the shares are held by ADF Family Holding Corp., his wife Mrs. Leona M. Friesen, and CentreStone Ventures Limited Partnership Fund (the “Fund”). Dr. Friesen is the General Partner of the Fund.

(2) On July 11, 2014, the Company announced that, subject to all necessary regulatory approvals, it has entered into shares for debt agreements with its Chief Executive Officer, Dr. Albert Friesen and certain members of the Board of Directors, pursuant to which the Company will issue 205,867 of its common shares at a deemed price of $1.98 per common share to satisfy $407,617 of outstanding amounts owing to CEO and members of the Company’s Board of Directors. The shares were issued on January 9, 2015.

(3) Subsequent to December 31, 2014, on January 27, 2015, the Company announced that, subject to all necessary regulatory approvals, it has entered into shares for debt agreements with certain members of the Board of Directors and a consultant, pursuant to which the Company will issue 108,206 of its common shares at a deemed price of $1.44 per common share to satisfy $155,817 of outstanding amounts owing to these individuals. The shares were issued on March 20, 2015.

Incentive Stock Options

The Company has established an Incentive Stock Option Plan (the ‘‘Plan’’) for its directors, key officers, employees and consultants. Options granted pursuant to the Plan will not exceed a term of ten years and are granted at an option price and on other terms which the directors determine is necessary to achieve the goal of the Plan and in accordance with regulatory requirements, including those of the TSX Venture Exchange. Each option entitles the holder thereof to purchase one (1) Common Share of the Company on the terms set forth in the Plan and in such purchaser’s specific stock option agreement. The option price may be at a discount to market price, which discount will not, in any event, exceed that permitted by any stock exchange on which the Company’s Common Shares are listed for trading.

The number of Common Shares allocated to the Plan, the exercise period for the options, and the vesting provisions for the options will be determined by the board of directors of the Company from time to time. The aggregate number of shares reserved for issuance under the Plan, together with any stock options outstanding, will not exceed 20% of the issued and outstanding Common Shares at the date of adoption of the Plan. The Plan was adopted by the shareholders of the Company on November 4, 2014.

The Common Shares issued pursuant to the exercise of options, when fully paid for by a participant, are not included in the calculation of Common Shares allocated to or within the Plan. Should a participant cease to be eligible due to the loss of corporate office (being that of an officer or director) or employment, the option shall cease for varying periods not exceeding 90 days. Loss of eligibility for consultants is regulated by specific rules imposed by the directors when the option is granted to the appropriate consultant. The Plan also provides that estates of deceased participants can exercise their options for a period not exceeding one year following death.

The following table discloses the stock options beneficially held by the directors and officers of the Company, and their respective affiliates, directly and indirectly, as of December 31, 2015. The stock options are subject to the Plan and are for shares of Common Stock of the Company.

Name of Person	Number of Shares Subject to Issuance	Exercise Price per Share	Expiry Date
Dr. Albert D. Friesen	10,000	$ 24.45	October 14, 2016
	414,000	$ 1.50	July 18, 2021
	75,000	$ 0.30	May 10, 2023
	7,500	$ 1.90	July 7, 2024
	9,000	$ 1.90	March 27, 2025
Dr. Arnold Naimark	7,333	$ 14.70	December 11, 2017
	3,333	$ 0.60	September 3, 2018
	667	$ 0.60	April 16, 2019
	45,000	$ 0.30	May 10, 2023
	4,500	$ 1.90	July 7, 2024
	7,200	$ 1.90	March 27, 2025
Gerald P. McDole	667	$ 14.70	December 11, 2017
	3,333	$ 0.60	September 3, 2018
	667	$ 0.60	April 16, 2019
	45,000	$ 0.30	May 10, 2023
	4,500	$ 1.90	July 7, 2024
	7,200	$ 1.90	March 27, 2025
Peter Quick	3,333	$ 23.10	January 16, 2017
	667	$ 14.70	December 11, 2017
	3,333	$ 0.60	September 3, 2018
	667	$ 0.60	April 16, 2019
	45,000	$ 0.30	May 10, 2023
	4,500	$ 1.90	July 7, 2024
	7,200	$ 1.90	March 27, 2025
Brent Fawkes	45,000	$ 0.30	May 10, 2023
	4,500	$ 1.90	July 7, 2024
	7,200	$ 1.90	March 27, 2025
James Kinley	45,000	$ 0.30	May 10, 2023
	7,500	$ 1.90	July 7, 2024
	7,200	$ 1.90	March 27, 2025
Dawson Reimer	6,667	$ 24.45	October 14, 2016
	6,667	$ 0.45	November 10, 2018
	266,667	$ 1.50	July 18, 2021
	56,000	$ 0.30	May 10, 2023
	5,600	$ 1.90	July 7, 2024
	7,200	$ 1.90	March 27, 2025
Graeme Merchant	430	$ 14.70	December 11, 2017
	3,333	$ 0.60	September 3, 2018
	6,667	$ 0.60	April 16, 2019
	100,000	$ 1.50	July 18, 2021
	45,000	$ 0.30	May 10, 2023
	8,500	$ 1.90	July 7, 2024
	7,200	$ 1.90	March 27, 2025

On March 27, 2015, the Company granted an aggregate of 236,070 options to certain directors, officers, employees, management company employees and consultants of the Company pursuant to the Company's Stock Option Plan. Of these options, 181,070 are set to expire on the tenth anniversary of the date of grant, 5,000 are set to expire on the third anniversary of the date of grant and 50,000 are set to expire on the first anniversary of the date of grant. All of the options were issued at an exercise price of $1.90 per share. Of the 236,070 options granted on March 27, 2015, 183,570 vested immediately, 25,000 vested on July 1, 2015 and 27,500 vested on October 1, 2015.

On July 7, 2015, the Company granted an aggregate of 240,000 options to a consultant of the Company. These options are set to expire on the fifth anniversary of the date of grant and were issued at an exercise price of $2.50 per share and vested immediately.

On November 25, 2015, the Company granted an aggregate of 168,000 options to certain employees and consultants of the Company pursuant to the Company's Stock Option Plan. These options are set to expire on the fifth anniversary of the date of grant and were issued at an exercise price of $3.90 per share and vested immediately.

Subsequent to December 31, 2015, 226,850 stock options were exercised, 132,000 at an exercise price of $0.30 per common share, 81,350 at an exercise price of $1.90 per common share and 13,500 at an exercise price of $3.90 per common share. The 132,000 stock options exercised at $0.30 pertained to the officers of the Company.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

As of December 31, 2015, the following table sets forth the beneficial ownership of the Company's common shares by each person known by the Company to own beneficially more than 5% of the issued and outstanding common shares of the Company. Information as to shares beneficially owned, directly or indirectly, by each nominee or over which each nominee exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective nominees individually. The Company does not know the majority of the ultimate beneficial owners of these common shares.

Title of Class	Identity of Person or Group	Amount Owned		Percentage of Class	
Common shares	Dr. Albert D. Friesen Winnipeg, Manitoba	2,448,455	(1)	16.95	%
Common shares	MM Asset Management Inc. Toronto, Ontario	2,524,445		17.48	%

Notes:

(1) Dr. Albert Friesen holds 834,867 shares personally or in an RRSP. The rest of the shares are held by ADF Family Holding Corp., his wife Mrs. Leona M. Friesen, and the Fund.

As of December 31, 2014 there were approximately 6,500 shareholders of record worldwide. As of this date there were approximately 1,600 shareholders of record in the United States holding a total of 3,450,000 common shares of the Company.

To the best of the Company's knowledge, it is not owned or controlled, directly or indirectly, by another Company, by any foreign government or by any other natural or legal person severally or jointly.

As of December 31, 2015, the total number of issued and outstanding common shares of the Company beneficially owned by the directors and executive officers of the Company as a group was 2,606,668 (or 18.05% of common shares).

To the best of the Company's knowledge, there are no arrangements, the operation of which at a subsequent date will result in a change in control of the Company.

The major shareholders do not have any special voting rights.

Insider Reports under Canadian Securities Legislation

Since the Company a reporting issuer under the Securities Acts of each of the provinces of Canada, certain "insiders" of the Company (including its directors, certain executive officers, and persons who directly or indirectly beneficially own, control or direct more than 10% of its common shares) are generally required to file insider reports of changes in their ownership of the Company's common shares five days following the trade under National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*, as adopted by the Canadian Securities Administrators. Insider reports must be filed electronically five days following the date of the trade at www.sedi.ca. The public is able to access these reports at www.sedi.ca.

The U.S. rules governing the ownership threshold above which shareholder ownership must be disclosed are more stringent than those discussed above. Section 13 of the Exchange Act imposes reporting requirements on persons who acquire beneficial ownership (as such term is defined in the Rule 13d-3 under the Exchange Act) of more than 5 per cent of a class of an equity security registered under Section 12 of the Exchange Act. In general, such persons must file, within 10 days after such acquisition, a report of beneficial ownership with the Securities and Exchange Commission containing the information prescribed by the regulations under Section 13 of the Exchange Act. This information is also required to be sent to the issuer of the securities and to each exchange where the securities are traded.

B. Related Party Transactions

Except as disclosed below, the Company has not, since June 1, 2013, and does not at this time propose to:

(1) enter into any transactions which are material to the Company or a related party or any transactions unusual in their nature or conditions involving goods, services or tangible or intangible assets to which the Company or any of its former subsidiaries was a party;

(2) make any loans or guarantees directly or through any of its former subsidiaries to or for the benefit of any of the following persons:

(a) enterprises directly or indirectly through one or more intermediaries, controlling or controlled by or under common control with the Company;

(b) associates of the Company (unconsolidated enterprises in which the Company has significant influence or which has significant influence over the Company) including shareholders beneficially owning 10% or more of the outstanding shares of the Company;

(c) individuals owning, directly or indirectly, shares of the Company that gives them significant influence over the Company and close members of such individuals families;

(d) key management personnel (persons having authority in responsibility for planning, directing and controlling the activities of the Company including directors and senior management and close members of such directors and senior management); or

(e) enterprises in which a substantial voting interest is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence.

On July 18, 2011, the Company entered into a consulting agreement with A.D. Friesen Enterprises Ltd. pursuant to which Dr. Albert Friesen serves the Company as its Chief Executive Officer. The agreement is for a term of five years, at a rate of $180,000 annually. Dr. Friesen is also eligible for a yearly merit/performance bonus, if any, that the Company’s board of directors, in its sole discretion, may authorize.

During the year ended December 31, 2015, the Company recorded a bonus of $100,000 to its Chief Executive Officer which is recorded within selling, general and administrative expenses. During the seven months ended December 31, 2014, the Company recorded a bonus of $58,904 to its Chief Executive Officer which is recorded within selling, general and administrative expenses. During the year ended May 31, 2014, the Company recorded a bonus of $286,849 to its Chief Executive Officer which is recorded within selling, general and administrative expenses.