SALONA GLOBAL MEDICAL DEVICE CORPORATION

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF

SALONA GLOBAL MEDICAL DEVICE CORPORATION

TO BE HELD ON MARCH 11, 2021

AND

MANAGEMENT INFORMATION CIRCULAR

DATED JANUARY 26, 2021

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Change of Business described in this information circular

SALONA GLOBAL MEDICAL DEVICE CORPORATION

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

To be Held on March 11, 2021

Notice is hereby given that the annual and special meeting (the "**Meeting**") of the holders of common shares of Salona Global Medical Device Corporation (the "**Corporation**") will be held at 3330 Caminito Daniella, Del Mar, California on March 11, 2021 at 4:00 p.m. (PST) for the following purposes:

1. to receive the financial statements of the Corporation for the years ended February 29, 2020, February 28, 2019, 2018 and 2017, and the auditors' reports thereon, and the financial statements of the Corporation for the three and nine months ended November 30, 2020 (unaudited);

2. to elect four (4) directors for the ensuing year;

3. to appoint auditors of the Corporation for the ensuing year and authorize the directors to fix their remuneration;

4. to consider and, if thought appropriate, pass, with or without variation, an ordinary resolution to approve the acquisition (the "**Acquisition**") by the Corporation of South Dakota Partners, Inc., a South Dakota corporation, which acquisition will constitute a Change of Business (as such term is defined by the TSX Venture Exchange) of the Corporation, such Change of Business to be implemented at the sole discretion of the board of directors and subject to approval from the TSX Venture Exchange;

5. to consider and, if thought appropriate, pass, with or without variation, a special resolution authorizing an amendment of the Corporation's Notice of Articles under the *Business Corporations Act* (British Columbia) to create a new class of shares consisting of an unlimited number of Class "A" non-voting common shares and restate the rights, privileges, restrictions and conditions of the common shares of the Corporation, each having the special rights and restrictions described in the accompanying Circular (as defined below), subject to completion of the Acquisition;

6. to consider and, if thought appropriate, pass, with or without variation, an ordinary resolution approving the 2021 Option Plan (as such term is defined in the Circular), as more particularly described in the Circular;

7. to consider and, if thought appropriate, pass, with or without variation, an ordinary resolution approving the issuance of common shares of the Corporation in settlement of certain outstanding debt of the Corporation; and

8. to transact such other business as may properly come before the Meeting or any adjournment thereof.

A copy of the management information circular (the "**Circular**"), a form of proxy, financial statement request form and a return envelope accompany this Notice of Meeting. A copy of the audited financial statements of the Corporation for the years ended February 29, 2020, February 28, 2019, 2018 and 2017, and the auditors' reports thereon, and the financial statements of the Corporation for the three and nine months ended November 30, 2020 (unaudited), and accompanying management discussion and analysis', will be available for review at the Meeting and are available to the public on the SEDAR website at www.sedar.com.

Additional information relating to the matters to be brought before the Meeting is set forth in the Circular which accompanies this Notice.

The Corporation's board of directors (the "**Board**") fixed January 29, 2021, as the record date for the Meeting (the "**Record Date**"). Holders (each, a "**Shareholder**") of issued and outstanding common shares in the capital of the Corporation (each, a "**Common Share**") of record at the close of business on the Record Date are entitled to notice of the Meeting and to vote thereat or at any adjournment or postponement thereof on the basis of one vote for each Common Share held.

Registered Shareholders may attend the Meeting in person or may be represented by proxy. Registered Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. See "*General Proxy Information*" and "*How to Vote Your Shares*" in the enclosed Circular.

If you are a Registered Shareholder and are unable to attend the Meeting in person, please exercise your right to vote by completing, signing, dating and returning the applicable accompanying form of proxy to Computershare Trust Company of Canada, the transfer agent of the Corporation. If you receive more than one form of proxy because you own Common Shares registered in different names or addresses, each form of proxy must be completed and returned in order to ensure all Common Shares are voted. To be valid, completed proxy forms must be signed, dated and deposited with Computershare Trust Company of Canada using one of the following methods:

By Mail or Hand Delivery:	Computershare Trust Company of Canada 8th Floor, 100 University Avenue Toronto, Ontario M5J 2Y1 Attention: Proxy Department
By telephone:	1-866-732-8683 (Canada and the U.S. only) or (312) 588-4290 (outside Canada and the U.S.)
By Internet:	www.investorvote.com

Proxies must be deposited with Computershare Trust Company of Canada not later than 4:00 p.m. (PST) on March 9, 2021, or, if the Meeting is adjourned or postponed, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such reconvened Meeting or any adjournment or postponement thereof. The Chair of the Meeting shall have the discretion to waive or extend the proxy deadlines without notice.

The instrument appointing a proxy must be in writing and must be executed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, as more particularly described in the Circular.

The individuals named in the enclosed form of proxy are directors and/or officers of the Corporation. Each Shareholder has the right to appoint a proxyholder other than such individuals, who need not be a Shareholder, to attend and to act for such Shareholder and on such Shareholder's behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the Shareholder's appointee should be legibly printed in the blank space provided, as more particularly described in the Circular.

If you are a Registered Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided to you by your broker or other intermediary, as applicable.

In light of the coronavirus disease 2019 (COVID-19) and all of the public health and travel restrictions and protocols that all levels of government have and may impose we strongly encourage each shareholder to submit a form of proxy or voting instruction form in advance of the Meeting and to not plan on attending the Meeting in person, in order to comply with government and public health directives regarding social distancing. Depending on the circumstances, the Corporation may not be able to accommodate in-person attendance by all eligible shareholders intending on doing so.

DATED the 26th day of January, 2021.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*Leslie Cross*"

Leslie Cross
Interim Chief Executive Officer
Salona Global Medical Device Corporation

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GLOSSARY

The following is a glossary of certain terms used in this Circular. Words below importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

"**2015 Option Plan**" means the fixed number stock option plan of the Corporation, as constituted as of the date hereof.

"**2021 Option Plan**" has the meaning set out in *"Matters to be Acted Upon at Meeting - 2021 Option Plan".*

"**Acquisition**" means the proposed acquisition of all of the issued and outstanding SDP Shares by the Corporation in accordance with the terms of the Definitive Agreement;

"**Adjusted Net Assets**" means an amount equal to SDP's (A) cash, plus (B) accounts receivable (net of an allowance for returns and doubtful accounts), plus (C) raw material inventory, plus (D) work in progress inventory, plus (E) finished goods inventory, plus (F) all management or other fees paid by SDP to the Corporation or any affiliate or any fees paid by SDP to any third party on behalf of the Corporation during the Measurement Period, minus (G) the Specified Liabilities.

"**affiliate**" has the meaning set forth in the Securities Act.

"**Amalco**" means the amalgamation of Finco and MergerSub;

"**Amalgamation**" has the meaning ascribed thereto in Schedule "A" hereto under "*Information Concerning the Corporation - General Development of the Business - Amalgamation*".

"**Amendment Resolution**" has the meaning set out in *"Matters to be Acted Upon at Meeting".*

"**Arm's Length Transaction**" has the meaning ascribed thereto in Policy 1.1 (Interpretation) of the TSXV Corporate Finance Manual.

"**Articles**" means the notice of articles of the Corporation.

"**associate**" has the meaning set forth in the Securities Act.

"**Audit Committee**" means the audit committee of the Corporation.

"**Beneficial Ownership Limitation**" is 9.99% of the number of Resulting Issuer Shares outstanding immediately after giving effect to the issuance of Resulting Issuer Shares issuable upon conversion of the Consideration Shares in question.

"**Board**" or "**Board of Directors**" means, prior to the Change of Business, the board of directors of the Corporation and, following the Change of Business, the board of directors of the Resulting Issuer.

"**Broadridge**" means Broadridge Financial Solutions, Inc.

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended, including the regulations promulgated thereunder.

"**Brattle Acquireco**" means Brattle Acquisition I Corp., a South Dakota corporation and wholly-owned subsidiary of the Corporation.

"**Business Loan Agreement**" means the Business Loan Agreement dated August 31, 2020 between SDP and Dacotah Bank in connection with a US$3,500,000 revolving loan facility.

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which major banks are generally closed for business in Toronto, Ontario or Vancouver, British Columbia as the context requires.

"**CBCBA**" means the *Canada Business Corporations Act*.

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

“**Certificate**” means a certificate of amalgamation issued by the Director pursuant to Division 3 of the BCBCA;

“**CG&N Committee**” means the corporate governance and nomination committee of the Corporation.

“**Change of Business**” means the Acquisition and related transactions which will constitute a Change of Business, as such term is defined in Policy 5.2.

“**Change of Business Resolution**” has the meaning set out in *“Matters to be Acted Upon at Meeting”.*

“**Change of Control Event**” has the meaning ascribed thereto in the Contribution Agreement.

“**Chrysalis**” means Chrysalis Capital IX Corporation, a corporation incorporated under the CBCA.

“**Circular**” means this management information circular of the Corporation dated January 26, 2021 and all documents attached to or incorporated by reference into the circular.

“**Clear Lake Facility**” means SDP’s facility located at 205 Hwy 22E, Clear Lake, SD 57226, United States.

“**Closing**” means closing of the acquisition of the SDP Shares by Brattle Acquireco in accordance with the terms and conditions of the Definitive Agreement.

“**Common Shares**” or “**Shares**” means the common shares in the capital of the Corporation.

“**Compensation Committee**” means the compensation committee of the Corporation.

“**Concurrent Financing**” means the Concurrent Finco Financing and the Concurrent Salona Financing, or any one of them, as the context may require.

“**Concurrent Finco Financing**” has the meaning ascribed thereto in Schedule “A” hereto under “*Information Concerning the Corporation - General Development of the Business - Financing*”.

“**Concurrent Salona Financing**” has the meaning ascribed thereto in Schedule “A” hereto under “*Information Concerning the Corporation - General Development of the Business - Financing*”.

“**Congress**” means United States Congress.

“**Consideration Shares**” means the Class “A” Non-Voting Common Shares of the Corporation.

“**Consolidation**” means the consolidation of the Common Shares completed on December 15, 2020, on the basis of 7.37 post-Consolidation Common Shares for 10 pre-Consolidation Common Shares.

“**Contribution Agreement**” means the Contribution Agreement to be entered into among the Corporation and the SDP Sellers, pursuant to which the Exchangeable Shares may be exchanged for Consideration Shares, subject to the terms and provisions set forth therein.

“**Corporation**” means Salona Global Medical Device Corporation (formally Brattle Street Investment Corp.).

“**Dacotah Bank Revolver**” means the revolving credit facility in the principal amount of US$3,500,000 provided by Dacotah Bank in favour of SDP, in connection with which the Business Loan Agreement was executed and the Dacotah Bank Revolver Note was issued.

“**Dacotah Bank Revolver Note**” means the promissory note dated August 31, 2020 issued by SDP in favour of Dacotah Bank, in the principal amount of US$3,500,000, which is due on August 1, 2021.

"**Dacotah Bank Richmar Note**" means the promissory note dated February 1, 2019 issued by SDP in favour of Dacotah Bank, in the principal amount of US$1,500,120, as amended by a Change in Terms Agreement dated April 20, 2020, which is due on January 28, 2024.

"**Debt**" means the indebtedness in the aggregate amount of US$88,000 owing by the Corporation to Leslie Cross in respect of consulting services provided by him prior to his appointment as an officer and director of the Corporation on September 16, 2020.

"**Debt Conversion Agreement**" means the debt conversion agreement dated September 6, 2020 between the Corporation and Leslie Cross.

"**Definitive Agreement**" means the share purchase agreement dated September 8, 2020, among the Corporation, Brattle Acquireco, SDP, and certain other parties, as sellers, pursuant to which the Corporation, through Brattle Acquireco, has agreed to purchase, and the SDP Sellers have agreed to sell, the issued and outstanding SDP Shares, subject to the terms and conditions set forth therein.

"**DJO Supply Agreement**" means the Supply Agreement dated May 4, 2016, between DJO, LLC and SDP, as amended by the Amendment to Supply Agreement dated January 10, 2019.

"**EPA**" means the United States Environmental Protection Agency.

"**Escrow Release Date**" has the meaning ascribed thereto in Schedule "A" hereto under "*Information Concerning the Corporation - General Development of the Business - Financing*".

"**Exchangeable Shares**" means the shares of common stock of Brattle Acquireco, which shares are exchangeable into Consideration Shares, subject to the terms thereof.

"**Exchanged Compensation Options**" means the compensation options to purchase Resulting Issuer Shares, which compensation options will be exchanged on a one for one basis for the Finco Compensation Options in connection the Amalgamation.

"**Exchanged Shares**" means, together, 500,000 Common Shares held by Roger Greene and 1,018,000 Common Shares held by Michael Dalsin, which Common Shares are subject to the Share Exchange Agreement.

"**F&A Committee**" means the finance and acquisition committee of the Corporation.

"**FDA**" means the Food and Drug Administration of the United States.

"**Finco**" means a wholly owned subsidiary of the Corporation, existing under the laws of the Province of British Columbia.

"**Finco Compensation Options**" has the meaning ascribed thereto in Schedule "A" hereto under "*Information Concerning the Corporation - General Development of the Business - Financing*".

"**Finco Shares**" means the common shares in the capital of Finco.

"**Finco Warrants**" has the meaning ascribed thereto in Schedule "A" hereto under "*Information Concerning the Corporation - General Development of the Business - Financing*".

"**Finco Subscription Receipts**" has the meaning ascribed thereto in Schedule "A" hereto under "*Information Concerning the Corporation - General Development of the Business - Financing*".

"**Governmental Entity**" means any (i) international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) subdivision or authority of any of the above, (iii) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) stock exchange.

"**Intermediary**" means an intermediary such as a bank, trust company, securities dealer, broker, trustee or administrator of a self-administered registered retirement savings plan, registered retirement income fund, registered education savings plan or similar plan or other nominee.

"**IFC**" means Inspira Financial Company, a wholly owned subsidiary of the Corporation.

"**Law**" means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended.

"**Measurement Period**" means the 12-calendar month period beginning on the first day of the first calendar month immediately following the month during which Closing occurs.

"**Meeting**" means the annual and special meeting of Shareholders, including any adjournment or postponement thereof, to consider, among other things, the Change of Business Resolution.

"**Meeting Materials**" has the meaning ascribed thereto under the heading "*General Proxy Information – How to Vote your Shares - How to Vote – Non-Registered Shareholders*".

"**MergerSub**" means 1077863 B.C. Ltd.

"**Named Executive Officers**" is defined by the legislation to mean: (i) the Chief Executive Officer of an issuer; (ii) the Chief Financial Officer of an issuer; (iii) each of the three most highly compensated executive officers or the three most highly compensated individuals of an issuer acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year and whose total compensation was, individually, more than CAD$150,000 for that financial year; and (iv) each individual who would be a "Named Executive Officer" under paragraph (iii) but for the fact that the individual was neither an executive officer of the issuer, nor acting in a similar capacity, at the end of the most recently completed financial year of the issuer.

"**Name Change**" means the Corporation's change of name from "Brattle Street Investment Corp." to "Salona Global Medical Device Corporation" on December 15, 2020.

"**Nasdaq**" means The Nasdaq Stock Market, LLC.

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*.

"**NI 52-110**" means National Instrument 52-110 - *Audit Committees.*

"**NI 54-101**" means National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

"**NI 58-101**" means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

"**NI 62-104**" means National Instrument 62-104 – *Take-Over bids and Issuer Bids.*

"**Non-Arm's Length Party**" has the meaning ascribed thereto in Policy 1.1 (Interpretation) of the TSXV Corporate Finance Manual.

"**Non-Registered Shareholder**" means a non-registered holder of Common Shares whose Common Shares are registered in the name of an Intermediary.

"**Notice of Articles**" means the notice of articles of the Corporation.

"**Notice of Meeting**" means the Notice of Annual and Special Meeting of Shareholders.

"**OSHA**" means the Occupational Safety and Health Administration of the United States Department of Labor.

"**Option**" means an incentive stock option to purchase a Common Share.

"**Person**" shall be broadly interpreted and includes any natural person, legal person, partnership, limited partnership, joint venture, unincorporated association or other organization, trust, trustee, executor, administrator or liquidator, regulatory body or agency, government or governmental agency, authority or entity (including any Governmental Entity), however designated or constituted and whether or not a legal entity.

"**Personal Guarantees**" has the meaning ascribed thereto in *Schedule "B" "Information Concerning SDP - Statement of Executive Compensation - Director Compensation"*

"**Policy 5.2**" means Policy 5.2 - *Changes of Business and Reverse Takeovers* of the TSXV Corporate Finance Manual.

"**Promissory Notes**" means the Dacotah Bank Revolver Note and the Dacotah Bank Richmar Note.

"**QT**" means the qualifying transaction completed by the Corporation in 2015.

"**Record Date**" has the meaning ascribed thereto in "*General Proxy Information - Record Date*".

"**Registered Shareholder**" means a registered holder of Common Shares who is in possession of a physical share certificate or who is entitled to receive a physical share certificate and whose name and address are recorded in the Corporation's shareholders' register maintained by the Transfer Agent.

"**Resulting Issuer**" means the Corporation following completion of the Change of Business.

"**Resulting Issuer Escrow Agreements**" means the agreements to be entered into among the Resulting Issuer, Computershare Trust Company of Canada, as escrow agent, and certain shareholders of the Resulting Issuer pursuant to which the Resulting Issuer Escrow Shares owned by such shareholders will be held in escrow in accordance with the requirements of the TSXV.

"**Resulting Issuer Escrow Shares**" means the Resulting Issuer Shares to be held in escrow pursuant to the Resulting Issuer Escrow Agreements.

"**Resulting Issuer Options**" means the incentive stock options to purchase Resulting Issuer Shares following completion of the Change of Business.

"**Resulting Issuer Shares**" means the common shares in the capital of the Corporation following completion of the Change of Business.

"**Resulting Issuer Warrants**" means the common share purchase warrants exercisable for Resulting Issuer Shares to be issued in exchange for the Finco Warrants pursuant to the Amalgamation on a one for one basis.

"**Richmar Asset Purchase Agreement**" means the Asset Purchase Agreement dated February 5, 2019, between Compass Richmar, LLC and SDP, as amended by the First Amendment to Supply Agreement dated April 1, 2020.

"**Richmar Supply Agreement**" means the Supply Agreement dated February 5, 2019, among Compass Richmar, LLC, SDP and others.

"**RoHS**" means Restriction of Hazardous Substances of the United States.

"**Salona Compensation Options**" has the meaning ascribed thereto in Schedule "A" hereto under "*Information Concerning the Corporation - General Development of the Business - Financing*".

"**SEC**" means the United States Securities and Exchange Commission.

"**Securities Act**" means the *Securities Act* (British Columbia) and the rules, regulations and policies made thereunder, as now in effect and as they may be amended from time to time.

"**Share Exchange Agreements**" means the respective share exchange agreements to be entered into between the Corporation and each of Roger Greene and Michael Dalsin, respectively, pursuant to which the Exchanged Shares will be exchanged for Consideration Shares.

"**Shares for Debt Resolution**" has the meaning set out in *"Matters to be Acted Upon at Meeting - Shares for Debt".*

"**Shares for Debt Transaction**" has the meaning set out in *"Matters to be Acted Upon at Meeting - Shares for Debt".*

"**Shell Company**" has the meaning ascribed thereto under "*Risk Factors - Limitations on Resale of Securities Pursuant to Rule 144*".

"**SDP**" means South Dakota Partners, Inc., a South Dakota corporation.

"**SDP Acquisition**" means the proposed acquisition of the issued and outstanding SDP Shares by the Corporation, through Brattle Acquireco.

"**SDP Board**" means the board of directors of SDP.

"**SDP Sellers**" means the holders of capital stock of SDP prior to completion of the Change of Business.

"**SDP Shares**" means the capital stock of SDP.

"**Securities Laws**" means the Securities Act, together with all other applicable federal and provincial securities Laws and the rules and regulations and published policies of the securities authorities thereunder, as now in effect and as they may be promulgated or amended from time to time, and includes the rules and policies of the TSXV applicable stock exchange rules and listing standards.

"**Shareholder**" means a holder of Common Shares of the Corporation.

"**Specified Liabilities**" means, with respect to SDP, (a) accounts payable, (b) other payables, (c) credit card balances, (d) income and other taxes payable (including any accrued amounts attributable to periods pre and post-closing), (e) the aggregate amount of all equity investments made by the Corporation or any of its affiliates into SDP during the Measurement Period, and (f) all other indebtedness except for the portion of indebtedness set forth in the Definitive Agreement.

"**SSRRs**" has the meaning ascribed thereto in Schedule "C" hereto under "*Information Concerning the Resulting Issuer - Seed Share Resale Restrictions*".

"**Subscription Receipts**" has the meaning ascribed thereto in Schedule "A" hereto under "*Information Concerning the Corporation - General Development of the Business - Financing*".

"**Supply Agreements**" mean the Richmar Supply Agreement and the DJO Supply Agreement.

"**Transfer Agent**" means Computershare Trust Company of Canada.

"**TSXV**" means the TSX Venture Exchange.

"**U.S. Exchange Act**" means the *Securities Exchange Act of 1934,* as amended, , and the rules and regulations promulgated thereunder from time to time.

"**US Registration Statement**" has the meaning ascribed thereto in Schedule "A" hereto under "*Information Concerning the Corporation - General Development of the Business - Financing*".

"**U.S. Securities Act**" means the *United States Securities Act of 1933,* as amended, and the rules and regulations promulgated thereunder from time to time.

"**Unit**" has the meaning ascribed thereto in Schedule "A" hereto under "*Information Concerning the Corporation - General Development of the Business - Financing*".

"**United States**" or "**US**" means the United States of America.

"**VIF**" means a voting instruction form.

"**Warrant**" has the meaning ascribed thereto in Schedule "A" hereto under "*Information Concerning the Corporation - General Development of the Business - Financing*".

ABOUT THIS CIRCULAR

Forward-Looking Information

This Circular contains certain information that may constitute "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") which are based upon the Corporation's current internal expectations, estimates, projections, assumptions and beliefs. Such statements can be identified by the use of forward-looking terminology such as "expect," "likely", "may," "will," "should," "intend," "anticipate", "potential", "proposed", "estimate", "believe", "anticipates" "plan", "expect", "forecast" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. Actual results and developments may differ materially from those contemplated by these statements. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. The forward-looking statements included in this Circular are made only as of the date of this Circular. Forward-looking statements in this Circular include, but are not limited to, statements with respect to:

(a) the Corporation's Change of Business from an "Investment" issuer to a "Industrial/Technology/Life Sciences" issuer;
(b) the strategic plans of the Corporation to grow and expand its business and operations in the United States;
(c) the Corporation's anticipated acquisition pipeline and estimated annual revenues thereof;
(d) the Corporation's intention to expand its product offerings;
(e) the Corporation's intention to increase size and diversity of its customer base;
(f) the Corporation's intention to expand product sales to Europe, Australia and other international markets;
(g) the Corporation's intention to introduce more aggressive US marketing;
(h) the Corporation's intention to list on the US capital markets after building revenues through acquisitions and organic growth;
(i) the Corporation's organic growth plan and strategy following the Change of Business, including to increase revenue and profits and therefore earnings per share (EPS) and the manner in which the Corporation proposes to accomplish it;
(j) the likelihood of completion of the SDP Acquisition;
(k) the likelihood of completion of any other acquisitions;
(l) the Corporation's plans to retain any earnings to finance growth and expand its operations instead of paying any dividends for the foreseeable future;
(m) the likelihood that the Personal Guarantees will be successfully released; and
(n) other risks described in this Circular and described from time to time in documents filed by the Corporation with securities regulatory authorities.

Although the Corporation believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. The Corporation's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

Risks, uncertainties and other factors involved with forward-looking statements could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements, including: identification of acquisition opportunities; risks related to future acquisitions or dispositions; the conditions set out in the Definitive Agreement being satisfied or waived; changes in law; the ability to implement business strategies and pursue business opportunities; the state of the capital markets; the availability of funds and resources to pursue operations; competition; the time, outcome and cost of any inquiries, audits or litigation with insurance providers, or federal, state or local regulators; fluctuations in exchange rates; granting of permits and licenses in a highly regulated business; difficulty integrating newly acquired businesses; new technologies; risk of billing irregularities by borrowers; low profit market segments; risks related to certain directors and executive officers of the Corporation possibly having interests in the transactions contemplated by the Definitive Agreement that are different from those of other Shareholders; other expectations and assumptions concerning the transactions contemplated between the Corporation and SDP; the available funds of the Corporation and the anticipated use of such funds; the availability of financing opportunities for the Corporation and the risks associated with the completion thereof; regulatory risks; changes in general economic, business and political conditions, including changes in the financial and stock markets; risks related to infectious diseases, including the impacts of the COVID-19; compliance with extensive government regulation and the interpretation of various Laws regulations and policies; and such other risks set forth under the heading "*Risk Factors*" in this Circular and those contained in the public filings of the Corporation under its profile on SEDAR at www.sedar.com.

Although the Corporation believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. The Corporation's forward-looking statements are expressly qualified in their entirety by this cautionary statement. A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. Undue reliance should not be placed on forward-looking statements contained in this Circular. The Corporation expressly disclaims any intention or obligation to update or revise any information contained in this Circular (including forward-looking statements), whether as a result of new information, future events or otherwise, except as required by applicable Law, and Shareholders should not assume that any lack of update to information contained in this Circular means that there has been no change in that information since the date of this Circular and should not place undue reliance on forward-looking statements.

Market and Industry Data

Market data and industry forecasts contained in this Circular have been obtained from industry publications and various publicly available sources as well as from management's good faith estimates, which are derived from management's knowledge of the industry and independent sources. The Corporation believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Actual outcomes may vary materially from those forecast in the reports or publications referred to herein, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Although the data is believed to be reliable, the Corporation has not independently verified any of the data from third party sources referred to in this Circular or ascertained the underlying economic assumptions relied upon by such sources.

Information Regarding SDP

The information regarding SDP that has been included in this Circular is based upon inquiries made of management of SDP, and accordingly, there can be no assurance that such information is accurate or complete.

Currency

In this Circular, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to $ are to Canadian dollars.

Additional Information

All information contained in this Circular with respect to the Corporation and SDP was supplied, for inclusion herein, by the respective parties and each party and its directors and officers have relied on the other party for any information concerning the other party.

SUMMARY

The following is a summary of information relating to the Corporation and the SDP and, assuming completion of the Change of Business, the Resulting Issuer thereafter, and should be read together with the more detailed information and financial data and statements contained elsewhere in this Circular. This summary is qualified in its entirety by the more detailed information appearing or referred to elsewhere in this Circular or in the documents incorporated by reference herein

Purpose of Circular

This Circular is furnished in connection with the solicitation of proxies by management of the Corporation for use at the Meeting for the purposes set out in the accompanying Notice of Meeting and provides information on the proposed Change of Business.

Matters to be Consider at the Meeting

To the knowledge of the Board, the only matters to be dealt with at the Meeting are those matters set forth in the accompanying Notice of Meeting relating to: (i) receipt of certain financial statements of the Corporation; (ii) the election of the directors of the Corporation for the ensuing year; (iii) the appointment of the auditors of the Corporation for the ensuing year; (iv) the approval of the Acquisition and corresponding Change of Business; (v) the approval of the amendment to the Corporation's Notice of Articles to create the Consideration Shares and restate the Common Share provisions; (vi) the approval of the 2021 Option Plan; and (vii) the approval of the Shares for Debt Transaction. See "*Matters to be Acted Upon*".

Summary of the Change of Business

The Change of Business

On September 8, 2020, the Corporation, Brattle Acquireco, SDP, and certain other parties, as sellers, entered into the Definitive Agreement, pursuant to which the Corporation, through Brattle Acquireco, agreed to purchase, and the SDP Sellers have agreed to sell, the issued and outstanding SDP Shares, subject to the terms and conditions set forth therein. Completion of the acquisition of SDP by the Corporation, indirectly through Brattle Acquireco, will result in a Change of Business.

SDP operates a leased facility in Clear Lake, South Dakota, as a packager and producer of private white label medical devices in the United States, primarily focusing on devices for pain management, cold and hot therapy, NMES, PEMF and ultrasound. SDP's overall strategic plan has been to position itself as a respected, reliable, and successful partner offering production, packaging, marketing and other ancillary services within the medical device industry.

Pursuant to the Definitive Agreement, subject to the terms and conditions set forth therein, Brattle Acquireco will acquire all the SDP Shares and in exchange therefor the SDP Sellers will be issued an aggregate of 1,916,200 Exchangeable Shares of Brattle Acquireco, which shares will be exchangeable for up to 19,162,000 Consideration Shares in accordance with the Contribution Agreement, on the basis of 10 Consideration Shares for every one Exchangeable Share so exchanged. Subject to the terms of the Contribution Agreement, from time to time following the Measurement Period, the Consideration Shares will be issuable to the SDP Sellers in exchange for the Exchangeable Shares, and which number of Consideration Shares to be issued in exchange therefor may be decreased if SDP fails to meet certain targets for maintaining (a) revenue, and/or (b) Adjusted Net Assets, subject to a maximum reduction. For clarity, following the Measurement Period, in no case shall the number of Exchangeable Shares held by the SDP Sellers exceed 1,916,200 in the aggregate. Each Consideration Share shall be convertible, at the option of the holder and subject to certain limitations, into one Resulting Issuer Share from time to time, in each case subject to the Beneficial Ownership Limitation. Pursuant to the terms of the Contribution Agreement, in no case shall any SDP Seller be permitted to convert the Consideration Shares held by such SDP Seller if, immediately following such conversion, the SDP Seller would hold, directly or indirectly, more than 368,500 Resulting Issuer Shares as a result of one or more conversions of Consideration Shares.

Upon Closing, the SDP Sellers will hold fewer than 3% of all of the outstanding shares in Brattle Acquireco, with the Corporation owning the remaining shares of common stock in the capital of Brattle Acquireco.

The Change of Business remains subject to several conditions precedent, including final approval of the TSXV, execution of non-competition agreements by major SDP shareholders, and other typical terms and conditions including, accuracy of representations and warranties, no adverse change in the business of the target or material increase in indebtedness, and applicable shareholder approvals.

At the Meeting, Shareholders will be asked to approve the Change of Business Resolution. See "*Matters to be Acted Upon - Change of Business*", Schedule "A" "*Information Concerning the Corporation - General Development of the Business - Change of Business"* Schedule "B" *Information Concerning SDP*" and Schedule "C" "*Information Concerning the Resulting Issuer*".

Related Proposed Transactions – Amendment to Notice of Articles

The Corporation proposes to, subject to Shareholder approval at the Meeting, amend its Notice of Articles to create a new class of shares, being the Consideration Shares, and restate the rights, privileges, restrictions and conditions of the Common Shares. At the Meeting, Shareholders will be asked to approve the Amendment Resolution. See "*Matters to be Acted Upon - Amendment of Notice of Articles*".

Related Proposed Transactions – Concurrent Financing

In connection with the Change of Business, Corporation, directly and through Finco, completed a Concurrent Financing consisting of the following two offerings.

On December 18, 2020, the Corporation completed the Concurrent Salona Financing of 7,869,005 Subscription Receipts on a non-brokered private placement basis at a price of $0.4749 per Subscription Receipt, for gross proceeds to the Corporation of $3,736,982. Each Subscription Receipt will automatically convert into one Common Share on the Escrow Release Date. In connection with the Concurrent Salona Financing, registered dealers were entitled to cash compensation in the aggregate amount of $166,448 (50% payable on closing of the Concurrent Salona Financing and 50% payable on the Escrow Release Date), and (ii) on the Escrow Release Date, an aggregate of 876,231 Salona Compensation Options, each of which shall be exercisable to purchase one Common Shares at a price of $0.4749 per Common Share for a period of 24 months from the closing of the Concurrent Salona Financing.

In addition, on December 18, 2020, Finco completed the Concurrent Finco Financing of 2,121,232 Finco Subscription Receipts on a non-brokered private placement basis, at a price of $0.8548 per Finco Subscription Receipt, for gross proceeds to Finco of $1,813,276. Each Finco Subscription Receipt will automatically convert into one Unit on the Escrow Release Date, without any further consideration on the part of the subscriber. Each Unit shall consist of one Finco Share and one Finco Warrant, with each Finco Warrant exercisable for one Finco Share at $1.25 per share for 24 months from the closing of the Concurrent Finco Financing, subject to acceleration. In connection with the Concurrent Finco Financing, registered dealers were entitled to (i) cash compensation in the aggregate amount of $83,320 (50% payable on closing of the Concurrent Finco Financing and 50% payable on the Escrow Release Date), and (ii) on the Escrow Release Date, an aggregate of 243,675 Finco Compensation Options, each of which shall be exercisable to purchase one Finco Share at a price of $0.8548 per share for a period of 24 months from the closing of the Concurrent Finco Financing

Related Proposed Transactions – Amalgamation and Winding-Up

It is anticipated that, immediately following the completion of the Change of Business and the conversion of the outstanding Finco Subscription Receipts into Finco Shares and Finco Warrants, the Corporation, Finco and MergerSub will complete a three-cornered amalgamation pursuant to the statutory procedure under Section 269 of the BCBCA pursuant to which the Finco securityholders (including the holders of Finco Shares, Finco Warrants and Finco Compensation Options) will receive Resulting Issuer Shares, Resulting Issuer Warrants and Exchangeable Compensation Options, respectively, on a one for one basis in connection with the Amalgamation, with the resulting entity being "Amalco".

It is the intention of the Corporation to dissolve and liquidate Amalco immediately following the Amalgamation and distribute all of its assets to the Resulting Issuer. In addition, the Corporation also anticipates dissolving and liquidating Inspira Saas Billing Inc. and distributing its assets to the Resulting Issuer upon completion of the Change of Business.

Shareholder Approval

To be effective, the Change of Business Resolution must be approved by not less than a simple majority of the votes cast by Shareholders at the Meeting, present in person or represented by proxy and entitled to vote at the Meeting, excluding the votes of Non-Arm's Length Parties to the Change of Business pursuant to Policy 5.2. As of the date hereof, no Common Shares are expected to be excluded as Leslie Cross does not hold any Common Shares. Mr. Cross, who did not join the Board until after the negotiation, approval and execution of the Definitive Agreement, owns 4.4% of the shares of SDP. He is not an officer or director of SDP, and will comply with all rules regarding conflicts in connection with decisions to close the transactions contemplated thereby. Notwithstanding the foregoing, any Common Shares held by Mr. Cross will not be voted in respect of the Change of Business Resolution.

Amendment Resolution must be approved by not less than a 2/3 of votes cast by the holders of Common Shares, present in person or represented by proxy and entitled to vote at the Meeting.

If the Shareholders approve the Change of Business Resolution but do not approve any of the Amendment Resolution, the Corporation may not be able to complete the Change of Business.

See "*Matters to be Acted Upon*".

Recommendation of Board

The Board has reviewed and considered the Acquisition and the Change of Business. Having taken into account all considerations that it deems relevant, the Board believes that the Transaction and the Change of Business is in the best interests of the Corporation and the Board recommends that Shareholders vote **FOR** each of the Change of Business Resolution and the Amendment Resolution. See "*Matters to be Acted Upon – Change of Business*" and "*Matters to be Acted Upon – Amendment of Notice of Articles*".

Resulting Issuer

Upon Closing of the Change of Business, the Corporation expects that it will be classified as a Tier 1 "Industrial/Technology/Life Sciences" issuer under the policies of the TSXV. The Resulting Issuer is expected to focus on transitioning to an acquisition oriented, US-based medical device company. Following the Change of Business, the Resulting Issuer intends that its acquisition oriented growth plan will aim to leverage the liquid Canadian capital markets to target smaller US-based private medical device companies offering stock and cash deals to acquire, integrate and grow a large, broad-based medical device company. Schedule "C" "*Information Concerning the Resulting Issuer*".

Directors and Officers

The Corporation expects that upon Closing of the Change of Business, the directors and officers of the Resulting Issuer will be as follows:

Leslie Cross, Chairman of the Board and Interim Chief Executive Officer
Jane Kiernan, Vice Chairwoman of the Board
Dr. Ken Kashkin, Director
Kyle Wilks, Director
Kyle Appleby, Interim Chief Financial Officer
Luke Faulstick, Chief Operating Officer

Interest of Insiders

Except as set out herein, none of the informed persons (as such term is defined in NI 51-102) of the Corporation, any proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director, has had any material interest, direct or indirect, in the Acquisition or Change of Business.

Leslie Cross, who did not join the Board until after the negotiation, approval and execution of the Definitive Agreement, owns 4.4% of the shares of SDP and, accordingly, has an interest in the transactions contemplated thereby. Mr. Cross is not an officer or director of SDP, and will comply with all rules regarding conflicts in connection with decisions to close such transactions.

Arm's Length Transaction

The Acquisition and Change of Business is considered to be an arm's length transaction under the policies of the TSXV.

Available Funds and Principal Purposes

Based on the pro forma financial statements attached as Exhibit "F", upon completion of the Change of Business, the Resulting Issuer is expected to have approximately $13,527,755 in initial pro forma working capital. The principal purposes of those funds, after giving effect to the Change of Business, will be used to evaluate potential acquisitions, to complete identified acquisitions, for general and administrative costs as well as for generating working capital. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. See "*Forward Looking Information*", Schedule "C" under "*Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*" and Risk Factors set out in Exhibit "D" hereto.

Financial Information

The following table contains certain financial information regarding the Resulting Issuer once the Change of Business, Concurrent Financing and Shares for Debt Transaction have occurred. This table should be read in conjunction with the unaudited for forma consolidated balance sheet of the Resulting Issuer included in Exhibit "F" hereto.

	Unaudited Pro Forma Balance Sheet
Working Capital	$13,527,755
Total Assets	$26,293,287
Total Long and Short Term Liabilities	$12,468,246
Cash Dividends Declared	Nil

Exchange Listing and Trading Price

The Corporation's Common Shares are listed for trading on the TSXV under the symbol "SGMD". The Common Shares have been halted from trading on the TSXV since September 9, 2020 pending the Closing of the Change of Business. The closing price per Common Share on September 8, 2020, the date immediately preceding the announcement of the proposed Change of Business, was $0.12. See "Schedule "A" "*Information Concerning the Corporation - Trading Price and Volume*" for more information

Sponsorship

Pursuant to Policy 2.2 of the TSXV, sponsorship is generally required in conjunction with a Change of Business. The Corporation has applied for and obtained a waiver from the sponsorship requirement.

Conflicts of Interest

Certain of the directors and officers of the Resulting Issuer will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers may become subject to conflicts of interest. GAP Partners, Inc., the majority shareholder of SDP, continues to be the majority shareholder of StampSource, LLC. SDP may continue to order products from StampSource LLC. The Definitive Agreement provides that any such purchases will be made at or below market prices. The Resulting Issuer intends to have independent parties review any such transactions, and report to the Audit Committee of the Board.

The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to an issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Except as set out above, as of the date of this Circular, to the best of its knowledge, the Corporation is not aware of the existence of any conflicts of interest between the Corporation and any of the directors or officers of the Corporation.

Interests of Experts

To the best of the Corporation's knowledge, no direct or indirect interest in the Corporation is held or will be received by any expert. Refer to Schedule "C" "*Information Concerning the Resulting Issuer - General Matters - Experts*" for more information.

Risk Factors

An investment in the Resulting Issuer following completion of the Change of Business involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Corporation and the Resulting Issuer. The risks, uncertainties and other factors, many of which are beyond the control of the Corporation or the Resulting Issuer, that could influence actual results include, but are not limited to: (i) the risk that the Change of Business may not occur for any reason, including without limitation the refusal of the TSXV to accept the proposed Change of Business for any reason, the inability of the parties to obtain approval of any third parties or shareholders, as required; (ii) limited operating history; (iii) the coronavirus

(COVID-19) pandemic could cause a delay in completion of the Change of Business; (iv) the impact of the coronavirus (COVID-19) pandemic may significantly impact the Corporation and the Resulting Issuer; (v) financing risks and the ability to maintain adequate capitalization; (vi) the potential for dilution; (vii) regulatory, permit and license requirements; (viii) regulatory burdens; (ix) healthcare reform legislation; (x) competition; (xi) ability to achieve growth and international expansion risks; (xii) dependence on distributors; (xiii) failure to keep pace with technological changes; (xiv) operations through subsidiaries; (xv) reliance on management and key personnel; (xvi) conflicts of interest; (xvii) litigation; (xviii) ability to maintain insurance coverage and on terms acceptable to the Resulting Issuer; (xix) protection of intellectual property rights and risks of infringement; (xx) product recalls; (xxi) privacy and security risks; and (xxii) other factors beyond the control of the Corporation or Resulting Issuer. See Schedule "D" for a detailed description of certain risk factors relating to the Change of Business and the ownership of the Common Shares which should be carefully considered before making an investment decision.

Conditional Listing Approval

The TSXV has conditionally accepted the Change of Business subject to the Corporation fulfilling all of the requirements of the TSXV.

SALONA GLOBAL MEDICAL DEVICE CORPORATION

MANAGEMENT INFORMATION CIRCULAR
FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON MARCH 11, 2021

GENERAL PROXY INFORMATION

Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by the management of the Corporation for use at the Meeting to be held at 3330 Caminito Daniella, Del Mar, California on March 11, 2021 at 4:00 p.m. (PST) and at any adjournment or postponement thereof for the purposes set forth in the accompanying Notice of Meeting.

The solicitation of proxies will be made primarily by mail and may be supplemented by telephone or other personal contact by the directors, officers and employees of the Corporation. Directors, officers and employees of the Corporation will not receive any extra compensation for such activities. The Corporation may pay brokers or other Persons holding Common Shares in their own names, or in the names of nominees, for their reasonable expenses for sending forms of proxy and this Circular to beneficial owners of Common Shares and obtaining proxies therefrom. The cost of any such solicitation will be borne by the Corporation.

No Person is authorized to give any information or to make any representation other than those contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Company. The delivery of this Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date hereof.

The information contained in this Circular is given as at January 26, 2021 unless otherwise indicated.

Appointment of Proxyholders

Registered Shareholders of Common Shares as recorded in the central securities register of the Corporation maintained by the Transfer Agent may wish to vote by proxy whether or not he, she or it is able to attend the Meeting in person.

The individuals named in the form of proxy provided by the Corporation are directors or officers of the Corporation. **If you are a Registered Shareholder entitled to vote at the Meeting, you have the right to appoint a Person other than the Persons named in the proxy, who need not be a Registered Shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the proxy or by completing and delivering another suitable form of proxy.**

A Registered Shareholder may submit a proxy by (i) mailing a copy to Computershare Investor Services Inc., Attention: Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, (ii) telephone by entering the 15 digit control number at 1-866-732-8683 (Canada and the U.S. only) or (312) 588-4290 (outside Canada and the U.S.), or (iii) online by entering the 15 digit control number at www.investorvote.com.

Regardless of the method a Registered Shareholder chooses to submit their Proxy, to be valid, the Proxy must be received by the Transfer Agent no later than 48 hours (excluding Saturdays, Sundays and holidays) before the commencement of the Meeting or any adjournments thereof. The time limit for the deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion, without notice.

Exercise of Proxy

The voting rights attached to the Common Shares represented by proxies will be voted or withheld from voting in accordance with the instructions indicated therein. If no instructions are given, the voting rights attached to such Common Shares will be exercised by those persons designated in the proxy and will be voted **FOR** of all the matters described therein.

The enclosed proxy confers discretionary voting authority upon the persons named therein with respect to amendments to matters identified in the Notice of Meeting, and with respect to such matters as may properly come before the Meeting. As of the date hereof, management of the Corporation knows of no such amendments or other matters to come before the Meeting.

Notice to Shareholders in the United States

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the BCBCA and Canadian Securities Laws. The proxy solicitation rules under the U.S. Exchange Act are not applicable to the Corporation or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of Canadian Securities Laws. Shareholders should be aware that disclosure requirements under Canadian Securities Laws differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States securities laws may be affected adversely by the fact that the Corporation is governed by the BCBCA, certain of its directors and its executive officers are residents of Canada, and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

Record Date

Only Shareholders of record as of the close of business on January 29, 2021 (the "**Record Date**") will be entitled to vote at the Meeting. No Shareholder who becomes a Shareholder after the Record Date shall be entitled to notice of, or to vote at, the Meeting.

HOW TO VOTE YOUR SHARES

Your vote is important. Please read the information below so that your Common Shares are properly voted.

Registered Shareholders and Non-Registered Shareholders

How you vote your Common Shares depends on whether you are a Registered Shareholder or a Non-Registered Shareholder. In either case, there are two ways you can vote at the Meeting – by appointing a proxyholder or by attending the Meeting.

Registered Shareholder

You are a Registered Shareholder if you hold one or more share certificates which indicate your name and the number of Common Shares which you own. As a Registered Shareholder, you will receive a form of proxy from the Transfer Agent representing the Common Shares you hold. If you are a Registered Shareholder refer to "*How to Vote – Registered Shareholders*" below.

Non-Registered Shareholder

You are a Non-Registered Shareholder if an Intermediary such as a securities dealer, broker, bank, trust company or other nominee holds your Common Shares for you, or for someone else on your behalf, registered in the name of the nominee. In accordance with Securities Laws, the Corporation distributes copies of its Meeting materials to Non-Registered Shareholders to Intermediaries for onward distribution to Non-Registered Shareholders. As a Non-Registered Shareholder, you will most likely receive a VIF from Broadridge on behalf of the Intermediary holding your Common Shares. It is also possible, however that in some cases you may receive a form of proxy directly from the Intermediary holding your Common Shares. If you are a Non-Registered Shareholder, refer to "*How to Vote – Non-Registered Shareholders*" below.

Intermediaries who hold Common Shares in "street name" for a Non-Registered Shareholder typically have the authority to vote in their discretion on "routine" proposals when they have not received instructions from Non-Registered Shareholder. However, Intermediaries are not allowed to exercise their voting discretion with respect to the approval of matters that are "non-routine," such as approval of the Change of Business Resolution and Amendment Resolution, without specific instructions from the Non-Registered Shareholder. Broker non-votes refers to Common Shares held by an Intermediary that are present in person or otherwise represented at the Meeting, but with respect to which the Intermediary is not instructed by the Non-Registered Shareholder to vote on the particular proposal and the Intermediary does not have discretionary voting power with respect to such proposal. Because certain of the proposals for the Meeting are non-routine and non-discretionary, the Corporation anticipates that there will not be any broker non-votes in connection with the Change of Business Resolution or Amendment Resolution. If an Intermediary holds your Common Shares in "street name," your Intermediary will vote your Common Shares only if you provide instructions on how to vote by filling out the VIF sent to you by your Intermediary with this Circular.

<u>How to Vote – Registered Shareholders</u>

If you are a Registered Shareholder you may either vote by proxy or online at the Meeting.

Submitting Votes by Proxy

There are three ways to submit your vote by proxy, in accordance with the instructions on the form of proxy:

By Mail or Hand Delivery:	**Computershare Trust Company of Canada 8th Floor, 100 University Avenue Toronto, Ontario M5J 2Y1 Attention: Proxy Department**
By telephone:	**1-866-732-8683 (Canada and the U.S. only) or (312) 588-4290 (outside Canada and the U.S.)**
By Internet:	**www.investorvote.com**

Each completed form of proxy must be submitted no later than 4:00 p.m. (PST) on March 9, 2021, or, in the event that the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the reconvened Meeting or any adjournment or postponement thereof.

If you are voting by telephone or internet, you will need the pre-printed control number and holder account number on your form of proxy.

A form of proxy submitted by mail must be in writing, dated the date on which you signed it and signed by you (or your authorized attorney). If such a form of proxy is being submitted on behalf of a corporate Shareholder, the form of proxy must be signed by an authorized officer or attorney of that corporation, whose title should be indicated, and the corporate seal affixed if the corporation has a corporate seal. A form of proxy executed by a Person acting as attorney or in some other representative capacity should state such Person's capacity following his or her signature and should be accompanied by the appropriate instrument evidencing qualification and authority to act. If a form of proxy submitted by mail is not dated, it will be deemed to bear the date on which it was sent to you.

Revocation of Proxies

Proxies given by Registered Shareholders for use at the Meeting may be revoked at any time prior to their use. Subject to compliance with the requirements described in the following paragraph, the giving of a proxy will not affect the right of a Registered Shareholder to attend, and vote in person at, the Meeting.

In addition to revocation in any other manner permitted by Law, a proxy may be revoked by instrument in writing executed by the Registered Shareholder or his/her attorney duly authorized in writing, or, if it is a corporation, under its corporate seal by an officer or attorney thereof duly authorized and deposited with the Transfer Agent, in a manner provided above under "*How to Vote – Registered Shareholders*", at any time up to and including 4:00 p.m. (PST) on March 9, 2021 (or, if the Meeting is adjourned or postponed, 48 hours (Saturdays, Sundays and holidays excepted) prior to the holding of the Meeting) or, with the Chairman at the Meeting on the day of such meeting or any adjournment or postponement thereof, and upon any such deposit, the proxy is revoked.

Exercise of Discretion by Proxies

The Common Shares represented by a valid form of proxy will be voted on any ballot that may be conducted at the Meeting, or at any adjournment or postponement thereof, in accordance with the instructions contained on the form of proxy and, if the Shareholder specifies a choice with respect to any matter to be acted on, the Common Shares will be voted accordingly. **In the absence of instructions, the Persons named in the form of proxy will vote such Common Shares <u>FOR</u> all of the matters put before the Meeting.**

The enclosed form of proxy, when properly completed and signed, confers discretionary authority upon the Persons named therein to vote on any amendments to or variations of the matters described in the Notice of Meeting and on other matters, if any, which may properly be brought before the Meeting or any adjournment or postponement thereof, whether or not any amendments variations or other matters are routine or contested. As at the date hereof, management of the Corporation knows of no such amendments or variations or other matters to be brought before the Meeting. However, if any other matter which is not now known to management of the Corporation should properly be brought before the Meeting, or any adjournment or postponement thereof, the Common Shares represented by such proxy will be voted on such matter in accordance with the judgment of the Persons named as proxy thereon.

Signing of Proxy

The form of proxy must be signed by a Registered Shareholder or the duly appointed attorney thereof authorized in writing or, if the Registered Shareholder is a corporation, by an authorized officer of such corporation. A form of proxy signed by the Person acting as attorney of the Registered Shareholder or in some other representative capacity, including an officer of a corporation which is a Registered Shareholder, should indicate the capacity in which such Person is signing. A Registered Shareholder or his or her attorney may sign the form of proxy or a power of attorney authorizing the creation of a proxy by electronic signature provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such Registered Shareholder or by or on behalf of his or her attorney, as the case may be.

How to Vote – Non-Registered Shareholders

Only Registered Shareholders of the Corporation, or the Persons they appoint as their proxy, are entitled to attend, participate in and vote at the Meeting. The Common Shares of a Non-Registered Shareholder) who beneficially owns Common Shares will generally be registered in the name of either:

(a) an Intermediary with whom the Non-Registered Shareholder deals in respect of their Common Shares; or

(b) a clearing agency (such as CDS) of which the Intermediary is a participant.

In accordance with the requirements of NI 54-101, the Corporation has distributed copies of the Notice of Meeting, this Circular and the accompanying form of proxy (collectively, the "**Meeting Materials**") to the Intermediaries for onward distribution to Non-Registered Shareholders. Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless the Non-Registered Shareholders have waived the right to receive them. Intermediaries often use service companies such as Broadridge to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will be given either:

(a) a VIF which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. Typically, the VIF will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the VIF will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a VIF, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or

(b) a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should **properly complete the form of proxy and deposit it with Computershare Trust Company of Canada, Attention: Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1.**

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives either a VIF or a form of proxy wish to attend and vote at the Meeting (or have another Person attend and vote on its behalf), the Non-Registered Shareholder should strike out the names of the Persons named in the form of proxy and insert the Non-Registered Shareholder's (or such other Person's) name in the blank space provided or, in the case of a VIF, follow the directions indicated on the form. Non-Registered Shareholders should carefully follow the instructions of their Intermediaries and their service companies, including those instructions regarding when and where the VIF or the form of proxy is to be delivered.

A Non-Registered Shareholder who has submitted a form of proxy may revoke it by contacting the Intermediary through which its Common Shares are held and following the instructions of the Intermediary respecting the revocation of proxies.

Quorum

A quorum for the transaction of business at the Meeting is two Shareholders, or one or more proxyholders representing two Shareholders, or one Shareholder and a proxyholder representing another Shareholder, holding or representing not less than five percent (5%) of the issued and outstanding Common Shares enjoying voting rights at the Meeting. In the event that a quorum is not present at the time fixed for holding the Meeting, the Meeting shall stand adjourned to such date and to such time and place as may be determined by the Shareholders present at the Meeting.

VOTING SHARES

Voting Shares

As at the close of business on January 26, 2021, the Corporation had 33,813,308 Common Shares outstanding, each carrying the right to one vote per share.

Common Shares represented by properly executed proxies in favour of the persons named in the enclosed form of proxy will be voted on any ballot that may be called for and, where the person whose proxy is solicited specifies a choice with respect to the matters identified in the proxy, the Common Shares will be voted or withheld from voting in accordance with the specifications so made. Where Shareholders have properly executed proxies in favour of the persons named in the enclosed form of proxy and have not specified in the form of proxy the manner in which the named proxies are required to vote the Common Shares represented thereby, such **Common Shares will be voted FOR all of the matters put before the Meeting.**

If a Shareholder appoints a representative other than the persons designated in the form of proxy, the Corporation assumes no responsibility as to whether the representative so appointed will attend the Meeting on the day thereof or any adjournment or postponement thereof.

The enclosed form of proxy confers discretionary authority with respect to amendments or variations to the matters identified in the Circular and with respect to other matters that may properly come before the Meeting. At the date hereof, the management of the Corporation and the directors of the Corporation know of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which at present are not known to the management of the Corporation and the directors of the Corporation should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies

Unless otherwise indicated in this Circular and in the form of proxy and Notice attached hereto, Shareholders shall mean registered Shareholders.

Record Date

The Board has fixed the Record Date for the purpose of determining holders of Common Shares entitled to receive notice of and to vote at the Meeting. Any holder of Common Shares of record at the close of business on the Record Date is entitled to vote the Common Shares registered in such Shareholder's name at that date on each matter to be acted upon at the Meeting.

Interest of Certain Persons in Matters to be Acted Upon

Except as described elsewhere in this Circular, management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of (a) any director or executive officer of the Corporation, (b) any proposed nominee for election as a director of the Corporation, and (c) any associates or affiliates of any of the Persons listed in (a) and (b), in any matter to be acted on at the Meeting.

Principal Holders of Voting Securities

As at the date hereof, the Corporation had 33,813,308 Common Shares outstanding, representing the Corporation's only securities with respect to which a voting right may be exercised at the Meeting. Each Common Share carries the right to one vote at the Meeting. A quorum for the transaction of business at the Meeting is one shareholder, or one or more proxyholders representing one shareholder, or one shareholder and a proxyholder representing another shareholder, holding or representing not less than five percent (5%) of the issued and outstanding Common Shares enjoying voting rights at the Meeting.

To the knowledge of the Board and senior officers of the Corporation as at the date hereof, based on information provided on the System for Disclosure by Insiders (SEDI) and on information filed by third parties on the System for Electronic Document Analysis and Retrieval (SEDAR), no Person or corporation beneficially owned, directly or indirectly, or exercised control or discretion over, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation, other than the following:

Name, Jurisdiction of Resident	**Number of Common Shares**	**Method of Ownership**	**Percentage of Class**
Roger Greene[(1)] Former Director and Former Chief Executive Officer	4,263,746	Beneficial	12.6%
Michael Dalsin[(2)] Former Chief Financial Officer	4,789,075	Beneficial	14.2%

Notes:

(1) Mr. Greene also holds 737,000 Options, each exercisable to acquire one Common Share and, upon the exercise of which, Mr. Greene would hold 14.79% of the outstanding Common Shares, on a partially diluted basis.

(2) Mr. Dalsin also holds 755,425 Options, each exercisable to acquire one Common Share and, upon the exercise of which, Mr. Dalsin would hold 16.4% of the outstanding Common Shares, on a partially diluted basis.

APPROVAL OF MATTERS

Unless otherwise noted, approval of matters to be placed before the Meeting will be by "ordinary resolution", which is a resolution passed by a simple majority (50% plus 1) of the votes cast by Shareholders of the Corporation present at the Meeting and entitled to vote in person or by proxy. In the case of the Change of Business Resolution, to be adopted it must be approved by not less than a simple majority of votes cast by the holders of Common Shares, present in person or represented by proxy and entitled to vote at the Meeting, excluding the votes of Non-Arm's Length Parties to the Change of Business pursuant to Policy 5.2.

The Amendment Resolution must be approved by not less than a 2/3 of votes cast by the holders of Common Shares, present in person or represented by proxy and entitled to vote at the Meeting.

MATTERS TO BE ACTED UPON

To the knowledge of the Board, the only matters to be brought before the Meeting are those set forth in the accompanying Notice.

1. Financial Statements

Pursuant to the BCBCA, the directors of the Corporation will place before Shareholders at the Meeting the audited financial statements of the Corporation for the years ended February 29, 2020, February 28, 2019, 2018 and 2017, and the auditors' reports thereon, and the financial statements of the Corporation for the three and nine months ended November 30, 2020 (unaudited). Shareholder approval is not required in relation to the financial statements.

2. Election of Directors

The Board presently consists of four directors. All of the current directors have been directors since the dates indicated below and all will be standing for re-election. The Board recommends that Shareholders vote **FOR** the election of the four nominees of management listed in the following table.

Pursuant to Section 14.12 of the Corporation's Articles, a Shareholder wishing to nominate an individual to be a director, other than pursuant to a requisition of a meeting made pursuant to the BCBCA or a shareholder proposal made pursuant to the provisions of the BCBCA, is required to comply with Section 14.12 of the Articles. Section 14.12 of the Articles provides that written prescribed notice of any such nomination to be made at the Meeting has to be given to the Secretary of the Corporation prior to February 1, 2021. The foregoing is merely a summary of the advance notice provisions of the Articles, is not comprehensive and is qualified by the full text of such provisions. The full text of such provisions is set out in Section 14.12 of the Articles, a copy of which was filed under the Corporation's profile at www.sedar.com on November 4, 2016. As at the date of this Circular, the Corporation has not received notice of a nomination in compliance with Section 14.12 of the Articles and, as a result, any nominations at the Meeting other than nominations by or at the direction of the Board or an authorized officer of the Corporation will be disregarded.

Each director will hold office until his or her re-election or replacement at the next annual meeting of Shareholders unless he or she resigns his or her duties or his or her office becomes vacant following his or her death, dismissal or any other cause prior to such meeting.

Unless otherwise instructed, proxies and voting instructions given pursuant to this solicitation by the management of the Corporation will be voted **FOR** the election of the proposed nominees. If any proposed nominee is unable to serve as a director, the individuals named in the enclosed form of proxy reserve the right to nominate and vote for another nominee in their discretion.

Name, Position and Municipality of Residence(1)	Principal Occupation for Previous Five Years(1)	Date Appointed as Director(2)	Number and Percentage of Securities Beneficially Owned, Controlled or Directed, Directly or Indirectly(3)
***Leslie Cross**, Chairman of the Board and Interim Chief Executive Officer*(4)(8)(9) Del Mar, California	Consultant and director for private companies in the medical device space. Chairman of the Board of Alphatec Spine Inc. (NASDAQ:ATEC) from 2011 to 2017.	September 16, 2020	Nil

Name, Position and Municipality of Residence[(1)]	Principal Occupation for Previous Five Years[(1)]	Date Appointed as Director[(2)]	Number and Percentage of Securities Beneficially Owned, Controlled or Directed, Directly or Indirectly[(3)]
***Jane Kiernan**, Vice Chairwoman of the Board*[(5)(8)(11)] Chicago, Illinois	Chief Executive Officer and board member of Salter Labs, a private, mid-cap global medical device company, from 2010 to 2017. Co-founder of K2Biotechnology Ventures, a startup, focused on partnering with University and Academic Medical Centers to finance and progress their internal discoveries, innovation and startup companies to drive innovative products to patient care and generate a return for investors.	September 16, 2020	Nil.
***Dr. Ken Kashkin**, Director*[(6)(8)(10)] Sparta, New Jersey	CEO Catholic Health Initiatives Institute for Research and Innovation, COO Chromocell Corporation, Founder/Chairman K2 Biotechnology Ventures	September 16, 2020	Nil.
***Kyle Wilks**, Director*[(7)(9)(10)(11)] Huntington Beach, California	Senior Manager, Rare Disease Therapies Division, Shire.	September 16, 2020	Nil.

Notes:

(1) The information as to the Municipality of residence, principal occupation and Resulting Issuer Shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective directors or officers individually.

(2) Each director holds office until the close of the next annual general meeting of the Corporation, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated. The Board currently consists of four directors, three of whom can be defined as "unrelated directors" or directors who are independent of management and are free from any interests and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the directors' ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from Shareholders, and do not have interests in or relationships with the Corporation.

(3) As of the date of this Circular, none of the directors or executive officers of the Corporation beneficially own, directly or indirectly, any Common Shares of the Corporation.

(4) Mr. Cross was appointed as the Chairman of the Board and as Interim Chief Executive Officer on September 16, 2020.

(5) Ms. Kiernan was appointed as a director on September 16, 2020.

(6) Dr. Kashkin was appointed as a director on September 16, 2020.

(7) Mr. Wilks was appointed as a director on September 16, 2020.

(8) Member of the Audit Committee.

(9) Member of the Compensation Committee.

(10) Member of the CG&N Committee

(11) Member of the F&A Committee.

Leslie Cross - Age: 70 - Chairman of the Board and Interim Chief Executive Officer

Mr. Cross is the former President and Chief Executive Officer of DJO Global, Inc. (NYSE:DJO), a manufacturer and worldwide distributor of electrotherapy products for pain therapy and rehabilitation, clinical devices for the treatment of patients in physical therapy clinics, knee, hip and shoulder implant products, and orthopedic rehabilitation products, including rigid knee bracing, orthopedic soft goods, cold therapy systems, vascular systems and bone growth stimulation devices.

Mr. Cross is also the former chairman of the board of directors and former Chief Executive Officer of Alphatec Spine Inc. (NASDAQ:ATEC), a medical device company that provides physician-inspired solutions for patients with spinal disorders. Mr. Cross is also on the board of directors of Prosomnus Sleep Technologies, providing sleep apnea solutions to dental practices in the United States and Canada.

Jane Kiernan - Age: 59 - Vice Chairwoman of the Board

From 2001 through to 2010, Ms. Kiernan held executive and general management positions with Baxter Healthcare Corporation. Prior to 2001, Ms. Kiernan held senior level roles in finance and operations for Allegiance Healthcare. Ms. Kiernan started her professional career with American Hospital Supply.

In 2010, Ms. Kiernan was appointed as a board member and as the Chief Executive Officer and President of Salter Labs, a manufacturer of specialty respiratory, airway management and anesthesia single-use, disposable products for hospitals, home, and other patient-care facilities.

Since then, Ms. Kiernan joined the board of directors of Axonics Modulation Technologies, Inc. (NASDAQ: AXNX), which is based in Irvine, California, and is focused on the development and commercialization of a novel implantable SNM system for patients with urinary and bowel dysfunction. In 2006, Ms. Kiernan was selected to serve on the board of directors of American Medical Systems, a Minneapolis-based medical device company.

Ms. Kiernan is a co-founder of K2 Biotechnology Ventures, engaged in developing and commercializing portfolios of university and medical center innovations in partnership with venture capital, health care corporations and philanthropic health care foundation partners.

Dr. Ken Kashkin - Age:70 - Director

Kenneth Kashkin. M.D. trained and served on the faculties of the University of California, Los Angeles (UCLA) and Yale University Schools of Medicine followed by a career as a healthcare business senior executive and biotechnology investor. Dr. Kashkin, a recognized leader in the financing and management of research, development and commercialization organizations, has led divisions of Bayer, Abbott, Knoll/BASF Pharma, Ferring, and Baxter, and was the former chief executive officer and president of Catholic Health Initiatives Institute for Research and Innovation. Dr. Kashkin has led management teams at several biotech companies, including Nova, Genaissance, and Chromocell. In addition, Dr. Kashkin co-founded K2 Biotechnology Ventures, engaged in developing and commercializing portfolios of university and medical center innovations in partnership with venture capital, health care corporations and philanthropic health care foundation partners.

Kyle Wilks - Age: 44 - Director

Mr. Kyle L. Wilks graduated from the United States Naval Academy, Annapolis, MD with a Bachelor's of Science Degree in Mathematics. Mr. Wilks spent seven years as a naval officer with multiple combat tours, eventually ending his time in uniform as a professor of leadership and naval science at the U.S. Naval Academy. Post military, Mr. Wilks worked as an Executive Director for a private equity group focusing on mid-market healthcare companies prior to his senior manager roles within Baxter and Shire. At Baxter he headed numerous fractionation divisions and eventual oversaw the manufacturing of numerous plasma-derived rare disease therapies at Shire.

Penalties or Sanctions

To the knowledge of the Corporation no director nor officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, is, or within 10 years before the date of this Circular, has been, a director or officer of any other issuer that, while that person was acting in that capacity, has (i) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Cease Trade Orders or Bankruptcies

Other than as set out below, to the knowledge of the Corporation, no director nor officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, is, or within 10 years before the date of this Circular, has been, a director or officer of any other issuer that, while that person was acting in that capacity: (i) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the Corporation being the subject of a cease trade or similar order or an order that denied the relevant Corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days; (iii) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (iv) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Ms. Kiernan was appointed to the board of directors of Endologix, Inc. effective March 12, 2020. Endologix Inc.'s common stock ceased trading on Nasdaq and all other mediums. On August 11, 2020, Nasdaq filed a Form 25 (Notification of Removal from Listing and/or Registration under Section 12(b) of the U.S. Exchange Act) with the Securities and Exchange Commission striking Endologix, Inc.'s common stock from listing. On September 16, 2020, the United States Bankruptcy Court for the Northern District of Texas entered an order confirming the *Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* Docket No. 390 of Endologix, Inc. and certain of its affiliates thereof. On October 1, 2020, the plan became effective in accordance with its terms and Endologix, Inc. and certain of its affiliates emerged from Chapter 11 protection, at which time all agreements, instruments and other documents evidencing any equity interest of Endologix Inc., including outstanding shares of then existing equity interests, and any rights of any holders thereof were deemed canceled, discharged and of no further force or effect.

Mr. Appleby, was a director of Captor Capital Corp. ("**Captor Capital**") on August 6, 2019, on which date the Ontario Securities Commission issued a failure-to-file cease trade order against Captor Capital, ordering that all trading in the securities of Captor Capital cease until the company filed (i) its audited annual financial statements for the financial year ended March 31, 2019, (ii) its management's discussion and analysis for the financial year ended March 31, 2019, and (iii) the certification of the foregoing filings as required by Applicable Securities Laws. The failure-to-file cease trade order against Captor Capital was revoked in full on November 6, 2019.

Mr. Appleby was also the Chief Financial Officer of Tantalex Resources Corp ("**Tantalex**") on August 19, 2020, on which date the Ontario Securities Commission issued a failure-to-file cease trade order against Tantalex, ordering that all trading in the securities of Tantalex cease until the company filed (i) its audited annual financial statements for the financial year ended February 29, 2020, (ii) its management's discussion and analysis for the financial year ended February 29, 2020, and (iii) the certification of the foregoing filings as required by Applicable Securities Laws. The failure-to-file cease trade order against Tantalex was revoked in full on November 13, 2020.

Personal Bankruptcies

No director nor officer of the Corporation, nor a shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, or a personal holding Corporation of any such persons, has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

In February 2011, Kyle Wilks sought relief under Chapter 7 of the Bankruptcy Code given financial business hardships incurred by him as a result of the collapse of demand for rental properties, such as those in which Mr. Wilks then had an interest, following the 2008 recession. In June, 2011, Mr. Wilks emerged from Chapter 7 bankruptcy and, as of the date hereof, is in good standing with any and all of his creditors, as applicable.

Conflicts of Interest

There are potential conflicts of interest to which the directors and executive officers of the Corporation may be subject in connection with the operations of the Corporation. In particular, certain of the directors and executive officers may be involved in managerial or director positions with issuers or businesses whose operations may, from time to time, be in direct competition with those of the Corporation or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of the Corporation.

Leslie Cross, who did not join the Board until after the negotiation, approval and execution of the Definitive Agreement, owns 4.4% of the shares of SDP. He is not an officer or director of SDP, and will comply with all rules regarding conflicts in connection with decisions to close the transactions contemplated thereby. Notwithstanding the foregoing, any Common Shares held by Mr. Cross will not be voted in respect of the Change of Business Resolution.

Conflicts, if any, will be subject to the procedures and remedies available under the BCBCA. The BCBCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the BCBCA.

3. **Appointment of Auditor**

In accordance with NI 51-102, the Corporation changed its auditors from MNP LLP to DNTW Toronto LLP effective February 7, 2019. Pursuant to subsection 4.11(5)(c) of NI 51-102 a copy of the "reporting package" is attached hereto as Exhibit "A". As indicated in the notice contained in the "reporting package", there are no reportable disagreements between the Corporation and MNP LLP.

In addition, in accordance with NI 51-102, the Corporation changed its auditors from DNTW Toronto LLP to SRCO Professional Corporation effective October 29, 2020. Pursuant to subsection 4.11(5)(c) of NI 51-102 a copy of the "reporting package" is attached hereto as Exhibit "B". As indicated in the notice contained in the "reporting package", there are no reportable disagreements between the Corporation and DNTW Toronto LLP.

Unless otherwise instructed, the persons named in the enclosed proxy or voting instruction form intend to vote such proxy or voting instruction form in favour of the re-appointment of SRCO Professional Corporation, Chartered Professional Accountants, Park Place Corporate Centre, 15 Wertheim Court, Suite 409, Richmond Hill, Ontario L4B 3H7 as auditors of the Corporation to hold office until the next annual meeting of Shareholders and the authorization of the directors of the Corporation to fix their remuneration. SRCO Professional Corporation was appointed as auditor of the Corporation on October 29, 2020 in replacement of DNTW Toronto LLP.

The directors of the Corporation recommend that Shareholders vote in favour of the appointment of SRCO Professional Corporation, and the authorization of the directors of the Corporation to fix their remuneration. To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast at the Meeting.

4. **Approval of Change of Business**

At the Meeting, Shareholders will be asked to consider an ordinary resolution approving the Change of Business. For further information concerning the Corporation, see Schedule "A" to this Circular.

The Board proposes changing the business of the Corporation to the business of SDP. SDP is a large state-of-the-art production facility incorporated and located in the State of South Dakota currently producing proprietary and white label medical devices for pain management, cold and hot therapy, NMES, PEMF and ultrasound. Upon completion of the Change of Business, it is the intention of the parties that the Corporation will continue the business of SDP. For additional information concerning SDP see Schedule "B" to this Circular. See Schedule "C" hereto for a full description of the proposed new business of the Resulting Issuer and the risk factors.

Upon completion of the Change of Business, the Corporation will be an acquisition oriented, medical device company with plans to achieve scale through both further acquisitions and organic growth. It will be operating in the recovery science market, including post-operative pain, wound care and other markets serving the ageing population in the United States. The Corporation's emphasis will include products for those over 65, who provide steady demand by virtue of government sponsored medical coverage in the United States. The Corporation's proposed business will be subject to a number of significant risks. Shareholders should carefully consider each of such risks and all of the information in this Circular regarding the proposed Change of Business. The success of the Change of Business will depend on, among other things, the expertise, ability, judgment, discretion, integrity and good faith of its management.

The Change of Business is an Arm's Length Transaction. None of the directors, officers or promoters of the Corporation, nor any of their respective associates and affiliates, have any interest in the Change of Business nor will they receive any consideration from the Corporation in connection therewith, other than Mr. Cross who owns 4.4% of the outstanding SDP Shares and, upon Closing, will receive Exchangeable Shares in consideration therefor accordance with the terms of the Definitive Agreement.

Shareholders should be aware that completion of the Change of Business is subject to a number of conditions, including Shareholder approval. The Change of Business cannot be completed until all required approvals are obtained and conditions are met, and there can be no assurance that the Change of Business will be completed as proposed, or at all. Shareholders are cautioned that, except as disclosed in the Circular, any information with respect to the Change of Business may not be accurate or complete, and should not be relied upon. At the Meeting, Shareholders will be asked to pass an ordinary resolution in substantially the following form (the "**Change of Business Resolution**"):

"**BE IT HEREBY RESOLVED AS AN ORDINARY RESOLUTION, THAT**:

1. The change of business of Salona Global Medical Device Corporation (the "**Corporation**"), substantially as described in the Corporation's Management Information Circular dated January 26, 2021 (the "**Circular**"), be and is hereby ratified, confirmed and approved.

2. Notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the board of directors be and is authorized and empowered to revoke this resolution at any time prior to the effective date of the implementation of this resolution, and to determine not to proceed with the change of business without further approval of the Corporation's shareholders.

3. Any one director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution."

To be effective, the Change of Business Resolution must be approved by not less than a simple majority of the votes cast by Shareholders at the Meeting, present in person or represented by proxy and entitled to vote at the Meeting, excluding the votes of Non-Arm's Length Parties to the Change of Business pursuant to Policy 5.2. As of the date hereof, no Common Shares are expected to be excluded as Leslie Cross does not hold any Common Shares. Mr. Cross, who did not join the Board until after the negotiation, approval and execution of the Definitive Agreement, owns 4.4% of the shares of SDP. He is not an officer or director of SDP, and will comply with all rules regarding conflicts in connection with decisions to close the transactions contemplated thereby. Notwithstanding the foregoing, any Common Shares held by Mr. Cross will not be voted in respect of the Change of Business Resolution.

The Board believes the passing of the above resolution is in the best interests of the Corporation and recommends that Shareholders vote FOR the Change of Business Resolution. The persons named in the enclosed form of proxy as proxyholders intend to vote the Common Shares represented by proxies in favour of the proposed resolution.

5. Amendment of Notice of Articles

At the Meeting, Shareholders will be asked to approve, if considered desirable, the special resolution authorizing an amendment to the Notice of Articles to create a new class of shares, being the Consideration Shares, and restate the rights, privileges, restrictions and conditions of the Common Shares. The Consideration Shares shall have the same attributes as the Common Shares, except that they will not carry the right to vote and shall be convertible, subject to certain terms and conditions, into Common Shares. See Exhibit "C" "*Share Provisions*" hereto for the proposed share terms in respect of the Common Shares and Consideration Shares. Shareholders are urged to read Exhibit "C" in its entirety.

Shareholders are being asked to consider a resolution approving amendments to the Corporation's Notice of Articles to restate the terms of the Common Shares and to create the new class of Consideration Shares, which are convertible into Common Shares, each with the attributes set out in Schedule "A" under "*Information Concerning the Corporation - Description of the Common Shares*" and "*Information Concerning the Corporation - Description of the Consideration Shares*".

The completion of the Change of Business is conditional upon the approval by the shareholders of the Amendment Resolution to be considered at the Meeting. The consummation of the amendments to the Corporation's Notice of Articles at the Meeting is not conditional upon the successful completion of the Change of Business. Notwithstanding Shareholder approval may be obtained, the Amendment Resolution permits the Board to decide not to proceed with the amendment to the Notice of Articles without further Shareholder approval.

At the Meeting, Shareholders will be asked to pass a special resolution in substantially the following form (the "**Amendment Resolution**"):

"**BE IT HEREBY RESOLVED AS A SPECIAL RESOLUTION, THAT**:

1. The Notice of Articles of Salona Global Medical Device Corporation (the "**Corporation**") be amended to:

    a. create a new class of shares, unlimited in number, to be designated as Class "A" Non-Voting Common Shares, and to have attached thereto the rights, privileges, restrictions and conditions substantially in the form as set forth in Exhibit "C" to the Corporation's Management Information Circular dated January 26, 2021 (the "**Circular**"); and

b. restate the rights, privileges, restrictions and conditions of the common shares of the Corporation, as set forth in Exhibit "C" to the Circular;

2. Notwithstanding that this special resolution has been duly passed by the shareholders of the Corporation, the board of directors of the Corporation are hereby authorized and empowered to revoke this special resolution without further approval of the shareholders of the Corporation at any time prior to the endorsement by the Director of a certificate of amendment giving effect to the amendment to the Notice of Articles of the Corporation contemplated hereby.

3. Any one director or officer of the Corporation is hereby authorized and empowered for and in the name of and on behalf of the Corporation to execute a Notice of Alteration and deliver same in accordance with the *Business Corporations Act* (British Columbia), and to execute, or to cause to be executed, whether under the corporate seal of the Corporation or otherwise, and to deliver or to cause to be delivered all such other documents and instruments, and to do or to cause to be done all such other acts and things as, in the opinion of such director or officer, may be necessary or desirable in order to carry out the intent of this special resolution."

To be effective, the Amendment Resolution must be approved by not less than 2/3 of the votes cast by Shareholders at the Meeting, present in person or represented by proxy and entitled to vote at the Meeting.

The Board believes the passing of the above resolution is in the best interests of the Corporation and recommends that Shareholders vote FOR the Amendment Resolution. The persons named in the enclosed form of proxy as proxyholders intend to vote the Common Shares represented by proxies in favour of the proposed resolution.

6. 2021 Option Plan

The Corporation's 2015 Option Plan is a fixed number stock option plan, which was approved by shareholders on May 22, 2015, reserving 5,317,993 Common Shares (20% of the issued and outstanding Common Shares on such date, on a post-Consolidation basis). As at the date hereof, there are 2,793,379 Common Shares reserved for issuance under the 2015 Option Plan (or its predecessors plans).

At the Meeting, Shareholders will be asked to pass a resolution approving an amended and restated fixed number stock option plan (the "**2021 Option Plan**"), a copy of which is attached hereto as Exhibit "D" to the Circular. The adoption of the 2021 Option Plan is subject to completion of the Change of Business. The principal difference between the 2015 Option Plan and the 2021 Option Plan is to increase the number of shares reserved for issuance, combined with any equity securities granted under all other compensation arrangements adopted by the Resulting Issuer, to 20% of the Resulting Issuer's issued and outstanding Resulting Issuer Shares immediately following the Closing of the Change of Business, which is estimated to be, based on the number of issued and outstanding Common Shares as at the date hereof: (i) and assuming the exercise of the Subscription Receipts and the Finco Subscription Receipts and the issuance of Resulting Issuer Shares in accordance with the Shares for Debt Transaction, in each case prior to or concurrent with the Closing of the Change of Business, 8,908,109 shares reserved for issuance thereunder; or (ii) assuming the issuance of Resulting Issuer Shares in accordance with the Shares for Debt Transaction prior to or concurrent with the Closing of the Change of Business but not the exercise of the Subscription Receipts or the Finco Subscription Receipts, 6,910,061 shares reserved for issuance thereunder. In addition, pursuant to the 2021 Option Plan, the price at which an optionee, being any director, officer or employee of the Resulting Issuer as well as Management Company Employees and Consultants (as such terms are defined in Policy 4.4 of the TSXV as amended from time to time), may purchase a Resulting Issuer Share upon the exercise of a Resulting Issuer Option shall be determined from time to time by the Resulting Issuer Board and shall be as set forth in the certificate issued in respect of such Resulting Issuer Option but, in any event, shall not be less than the Market Price (as such term is defined in Policy 1.1 (Interpretation) of the TSXV Corporate Finance Manual). See Schedule "A" "*Information Concerning the Corporation - Stock Option Plan*" for a description of the 2015 Option Plan.

The 2021 Option Plan is subject to approval by the TSXV and approval by Shareholders of the Corporation.

Accordingly, at the Meeting, shareholders are being asked to consider and, if thought advisable, approve an ordinary resolution in the following form:

"**BE IT HEREBY RESOLVED AS A SPECIAL RESOLUTION, THAT**:

1. Subject to completion of the change of business of Salona Global Medical Device Corporation (the "**Corporation**"), substantially as described in the Corporation's Management Information Circular dated January 26, 2021 (the

"**Circular**"), the stock option plan of the Corporation, substantially in the form attached at Exhibit "D" to the Circular, be and the same is hereby ratified, confirmed and approved;

2. Any director or officer be and is hereby authorized to amend the stock option plan of the Corporation should such amendments be required by applicable regulatory authorities including, but not limited to, the TSX Venture Exchange; and

3. Any one director or officer of the Corporation is hereby authorized, empowered and directed for and in the name of and on behalf of the Corporation to execute, or to cause to be executed, whether under the corporate seal of the Corporation or otherwise, and to deliver or to cause to be delivered all such other documents and instruments, and to do or to cause to be done all such other acts and things as, in the opinion of such director or officer, may be necessary or desirable in order to carry out the intent of this resolution."

To be effective, this resolution must be approved by not less than a simple majority of the votes cast by Shareholders at the Meeting, present in person or represented by proxy and entitled to vote at the Meeting.

The Board believes the passing of the above resolution is in the best interests of the Corporation and recommends that Shareholders vote FOR the Change of Business Resolution. The persons named in the enclosed form of proxy as proxyholders intend to vote the Common Shares represented by proxies in favour of the proposed resolution.

7. <u>Shares for Debt</u>

On September 6, 2020, the Corporation entered into the Debt Conversion Agreement with Leslie Cross, pursuant to which it agreed to issue an aggregate of 737,000 Common Shares to Mr. Cross, at a deemed price of $0.156 per share, in full and final satisfaction of the Debt owing to him by the Corporation (the "**Shares for Debt Transaction**"). The Corporation determined to undertake the Shares for Debt Transaction and to satisfy the Debt with Common Shares in order to preserve its cash.

Accordingly, at the Meeting, shareholders are being asked to consider and, if thought advisable, approve an ordinary resolution (the "**Shares for Debt Resolution**") in the following form:

"**BE IT HEREBY RESOLVED AS A RESOLUTION, THAT**:

1. Salona Global Medical Device Corporation (the "**Corporation**") is hereby authorized to issue 737,000 common shares in the capital of the Corporation at a deemed price of $0.156 per share in settlement of debt in an aggregate amount of US$88,000, as described in the Corporation's Management Information Circular dated January 26, 2021 (the "**Circular**"), be and it is hereby ratified, confirmed and approved;

2. Any one director or officer of the Corporation is hereby authorized, empowered and directed for and in the name of and on behalf of the Corporation to execute, or to cause to be executed, whether under the corporate seal of the Corporation or otherwise, and to deliver or to cause to be delivered all such other documents and instruments, and to do or to cause to be done all such other acts and things as, in the opinion of such director or officer, may be necessary or desirable in order to carry out the intent of this resolution; and

3. Notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the board of directors be and is authorized and empowered to revoke this resolution at any time prior to the effective date of the implementation of this resolution, and to determine not to proceed with the transactions contemplated by this resolution without further approval of the Corporation's shareholders."

To be effective, the Shares for Debt Resolution must be approved by not less than a simple majority of the disinterested votes cast by Shareholders at the Meeting, present in person or represented by proxy and entitled to vote at the Meeting. As of the date hereof, no Common Shares are expected to be excluded as Leslie Cross does not hold any Common Shares. Notwithstanding that Mr. Cross did not join the Board until after the Debt was incurred, any Common Shares held by Mr. Cross will not be voted in respect of the Shares for Debt Resolution. The Shares for Debt Transaction is also subject to approval of the TSXV.

The Board believes the passing of the above resolution is in the best interests of the Corporation and recommends that Shareholders vote FOR the Shares for Debt Resolution. The persons named in the enclosed form of proxy as proxyholders intend to vote the Common Shares represented by proxies in favour of the proposed resolution.

8. <u>Other Business</u>

The directors and officers of the Corporation are not aware of any matters, other than those indicated in this Circular, which may be submitted to the Meeting for action. However, if any other matters should properly be brought before the Meeting, the enclosed form of proxy confers discretionary authority to vote on such other matters according to the best judgment of the person holding the proxy at the Meeting.

CORPORATE GOVERNANCE DISCLOSURE

Set forth below is a description of the Corporation's current corporate governance practices, as prescribed by Form 58-101F2, which is attached to NI 58-101:

Board of Directors

The directors have determined that Jane Kiernan, Dr. Ken Kashkin and Kyle Wilks, current and prospective members of the Board, are independent as such term is defined in NI 58-101, and that Leslie Cross, a current and prospective member of the Board, is not independent as such term is defined in NI 58-101, as he is an executive officer (as such term is defined in NI 51-102) of the Corporation.

Directorships

The following director of the Corporation is presently a director of the following other issuers that are reporting issuers (or the equivalent):

Name	Name of other Reporting Issuer
Jane Kiernan	Axonics Modulation Technologies Inc. (NASDAQ:AXNX)

Board Mandate

The Board does not have a written mandate, however it operates through the leadership of a Chair and Vice-Chair and four committees of the Board, each made up of a majority of independent directors.

Position Descriptions

The Board has not adopted a written description for the Chair and Vice-Chair of the Board and the Chair of each Board committee. The Chair of the Board, with advice from the Vice-Chair, is responsible for the administration, development and efficient operation of the Board. The Chair, with advice from the Vice-Chair, assists in overseeing the operational aspects involved in managing the Corporation. In addition, the Chair ensures that the Board adequately discharges its mandate and that the Board's responsibilities and lines of delineation between the Board and management are well understood by the directors. The Chair of each committee is to manage efficiently his or her respective committee. Each committee Chair must ensure that the committee adequately discharges its mandate pursuant to its charter.

Committee Chairs must report regularly to the Board on the business of their committee.

The Board has not developed a written position description for the Chief Executive Officer. The Board expects the (interim) Chief Executive Officer and the Corporation's senior management team to be responsible for the management of the Corporation's strategic and operational agenda and for the execution of the decisions of the Board and its committees.

Orientation and Continuing Education

While the Corporation does not currently have a formal orientation and education program for new members of the Board, the Corporation provides such orientation and education on an ad hoc and informal basis. The CG&N Committee is responsible for coordinating the continuing education programs for directors in order to maintain or enhance their skills and abilities as directors, as well as ensuring that their knowledge and understanding of the Corporation and its business remains current.

Directors are encouraged to communicate with management, auditors and technical consultants; and to keep themselves current with industry trends and developments and changes in legislation with management's assistance. Directors have full access to the Corporation's records.

Ethical Business Conduct

The directors' maintain that the Corporation must conduct and be seen to conduct its business dealings in accordance with all applicable Laws and the highest ethical standards. The Corporation's reputation for honesty and integrity amongst its Shareholders and other stakeholders is key to the success of its business. No employee or director will be permitted to achieve results through violation of laws or regulations, or through unscrupulous dealings.

Any director with a conflict of interest or who is capable of being perceived as being in conflict of interest with respect to the Corporation must abstain from discussion and voting by the Board or any committee of the Board on any motion to recommend or approve the relevant agreement or transaction. The Board must comply with conflict of interest provisions of the BCBCA.

Nomination of Directors

Both the directors and management are responsible for selecting nominees for election to the Board . At present, there is no formal process established to identify new candidates for nomination. The Board and management determine the requirements for skills and experience needed on the Board from time to time.

The CG&N Committee is currently responsible for identifying candidates for election to the Board. For further information regarding the Board nomination procedures under the Corporation's Articles see "*Election of Directors*".

The CG&N Committee is responsible for periodically reviewing the size of the Board, with a view to determining the impact of the number of directors on the effectiveness of the Board, and identifying potential nominees to the Board, reviewing their qualifications and experience, determining their independence as required under all applicable corporate and securities laws, and recommending to the Board the nominees for consideration by, and presentation to, the Shareholders at the Corporation's next annual meeting of Shareholders. In making its recommendations, the CG&N Committee considers the competencies and skills that the Board considers to be necessary for the Board as a whole to possess, the competencies and skills that the Board considers each existing director to possess, as well as the competencies and skills each new nominee will bring to the boardroom. The CG&N Committee also considers the amount of time and resources that nominees have available to fulfill their duties as Board members or committee members, as applicable.

The CG&N Committee expects that new nominees have a track record in general business management, special expertise in an area of strategic interest to the Corporation, the ability to devote the time required, support for the Corporation's business objectives and a willingness to serve.

The CG&N Committee is also responsible for periodically examining and making recommendations to the Board in relation to mechanisms of Board renewal. The Corporation currently does not have any policies imposing a term or retirement age limit in connection with individuals nominated for election as directors, as the CG&N Committee and the Board believe that such arbitrary limits are not in the best interests of the Corporation or its Shareholders. It is the Board's intention to strive to achieve a balance between the desirability to have a depth of institutional experience from its members on the one hand, and the need for renewal and new perspectives on the other hand.

BOARD COMMITTEES

Audit Committee

NI 52-110 requires the Corporation, as a venture issuer, to disclose annually in its Circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor. The Corporation's Audit Committee is governed by an audit committee charter, a copy of which is attached hereto as Exhibit "E" hereto.

The Corporation's Audit Committee is comprised of three directors, Jane Kiernan, Dr. Ken Kashkin and Leslie Cross. Each member of the Audit Committee is financially literate, as such term is defined in NI 52-110, and two members (Ms. Kiernan and Dr. Kashkin), are independent, as such term is defined in NI 52-110 and in the BCBCA. Ms. Kiernan serves as Chair of the Audit Committee.

In addition to each member's general business experience, the education and experience of each audit committee member relevant to the performance of his or her responsibilities as an audit committee member is as follows:

> Jane Kiernan served on the audit committee and as chair of audit committee for American Medical Systems Holdings, Inc. (NASDAQ: AMMD) and also serves on the audit committee of Axonics Modulation Technologies Inc. (NASDAQ:AXNX). Ms. Kiernan has managed finance, planning and analysis and accounting functions for private and public companies. Ms. Kiernan holds a Bachelor of Business Administration from Southern Methodist University.

Dr. Ken Kashkin managed and was responsible for Divisional level budgets and expenditures at multiple large and small pharmaceutical and biotech companies. Included complex product development accounting of budgets in the tens of millions of dollars. Audited multifaceted collaborations between biotech and larger multinational biopharmaceutical companies for compliance to expenditure and receivables agreements. Dr. Kashkin holds a Bachelor of Arts in History and a Doctor of Medicine from the University of California, Los Angeles (UCLA).

Leslie Cross served as Chief Executive Officer and Chairman of two US publicly traded companies: DJO Global, Inc. (NYSE:DJO and Alphatec Spine Inc. (NASDAQ:ATEC) and has extensive experience in the audit process. Mr. Cross holds a Diploma in Finance and Accounting from Damelin College South Africa, attended the Executive Development Program at the University of Cape Town, and attended the Director Training and Certification Program at the University of California, Los Angeles (UCLA).

Since the commencement of the Corporation's most recently completed financial year, the Corporation's directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor and the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the financial year in which the non-audit services were provided. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Corporation's directors and, where applicable, the Audit Committee, on a case-by-case basis.

In the following table, "Audit fees" are fees billed by the Corporation's external auditor for services provided in auditing the Corporation's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Corporation to DNTW Toronto LLP, its current auditor, in its previous four financial year-ends, by category, are as follows (expressed in Canadian dollars):

Financial Year Ending	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
February 29, 2020	$35,000	Nil	Nil	Nil
February 28, 2019(1)(2)	$72,000	Nil	Nil	Nil
February 28, 2018(1)	-	-	-	-
February 28, 2017(1)	-	-	-	-

Notes:

(1) DNTW Toronto LLP was appointed as auditor of the Corporation effective February 7, 2019 and ceased to act as auditor of the Corporation on October 29, 2020.

(2) SRCO Professional Corporation was appointed as auditor of the Corporation effective October 29, 2020.

(3) On February 7, 2019 MNP LLP ceased to act as auditor of the Corporation.

The fees paid by the Corporation to MNP LLP, its former auditor, in its previous four financial year-ends, by category, are as follows (expressed in Canadian dollars):

Financial Year Ending	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
February 29, 2020	-	-	-	-
February 28, 2019(1)(2)	-	-	-	-
February 28, 2018	$95,000	Nil	$3,700	$19,275
February 28, 2017	$163,000	Nil	$1,800	$3,100

Notes:

(1) DNTW Toronto LLP was appointed as auditor of the Corporation effective February 7, 2019 and ceased to act as auditor of the Corporation on October 29, 2020.

(2) On February 7, 2019 MNP LLP ceased to act as auditor of the Corporation.

The Corporation is a “venture issuer” as defined in NI 52-110 and is relying on the exemption contained in Section 6.1 of NI 52-110, which exempts the Corporation from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

Corporate Governance and Nominating Committee

The CG&N Committee is a standing committee appointed by the Board. The members of the CG&N Committee are: Kyle Wilks (Chair) and Dr. Ken Kashkin, both of whom are independent, as such term is defined in NI 52-110.

The CG&N Committee will act on behalf of and subject to the direction of the Board in all matters pertaining to corporate governance issues, new director nominees, as well as the size and composition of the Board and Board committees. The CG&N Committee is responsible for: developing and enforcing policy in the area of corporate governance and the practices of the Board in light of the Corporation’s particular circumstances, the changing needs of investors and the Corporation, and changes in corporate governance guidelines; preparing and recommending to the Board annually a statement of corporate governance practices to be included in the Corporation’s information circular and ensure that such disclosure is complete and provided in accordance with the regulatory requirements; monitoring developments in the area of corporate governance and the practices of the Board and advising the Board accordingly; developing, implementing and maintaining appropriate policies with respect to disclosure, confidentiality and insider trading; adopting a process for determining what competencies and skills the Board as a whole should have, and applying this result to the recruitment process for new directors; in consultation with the Chair of the Board and the (interim) Chief Executive Officer, identifying individuals qualified to become new Board members and recommend to the Board the new director nominees for the next annual meeting of shareholders; recognizing that shareholding by directors is appropriate in aligning director and shareholder interests; annually reviewing credentials of existing Board members to assess suitability for re-election; establishing procedures for, and approving and ensuring provision of, an appropriate orientation and education program for new recruits to the Board and continuing education for Board members; considering and, if thought fit (and after obtaining the consent of the Chair of the Board, which consent may not be unreasonably withheld), approving requests from individual directors for an engagement of special outside advisors at the expense of the Corporation; and reviewing, on a periodic basis, the size and composition of the Board and Board committees and make appropriate recommendations to the Board.

Compensation Committee

The members of the Compensation Committee are: Kyle Wilks (Chairman) and Leslie Cross. Kyle Wilks is independent, as such term is defined in NI 52-110.

The Board has adopted a written charter for the Compensation Committee setting out its responsibilities for compensation matters. The Compensation Committee was established on September 16, 2020. It is responsible for administrating the Corporation’s executive compensation program, which, prior to its establishment, was previously administered by the Board.

The Compensation Committee assists the Board in discharging the directors’ oversight responsibilities relating to the compensation and retention of key senior management employees, and in particular the Chief Executive Officer. In determining the total compensation of any member of senior management, the Compensation Committee will consider all elements of compensation in total rather than one element in isolation. The Compensation Committee is also responsible for examining the competitive positioning of total compensation and the mix of fixed, incentive and share-based compensation.

Pursuant to the Charter of the Compensation Committee, the Compensation Committee is responsible for assisting the Board in fulfilling its oversight responsibilities with respect to: setting policies for senior officers’ remuneration; reviewing and approving and then recommending to the Board salary, bonus, and other benefits, direct or indirect, and any change-of-control packages of the Chief Executive Officer; considering the recommendations of the Chief Executive Officer and setting the terms and conditions of employment including, approving the salary, bonus, and other benefits, direct or indirect, and any change-of-control packages, of the key executives of the Corporation; undertaking an annual review of the Chief Executive Officer goals for the coming year and reviewing progress in achieving those goals; reviewing compensation of the Board on at least an annual basis; overseeing the administration of the Corporation’s compensation plans, including stock option plans, compensation plans for outside directors, and such other compensation plans or structures as are adopted by the Corporation from time to time; reviewing and approving executive compensation disclosure to be made in the proxy circular prepared in connection with each annual meeting of shareholders of the Corporation; and undertaking on behalf of the Board such other compensation initiatives as may be necessary or desirable to contribute to the success of the Corporation and enhance shareholder value.

F&A Committee

The members of the F&A Committee are: Kyle Wilks (Chairman) and Jane Kiernan, both of whom are independent, as such term is defined in NI 52-110. The Board has adopted a written charter for the F&A Committee setting out its responsibilities.

The F&A Committee assists the Board in discharging its oversight responsibilities relating to the evaluation and acquisition of companies, debt financings, and equity financings. The F&A Committee assists the Board in fulfilling its oversight responsibilities by, among other things, evaluating the due diligence materials and business opportunities presented by proposed acquisitions, including pricing and all related terms and deal costs, evaluating the terms, value and timing of equity raises, evaluating the terms, value and timing of debt raises, undertaking an annual review of the capital needs of the Corporation, and providing evaluations and recommendations in respect of the foregoing to the Board.

The F&A Committee makes recommendations to the Board was to whether an acquisition is appropriate for the Corporation as well as the terms upon which a target should be acquired. In addition, the F&A Committee from time to time assesses the capital needs of the Corporation in regards to its operations, proposed acquisitions and other capital needs. Based on these assessments, the F&A Committee makes recommendations to the board on whether the fundraising process should begin and the form thereof.

Assessments

The CG&N Committee, in consultation with the Chair of the Board, is responsible for ensuring that an appropriate system is in place to evaluate the effectiveness of the Board, the Board committees and individual directors, with a view to ensuring that they are fulfilling their respective responsibilities and duties and working effectively together as a unit.

The CG&N Committee informally monitors director performance throughout the year (noting particularly any directors who have had a change in their primary job responsibilities or who have assumed additional directorships since their last assessment) to ensure that the Board, the Board committees and individual directors are performing effectively. From time to time the CG&N Committee may also choose to complete a formal assessment process consisting of completion of a written survey by each member of the Board, on request, conducting one-on-one discussions in order to assess such matters as the composition of the Board, the conduct of and agendas for meetings of the Board and its committees, and the role and impact of the Board. The results of such surveys and interviews are then summarized to identify strengths, opportunities and further suggestions with respect to each area of discussion and the Chair of the Board is to report on such summary to the CG&N Committee and to the rest of the Board.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as of February 29, 2020 regarding the number of Common Shares to be issued pursuant to equity compensation plans of the Corporation and the weighted-average exercise price of said securities:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	1,153,554(1)	0.31	4,164,439
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	1,153,554(1)	0.31	4,164,439

Notes:
(1) These securities were granted under the 2015 Option Plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as set out herein, none of the informed persons (as such term is defined in NI 51-102) of the Corporation, any proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director, has had any material interest, direct or indirect, in any transaction of the Corporation since the commencement of the Corporation’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

Leslie Cross, who did not join the Board until after the negotiation, approval and execution of the Definitive Agreement, owns 4.4% of the shares of SDP and, accordingly, has an interest in the transactions contemplated thereby. Mr. Cross is not an officer or director of SDP, and will comply with all rules regarding conflicts in connection with decisions to close such transactions.

MANAGEMENT CONTRACTS

There are no management functions of the Corporation which are to any substantial degree performed by a person or a company other than the directors or executive officers of the Corporation.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Other than the foregoing, management of the Corporation knows of no other matter to come before the Meeting other than those referred to in the accompanying Notice of Meeting. However, if any other matters which are not known to the management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

ADDITIONAL INFORMATION

Additional information relating to the Corporation, including copies of the Corporation's financial statements and Management's Discussion and Analysis, is available on SEDAR at www.sedar.com, copies of which may be obtained from the Corporation upon request. The Corporation may require the payment of a reasonable charge if the request is made by a person who is not a shareholder of the Corporation.

DATED the 26th day of January, 2021.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*Leslie Cross*"

Leslie Cross
Interim Chief Executive Officer

Salona Global Medical Device Corporation

SCHEDULE "A"
INFORMATION CONCERNING THE CORPORATION

CORPORATE STRUCTURE

Name, Address and Incorporation

The Corporation was originally incorporated as "Chrysalis Capital IX Corporation" on September 17, 2013 under the CBCA. On February 21, 2014, the Corporation filed articles of amendment to delete share transfer restrictions.

On July 7, 2015, the Corporation completed the QT, pursuant to which Chrysalis and Inspira Financial Inc., a private British Columbia corporation, completed a triangular amalgamation, whereby Inspira Financial Inc. amalgamated with 1040096 B.C. Ltd., a wholly-owned subsidiary of Chrysalis, to form an amalgamated corporation and, as a result of which, Chrysalis became the sole beneficial owner of all of the outstanding shares of the amalgamated corporation. Immediately thereafter, Chrysalis continued into British Columbia, amalgamated with the amalgamated corporation and changed its name to "Inspira Financial Inc.".

On January 15, 2020, the Corporation changed its name from "Inspira Financial Inc." to "Brattle Street Investment Corp." and thereafter changed its name to "Salona Global Medical Device Corporation" on December 15, 2020.

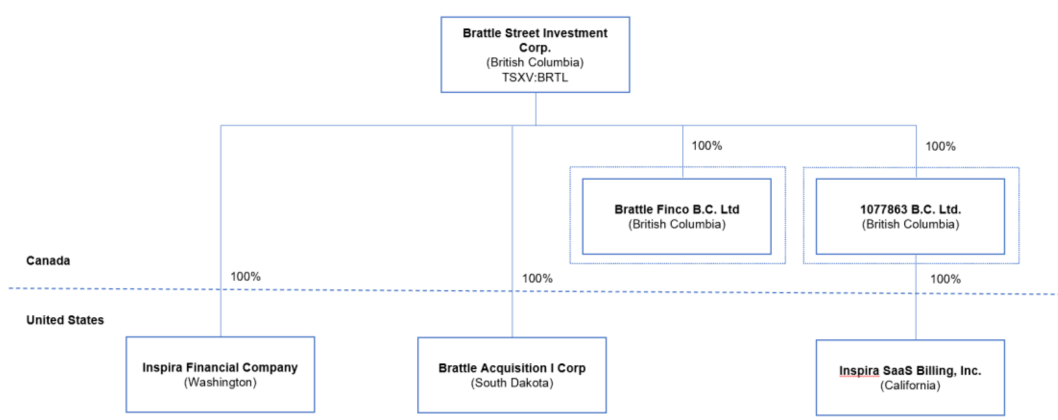
On December 15, 2020, the Notice of Articles of the Corporation were amended to consolidate the issued and outstanding Common Shares (the "**Consolidation**") on the basis of 7.37 post-Consolidation Common Shares for 10 pre-Consolidation Common Shares, with any resulting fractional shares being either rounded up or down to the nearest whole Common Share.

The Corporation's Common Shares are listed for trading on the TSXV under the symbol "SGMD".

The Corporation's registered office is located at 2800 Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7 and its head office is located at 3330 Caminito Daniella, Del Mar, California.

Intercorporate Relationships

The following chart illustrates the Corporation's corporate structure immediately prior to the Change of Business, together with the governing law of each principal material subsidiary and the percentage of voting securities beneficially owned by the Corporation.



DESCRIPTION OF THE BUSINESS

The Corporation provides lending and credit in the US healthcare industry. The following is a summary of the general development of the Corporation's business over its three most recently completed financial years to present.

The Board is proposing to complete a Change of Business of the Corporation to that of an acquisition oriented, US-based medical device company, with plans to achieve scale through both further acquisitions and organic growth. The Corporation intends to place an emphasis on products for those over 65, who provide steady demand by virtue of government sponsored medical coverage in the US. Following the Change of Business, the Corporation plans to limit its lending and credit business in order to implement its strategy within the US medical device market.

The Corporation believes that it will have access to sufficient private capital in the United States and private and public capital in Canada to support its operations upon the Change of Business.

GENERAL DEVELOPMENT OF THE BUSINESS

History

Year ended February 28, 2014

The Corporation was originally incorporated as "Chrysalis Capital IX Corporation" on September 17, 2013 under the CBCA. Originally, Chrysalis' principal business was to identify and evaluate businesses and assets with a view to completing a QT.

On September 26, 2013 and October 25, 2013, Chrysalis issued an aggregate of 4,700,000 common shares at a price of $0.05 per share for gross proceeds of $235,000, all of which were placed in escrow in accordance with the policies of the TSXV and a CPC escrow agreement.

On February 21, 2014, Chrysalis filed articles of amendment to delete share transfer restrictions.

Year ended February 28, 2015

On March 8, 2014, Chrysalis completed an initial public offering, whereby it sold 6,141,000 common shares at a price of $0.10 per share and raised gross proceeds of $614,100 and its shares were listed and posted for trading on the TSXV under the symbol "NYN.P".

On October 20, 2014, Chrysalis announced the letter agreement with Inspira Financial Inc.

Year ended February 29, 2016

On July 7, 2015, the Corporation completed the QT, pursuant to which Chrysalis and Inspira Financial Inc., a private British Columbia corporation, completed a triangular amalgamation, whereby Inspira Financial Inc. amalgamated with 1040096 B.C. Ltd., a wholly-owned subsidiary of Chrysalis, to form an amalgamated corporation and, as a result of which, Chrysalis became the sole beneficial owner of all of the outstanding shares of the amalgamated corporation. Immediately thereafter, Chrysalis continued into British Columbia, amalgamated with the amalgamated corporation and changed its name to "Inspira Financial Inc.".

Year ended February 28, 2017

On February 14, 2017, the Corporation announced that it had secured space at IBM's former North American Research and Development facility in Boca Raton, Florida for its new headquarters. In addition, beginning in February 2017, the Corporation began expanding its software development team which is focused on additional coding of business rules and further improvements to automating the intensive components of the billing and collection process.

In January 2017, the Corporation announced the decision to move its headquarters to Boca Raton, Florida from San Francisco, California in order to better serve the addiction market. In addition, the Corporation began marketing its integrated billing and financing model, following the acquisition of Inspira Saas Billing Inc. (formerly RBP Healthcare Technologies), a company with a revenue management technology platform specific to the mental health and addiction services industry, in November 2016 and integration into the Corporation's operations.

On November 14, 2016, the Corporation declared a one-time special dividend of $0.075 per Common Share, to be paid in cash to holders of record as of November 23, 2016.

On November 1, 2016, the Corporation announced the launch of a co-marketing website, www.inspira-financial.com in advance of the acquisition of Inspira Saas Billing Inc., which closed on November 3 , 2016.

On August 31, 2016, the Board announced that it declared a regular quarterly dividend. The dividend would be equal to $0.02 per Common Share annually, paid quarterly, on outstanding Common Shares, with the first dividend payable on August 31, 2016 to holders of record at the close of business on August 17, 2016.

On May 31, 2016, the Issuer announced its planned expansion to include Software-as-a-Service (SaaS) based revenue management and business intelligence services through the proposed acquisition of Inspira Saas Billing Inc.

Year ended February 28, 2018

On April 28, 2017, the expiry dates of a total of 251,247 common share purchase warrants exercisable at $3.5484 per share ($0.40 pre-consolidation on January 27, 2016) originally issued by the Corporation in its April/May 2015 offering of 4% non-convertible unsecured senior debentures for gross proceeds of $2,228,750 were extended, following approval of the TSXV. Each warrant entitled the holder to purchase one Common Share. All such warrants have all expired.

During the first two quarters of 2017, the Corporation completed a strategic review of its loan book.

In July 2017, the Corporation initiated a strategic review of its businesses within the context of the capital markets. In connection with the strategic review and until a final transaction, if any, is known, the Corporation suspended its quarterly dividend payments.

On October 21, 2017, the Corporation decided to prepay its outstanding debentures. The record date (and the date the register of the debentures closed) for the redemption was November 20, 2017, being 10 days prior to the redemption date. The debentures were halted at the close of the market on November 20, 2017 and were delisted from the TSXV on November 30, 2017.

In February 2018, the Corporation announced that it had developed technology to automatically track and organize collection queues which prioritize claims and follow ups according to a proprietary algorithm in an effort to improve time management and payment speed in collection activities.

Year ended February 28, 2019

There were no major events or conditions that occurred during the year ended February 28, 2019 that influenced the general development of the Corporation's business.

Year ended February 29, 2020

On July 25, 2019, the Corporation announced that it decided to discontinue its billing operations operated through Inspira Saas Billing Inc., an indirect wholly-owned subsidiary of the Corporation, in light of significant headwinds in the addiction rehabilitation industry. Starting August 1, 2019, the Corporation ceased to generate revenue from billing operations while it continued to operate its lending business.

On January 13, 2020, the Corporation announced that was changing its name from "Inspira Financial Inc." to "Brattle Street Investment Corp." and its TSXV stock symbol from "LND" to "BRTL", which commenced trading under the new name and symbol at the market open on January 15, 2020. The Corporation changed its name as reflection of a broader investment strategy. The Corporation also announced, in addition to continuing to pursue traditional debt opportunities, it planned to look for equity or debt investment opportunities that provide oversized returns relative to risk.

March 1, 2020 to Present

On August 18, 2020, the Corporation announced its interest in pursuing investment opportunities in the US medical device and healthcare industry.

On September 06, 2020, the Corporation entered into the Debt Conversion Agreement with Leslie Cross, pursuant to which it agreed to issue an aggregate of 737,000 Common Shares to Mr. Cross, at a deemed price of $0.156 per share, in full and final satisfaction of the Debt owing to him by the Corporation. The Corporation determined to undertake the Shares for Debt Transaction and to satisfy the Debt with Common Shares in order to preserve its cash.

On September 17, 2020, the Corporation announced its intention to complete the Name Change, Consolidation, Change of Business and Concurrent Financing. On December 15, 2020, the Corporation completed the Name Change and the Consolidation. The Concurrent Financing was subsequently completed on December 18, 2020. The net proceeds of the Concurrent Financing will be used to increase cash to better enable the Corporation to execute its plan to acquire medical device companies in the US and expand their product reach globally, as well as for general working capital. In connection with the Concurrent Salona Financing, the Corporation issued 7,869,005 Subscription Receipts at a post-Consolidation price of approximately $0.4749 per Subscription Receipt, for gross proceeds of $3,736,982, and Finco issued 2,121,232 Finco Subscription Receipts at a post-Consolidation price of approximately $0.8548 per Finco Subscription Receipts, for gross proceeds of $1,813,276. In connection with the Concurrent Financing, registered dealers were paid $138,756, representing 50% of the total payable cash finder's fee, the remainder of which will be paid upon satisfaction of the release conditions. In addition, upon satisfaction of the release conditions, registered dealers will be issued non-transferable Salona Compensation Options to purchase 983,625 Common Shares at a post-Consolidation price of approximately $0.4749 per share for a period of 24 months from the closing of the Concurrent Salona Financing, and non-transferable Finco Compensation Options to purchase 265,154 Finco Shares at a post-Consolidation price of approximately $0.8548 per share for a period of 24 months from the closing of the Concurrent Finco Financing.

Change of Business

On September 8, 2020, the Corporation, Brattle Acquireco, SDP, and certain other parties, as sellers, entered into the Definitive Agreement, pursuant to which the Corporation, through Brattle Acquireco, agreed to purchase, and the SDP Sellers have agreed to sell, the issued and outstanding SDP Shares, subject to the terms and conditions set forth therein. Completion of the acquisition of SDP by the Corporation, indirectly through Brattle Acquireco, will result in a Change of Business. SDP is a large state-of-the-art production facility incorporated and located in the State of South Dakota, currently producing proprietary and white label medical devices for pain management, cold and hot therapy, NMES, PEMF and ultrasound.

Pursuant to the Definitive Agreement, subject to the terms and conditions set forth therein, Brattle Acquireco will acquire all the SDP Shares and in exchange therefor the SDP Sellers will be issued an aggregate of 1,916,200 Exchangeable Shares of Brattle Acquireco, which shares will be exchangeable for up to 19,162,000 Consideration Shares, on the basis of 10 Consideration Shares for every one Exchangeable Share so exchanged. No Exchangeable Shares may be transferred without approval of the board of directors of Brattle Acqurieco, and in no case may any Exchangeable Shares be transferred by the holder thereof in the event that any such transfer triggers a registration requirement by Brattle Acquireco. The holders of the Exchangeable Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of Brattle Acquireco and each Exchangeable Share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of Brattle Acquireco.

Subject to the terms of the Contribution Agreement, from time to time following the Measurement Period, the Consideration Shares will be issuable to the SDP Sellers in exchange for the Exchangeable Shares, and which number of Consideration Shares to be issued in exchange therefor may be decreased if SDP fails to meet certain targets for maintaining (a) revenue, and/or (b) Adjusted Net Assets. For clarity, following the Measurement Period, in no case shall the number of Exchangeable Shares held by the SDP Sellers exceed 1,916,200 in the aggregate.

The Exchangeable Shares held by an SDP Seller will be exchangeable, at the option of such SDP Sellers, from time to time following the Measurement Period, subject to the terms of the Contribution Agreement, for Consideration Shares on the basis of 10 Consideration Shares for each Exchangeable Share so exchanged, subject to adjustment. Notwithstanding the foregoing, the Resulting Issuer, in its sole discretion, may force the exchange of the Exchangeable Shares for Consideration Shares under certain circumstances, including, without limitation, (i) in connection with the occurrence of a Change of Control Event, or (ii) in the event any Exchangeable Shares remain outstanding in the capital of Brattle Acquireco following the fifth anniversary of the end of the Measurement Period.

Upon Closing, the SDP Sellers will hold fewer than 3% of all of the outstanding shares in Brattle Acquireco, with the Corporation owning the remaining shares of common stock in the capital of Brattle Acquireco.

During the Measurement Period, if SDP fails to achieve gross revenue of US$11.9 million, the number of Consideration Shares the SDP Sellers will be able to receive shall be reduced by the number of U.S. dollars of gross revenue under US$11.9 million multiplied by 4.422. In addition to and separate from the test for reduced revenue, there will also be a determination of whether SDP has maintained its Adjusted Net Assets. To the extent the Adjusted Net Assets at the end of the Measurement Period is below US$2,148,685.94, then the number of Consideration Shares the SDP Sellers will be able to receive shall be reduced by the number of U.S. dollars below the baseline multiplied by 13.266. Any reduction related to a shortfall in Adjusted Net Assets is in addition to, not instead of, the reduction relating to a shortfall in revenue. Upon exchange of the Exchangeable Shares for Consideration Shares, the Corporation will own 100% of the shares of Brattle Acquireco, the sole shareholder of SDP.

The Corporation will provide notice to the SDP Sellers of its calculation of any shortfall in revenue or Adjusted Net Assets within 30 days of the end of the 12-month Measurement Period, and any disputes may be submitted to a neutral accountant for final determination of the number of shares to be awarded.

Notwithstanding the foregoing, any downward consideration adjustment in Consideration Shares issued to the SDP Sellers shall not be so great as to allow the reduced number of Consideration Shares to have an aggregate value of less than US$5,000,000, with such value being determined by 10-day volume weighted average trading price of the Resulting Issuer Shares on the date of the determination. For clarity, in the event that any such downward adjustment would result in Consideration Shares being issued to the SDP having an aggregate value of less than US$5,000,000, with reference to the 10-day volume weighted average trading price of the Resulting Issuer Shares, the SDP Sellers shall be entitled to receive an aggregate of 19,162,000 Consideration Shares upon exchange for the Exchangeable Shares.

Each Consideration Share shall be convertible, at the option of the holder, into one Resulting Issuer Share from time to time, in each case subject to the Beneficial Ownership Limitation. In accordance with the Contribution Agreement, in no case shall any SDP Seller be permitted to convert the Consideration Shares held by such SDP Seller if, immediately following such conversion, the SDP Seller would hold, directly or indirectly, more than 368,500 Resulting Issuer Shares as a result of one or more conversions of Consideration Shares. Prior to converting all or some of the Consideration Shares held by an SDP Seller, such SDP Seller must provide satisfactory evidence to the Resulting Issuer that such conversion will not result in the SDP Seller holding, directly or indirectly, more than 368,500 Resulting Issuer Shares immediately thereafter, excluding Resulting Issuer Shares not acquired as a result of the conversion of

Consideration Shares. Notwithstanding the foregoing, the Resulting Issuer will have the right to force the conversion of the Consideration Shares into Resulting Issuer Shares under certain circumstances, including, without limitation, in connection with the occurrence of a Change of Control Event.

If the Change of Business is approved by Shareholders, the Corporation will focus on transitioning to an acquisition oriented, US-based medical device company. Following the Change of Business, the Corporation intends that its acquisition oriented growth plan will aim to leverage the liquid Canadian capital markets to target smaller US-based private medical device companies offering stock and cash deals to acquire, integrate and grow a large, broad-based medical device company.

The Change of Business remains subject to several conditions precedent, including final approval of the TSXV, execution of non-competition agreements by major SDP shareholders, and other typical terms and conditions including, accuracy of representations and warranties, no adverse change in the business of the target or material increase in indebtedness, and applicable shareholder approvals.

On Closing of the Change of Business, the Resulting Issuer will continue to be an "Industrial/Technology/Life Sciences" issuer under the policies of the TSXV. Concurrent with the completion of the Change of Business, the current directors and officers of the Corporation are expected to continue to manage the Resulting Issuer, with the exception of Luke Faulstick, who is expected to be appointed to the role of Chief Operating Officer, and remain the President, Chief Executive Officer and a director of SDP, and Mike Plunkett, Director of Purchasing and Sales, will continue to manage SDP with support from Mr. Faulstick. Each of Mr. Faulstick and Steve Hollis will continue to constitute the SDP Board following Closing of the Change of Business, until such time as their respective Personal Guarantees are terminated, subject to earlier removal from the SDP Board in certain circumstances. See Schedule "B" "*Information Concerning SDP - Statement of Executive Compensation - Director Compensation*"

Post-Change of Business

Following the Change of Business, it is anticipated that the Resulting Issuer's acquisition oriented growth plan will leverage the liquid Canadian capital markets to target smaller US-based private medical device companies offering stock and cash deals to acquire, integrate and grow a large, broad-based medical device company.

The post-Closing organic growth strategy has the goal of increasing the Resulting Issuer's revenue and profits and therefore earnings per share by: (a) increasing revenues through international distribution, by seeking to leverage management's existing sales distribution networks in Europe and Australia to increase sales for each acquired company; (b) increasing the Resulting Issuer's product lines by developing, in-licensing or acquiring new intellectual property protected devices synergistic with the acquisitions; and (c) increasing profits through operational integration in an effort to reduce supply chain risks and increase cash flow and margin.

Financing

In connection with the Change of Business, the Corporation, both directly and through Finco, completed a Concurrent Financing consisting of the following two offerings.

The Corporation completed a non-brokered private placement of 7,869,005 Common Shares at a price of $0.4749 per share "**Concurrent Salona Financing**"), 20% of which Common Shares will be initially free trading upon Closing of the Change of Business and an additional 20% becoming unrestricted each month thereafter pursuant to the policies of the TSXV. The Concurrent Salona Financing was completed way of a non-brokered private placement of subscription receipts (the "**Subscription Receipts**") at a price of $0.4749 per Subscription Receipt, for gross proceeds to the Corporation of up to $3,736,982. Each Subscription Receipt will automatically convert into one Common Share on the date (the "**Escrow Release Date**") that is the later of (i) the satisfaction or waiver of all conditions precedent to the Change of Business, and (ii) the date on which the United States Securities and Exchange Commission declares a Form S-1 Registration Statement (the "**US Registration Statement**") of the Corporation effective, and certain other ancillary conditions without any further consideration on the part of the subscriber. In connection with the Concurrent Salona Financing, registered dealers were entitled (i) cash compensation in the aggregate amount of $166,449 (50% payable on closing of the Concurrent Salona Financing and 50% payable on the Escrow Release Date), and (ii) on the Escrow Release Date, an aggregate of 876,231 non-transferable compensation options (the "**Salona Compensation Options**"), each of which shall be exercisable to purchase one Common Shares at a price of $0.4749 per Common Share for a period of 24 months from the closing of the Concurrent Salona Financing.

In addition, a wholly-owned British Columbia incorporated subsidiary of the Corporation ("**Finco**") completed a non-brokered private placement (the "**Concurrent Finco Financing**") of 2,121,232 subscription receipts (the "**Finco Subscription Receipts**") at a price of $0.8548 per Finco Subscription Receipt, for aggregate gross proceeds to Finco of $1,813,276. Each Finco Subscription Receipt will automatically convert into one unit (each, a "**Unit**") on the Escrow Release Date, without any further consideration on the part of the subscriber. Each Unit shall consist of one Finco Share and one Finco Share purchase warrant (each, a "**Finco Warrant**"), with each Finco Warrant exercisable for one Finco Share at $1.25 per share for 24 months from the closing of the Concurrent Finco Financing, subject to acceleration if, at any time following the date that is the later of (a) four months and one day from closing of the Concurrent Finco Financing, and (b) Closing of the Change of Business, the volume-weighted average trading price of the Resulting Issuer Shares is greater than $1.49 for 20 consecutive trading days, at which time the Finco may, within five business days, accelerate the expiry date of the warrants by issuing a news release disclosing the reduced warrant term whereupon the warrants will expire on the 20th calendar day after the date of such news release. In connection with the Concurrent Finco Financing, registered dealers were entitled to (i) cash compensation in the aggregate amount of $83,320 (50% payable on closing of the Concurrent Finco Financing and 50% payable on the Escrow Release Date), and (ii) on the Escrow Release Date, an aggregate of 243,675 non-transferable compensation options (the "**Finco Compensation Options**"), each of which shall be exercisable to purchase one Finco Share at a price of $0.8548 per share for a period of 24 months from the closing of the Concurrent Finco Financing.

The Corporation has elected to file the US Registration Statement in order to be able to issue the securities underlying the Subscription Receipts and the Resulting Issuer Warrants and Resulting Issuer Shares exchanged for Finco Warrants and Finco Shares, respectively, upon completion of the Change of Business, in each case on an unrestricted basis. As of March 1, 2020, the Corporation ceased to meet the definition of a "foreign private issuer" set out in Rule 405 of the U.S. Securities Act. As a result, equity securities of the Corporation will be deemed to be "restricted securities" as such term is defined in Rule 144 of the U.S. Securities Act unless they are otherwise issued pursuant to an effective registration statement filed with the SEC.

It is anticipated that the Resulting Issuer will use the proceeds of the Concurrent Financing to increase cash to better enable it to execute its plan to acquire medical device companies in the US and expand their product reach globally, as well as for general working capital.

Amalgamation and Winding Up

It is anticipated that, immediately following the completion of the Change of Business and the conversion of the outstanding Finco Subscription Receipts into Finco Shares and Finco Warrants, the Corporation, Finco and MergerSub will complete a three-cornered amalgamation pursuant to the statutory procedure under Section 269 of the BCBCA pursuant to which the Finco securityholders (including the holders of Finco Shares, Finco Warrants and Finco Compensation Options) will receive Resulting Issuer Shares, Resulting Issuer Warrants and Exchangeable Compensation Options, respectively, on a one for one basis in connection with the Amalgamation, with the resulting entity being "**Amalco**".

It is the intention of the Corporation to dissolve and liquidate Amalco immediately following the Amalgamation and distribute all of its assets to the Resulting Issuer. In addition, the Corporation also anticipates dissolving and liquidating Inspira Saas Billing Inc. and distributing its assets to the Resulting Issuer upon completion of the Change of Business.

Share Exchange

Concurrent with the completion of the Change of Business, it is anticipated that Roger Greene, the former Chief Executive Officer and director of the Corporation, and Michael Dalsin, the former interim Chief Financial Officer and director of the Corporation, each of whom are currently consultants of the Corporation and expected to remain as such following the Change of Business, will enter into respective Share Exchange Agreements with the Corporation pursuant to which the Exchanged Shares held by Mr. Greene and Mr. Dalsin, respectively, will be exchanged for 500,000 Consideration Shares and 1,018,000 Consideration Shares, respectively. In accordance with the Share Exchange Agreements, the Exchanged Shares acquired by the Corporation in consideration for the Consideration Shares issued in exchange therefor will be cancelled and returned to treasury. The transactions contemplated by the Share Exchange Agreement will be implemented in reliance on the employee, executive officer, director and consultant exemption from the issuer bid requirements, as set out in section 4.7 of NI 62-104. The number of Exchanged Shares, when aggregated with all other Common Shares acquired by the Corporation within any period of 12 months in reliance on section 4.7 of NI 62-104, will not exceed 5% of the issued and outstanding Common Shares at the beginning of such 12 month period and the value of the Consideration Shares to be issued in consideration therefor will not exceed the market price of the Common Shares so exchanged, as determined in accordance with section 1.11 of NI 62-104. As a result of the transactions contemplated by the Share Exchange Agreements, neither Mr. Greene nor Mr. Dalsin is anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over, Resulting Issuer Shares carrying more than 10% of all voting rights attached to the outstanding Resulting Issuer Shares on completion of the Change of Business.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of the financial position and results of operations of the Corporation for the interim condensed three and nine month periods ended November 30, 2020 and 2019, and the financial years ended February 29, 2020 and February 28, 2019 are attached as Appendix "II" to Schedule "A" hereto. Such management's discussion and analysis of the financial position and results of operations should be read in conjunction with the Corporation's interim condensed financial statements for the three and nine month periods ended November 30, 2020 and 2019 and the audited financial statements for the years ended February 29, 2020 and February 28, 2019, which are attached as Appendix "I" to Schedule "A" hereto.

CONSOLIDATED FINANCIAL INFORMATION

A summary of selected financial information of the Corporation for the financials years ended February 29, 2020 and February 28, 2019 and 2018 and the three and nine months ended November 30, 2020 is as follows:

	Nine Months Ended November 30, 2020 (unaudited)	Fiscal Year Ended February 29, 2020 (audited)	Fiscal Year Ended February 28, 2019 (audited)	Fiscal Year Ended February 28, 2018 (audited)
Total expenses	$1,130,663	$1,747,521	$3,599,100	$5,093,331
Amounts deferred in connection with the Change of Business	Nil	Nil	Nil	Nil

Additional financial information for the Corporation is set out in the Corporation's interim condensed financial statements for the three and nine month periods ended November 30, 2020 and 2019 and the audited financial statements for the years ended February 29, 2020 and February 28, 2019, which are attached as Appendix "I" to Schedule "A" hereto and available under the Corporation's profile on SEDAR at www.sedar.com.

PRIOR SALES

No Common Shares have been sold within the 12-month period before the date of this Circular, except as follows.

Date Issued	Type of Security Issued	Transaction	Number of Securities	Issue Price Per Security
October 26, 2020	Common Shares	Upon Exercise of Options(1)	28,154 Common Shares	$0.19

Notes:
(1) The Corporation completed the Consolidation on December 15, 2020. The figures presented above are on a post-Consolidation basis.

TRADING PRICE AND VOLUME

The Common Shares are currently listed and trade on the TSXV under the trading symbol "SGMD". The following table sets out the price ranges and volume traded on the TSXV for the 12 months before the date hereof:

Period	High Trading Price ($)(1)(3)4)	Low Trading Price ($)(1)(2)(3)	Volume (#)(1)(2)(3)
January1 - January 26, 2021(4)	-	-	-
December, 2020(4)	-	-	-
November, 2020(4)	-	-	-
October, 2020(4)	-	-	-
September, 2020(4)(5)	0.17	0.16	167,815
August, 2020	0.18	0.14	619,161
July, 2020	0.18	0.14	1,225,932
June, 2020	0.16	0.14	1,774,591
March 1, 2020 - May 31, 2020	0.17	0.11	1,395,664
December 1, 2019 - February 29, 2020	0.19	0.15	2,437,729
September 1, 2019 - November 30, 2019	0.20	0.16	3,026,519
June 1, 2019 - August 31, 2019	0.20	0.14	2,996,083
March 1, 2019 - May 31, 2019	0.20	0.16	2,429,544
December 1, 2018 - February 28, 2019	0.18	0.14	5,451,608
September 1, 2018 - November 30, 2018	0.20	0.16	2,196,600

Notes:
(1) Source: Yahoo Finance.
(2) The Common Shares commenced trading on the TSXV under the symbol "SGMD" on December 15, 2020 concurrent with the Name Change. Prior to the Name Change, the Common Shares traded on the TSXV under the symbol "BRTL".
(3) The Corporation completed the Consolidation on December 15, 2020. The figures presented above are on a post-Consolidation basis.
(4) The Common Shares have been halted from trading on the TSXV since September 9, 2020 pending the Closing of the Change of Business.

(5) The closing price per Common Share on September 8, 2020, the date immediately preceding the announcement of the proposed Change of Business, was $0.12.

DESCRIPTION OF THE COMMON SHARES

The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the Shareholders of the Corporation and each Common Share shall confer the right to one vote in person or by proxy at all meetings of the Shareholders of the Corporation. The holders of Common Shares shall be entitled, subject to the prior rights, if any, of any other class of shares of the Corporation, to receive such dividends payable in cash or property of the Corporation as may be declared thereon by the directors from time to time. The directors may declare no dividend payable in cash or property on the Common Shares unless the directors simultaneously declare a dividend payable in cash or property on the Consideration Shares, in an amount per Consideration Share equal to the amount of the dividend declared per Common Share. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the holders of Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Corporation, the remaining property and assets of the Corporation *pari passu* with the holders of Consideration Shares, with the amount of such distribution per Common Share equal to the amount of such distribution per Consideration Share.

The Corporation does not currently have a dividend policy. Any decision to pay dividends on its shares in the future will be made by the Board on the basis of the Corporation's financial condition, earnings, results of operations, financial requirements and other conditions existing at such time. The Corporation does not know of any restrictions that could prevent it from declaring and paying a dividend.

The Corporation paid no dividends during its three previously completed financial years. The Corporation intends to retain any earnings to finance growth and expand its operations and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

The Corporation expects that, except for the amendment of its Articles to restate the terms of the Common Share and to create a new class of shares, being the Consideration Shares, there will be no change in the existing share structure of the Corporation as a result of the Change of Business, and that, except: (i) the securities to be issued in accordance with the Concurrent Financing, including, without limitation, the Salona Compensation Options; (ii) the Resulting Issuer Warrants, Resulting Issuer Shares and Exchanged Compensation Options to be issued in exchange for the Finco Warrants, Finco Shares and Finco Compensation Options, respectively, in connection with the Amalgamation; and (iii) the Consideration Shares to be issued following the Measurement Period, no Common Shares or other securities of the Corporation will be issued in connection with the Change of Business. In addition, subject to receiving Shareholder approval and the approval of the TSXV, the Corporation also anticipates issuing Common Shares in connection with the Shares for Debt Transaction.

See Exhibit "C" "*Share Provisions*" hereto for the proposed share terms in respect of the Common Shares.

DESCRIPTION OF THE CONSIDERATION SHARES

Except as required under the BCBCA, the holders of the Consideration Shares will not be entitled to receive notice of nor to attend meetings of the Corporation's shareholders and will have no voting rights. The holders of the Consideration Shares shall, however, be entitled to notice of meetings of the shareholders called for the purpose of authorizing the dissolution of the Corporation or the sale of its undertaking or a substantial part thereof.

The holders of Consideration Shares shall be entitled, subject to the prior rights, if any, of any other class of shares of the Corporation, to receive such dividends payable in cash or property of the Corporation as may be declared thereon by the directors from time to time. The directors may declare no dividend payable in cash or property on the Consideration Shares unless the directors simultaneously declare a dividend payable in cash or property on the Common Shares, in an amount per Common Share equal to the amount of the dividend declared per Consideration Share. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the holders of Consideration Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Corporation, the remaining property and assets of the Corporation *pari passu* with the holders of Common Shares, with the amount of such distribution per Consideration Shares Share equal to the amount of such distribution per Common Share.

The Consideration Shares will be convertible, at the option of the holder, into Resulting Issuer Shares on the basis of one Resulting Issuer Share for each Consideration Share so converted, in each case subject to the Beneficial Ownership Limitation. A holder of Consideration Shares shall not have the right to convert any Consideration Share, to the extent that, after giving effect to such conversion, the holder (together with such holder's affiliates, and any other persons acting as a group together with the holder or any of the holder's affiliates), would beneficially own in excess of the Beneficial Ownership Limitation. To the extent that the Beneficial Ownership

Limitation applies, the determination of whether a Consideration Share of a holder is convertible (in relation to other securities owned by the holder together with such holder's affiliates, and any other persons acting as a group together with the holder or any of the holder's affiliates) and of which number of Consideration Shares is convertible shall be in the sole discretion and at the sole responsibility of the holder, and the Resulting Issuer shall not have any obligation to verify or confirm the accuracy of such determination. In addition, the Resulting Issuer will have the right to force the conversion of the Consideration Shares into Resulting Issuer Shares under certain circumstances, including, without limitation, in connection with the occurrence of a Change of Control Event.

The Corporation does not currently have a dividend policy. Any decision to pay dividends on its shares in the future will be made by the Board on the basis of the Corporation's financial condition, earnings, results of operations, financial requirements and other conditions existing at such time. The Corporation does not know of any restrictions that could prevent it from declaring and paying a dividend.

The Corporation paid no dividends during its three previously completed financial years. The Corporation intends to retain any earnings to finance growth and expand its operations and does not anticipate paying any dividends on the Consideration Shares in the foreseeable future.

See Exhibit "C" "*Share Provisions*" hereto for the proposed share terms in respect of the Consideration Shares.

STOCK OPTION PLAN

Options are currently granted under the Corporation's 2015 Option Plan, which was approved by shareholders on May 22, 2015. Pursuant to the 2015 Option Plan the Board may from time to time, in its discretion and in accordance with the TSXV requirements, grant to directors, officers and employees of the Corporation as well as Management Company Employees and Consultants (as such terms are defined in Policy 4.4 of the TSXV as amended from time to time), non-transferable Options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 5,317,993 Common Shares (20% of the issued and outstanding Common Shares at the time the 2015 Option Plan was approved, on a post-Consolidation basis) unless disinterested shareholder approval is obtained, exercisable for a period of up to ten (10) years from the date of the grant. The number of Common Shares reserved for issuance to any individual director or officer of the Corporation will not exceed 5% of the issued and outstanding Common Shares (2% in the case of optionees providing investor relations services to the Corporation) unless disinterested shareholder approval is obtained. Options granted pursuant to the 2015 Option Plan are non-assignable, except by means of a will or pursuant to the laws of descent and distribution.

The price at which an optionee may purchase a Common Share upon the exercise of an Option shall be determined from time to time by the Board and shall be as set forth in the certificate issued in respect of such Option but, in any event, shall not be less than the Discounted Market Price (as such term is defined in Policy 1.1 (Interpretation) of the TSXV Corporate Finance Manual).

The Options may be exercised no later than one (1) year following the date the optionee ceases to be a director, officer or consultant of the Corporation, as determined by the Board at the time of each grant. However, if the employment of an employee or consultant is terminated for cause or as a result of an order of any regulatory body, no Option held by such optionee may be exercised following the date upon which termination occurred.

At the Meeting, Shareholders are being asked to approve the 2021 Option Plan. The 2021 Option Plan is also subject to approval by the TSXV. See *"Matters to be Acted Upon at Meeting - 2021 Option Plan"*.

EXECUTIVE COMPENSATION

Securities legislation requires the disclosure of the compensation received by each Named Executive Officer of the Corporation for the most recently completed financial year, namely February 29, 2020.

Compensation Discussion and Analysis

During the financial year ended February 29, 2020, the Corporation's executive compensation program was administered by the Board. The Corporation's executive compensation program has the objective of attracting and retaining a qualified and cohesive group of executives, motivating team performance and the aligning of the interests of executives with the interests of Shareholders through a package of compensation that is simple and easy to understand and implement. Compensation under the program was designed to achieve both current and longer term goals of the Corporation and to optimize returns to Shareholders. In addition, in order to further align the interests of executives with the interests of Shareholders, the Corporation has implemented share ownership incentives through incentive stock options. The Corporation's overall compensation objectives are in line with its peer group of healthcare companies with opportunities to participate in equity.

In determining the total compensation of any member of senior management, the directors of the Corporation consider all elements of compensation in total rather than one element in isolation. The directors of the Corporation also examine the competitive positioning of total compensation and the mix of fixed, incentive and share-based compensation.

Subsequent to the financial year ended February 29, 2020, on September 16, 2020, the Board established a Compensation Committee and adopted a Compensation Committee Charter.

Base Salary

While there is no official set of benchmarks that the Corporation relies on and there is not a defined list of issuers that the Corporation uses as a benchmark, the Corporation makes itself aware of, and is cognizant of, how comparable issuers in its business compensate their executives. The base salary for each executive officer is reviewed and established near the end of the fiscal year. Base salaries are established taking into consideration the executive officer's personal performance and seniority, comparability within industry norms, and contribution to the corporation's growth and profitability. The Corporation believes that a competitive base salary is an imperative element of any compensation program that is designed to attract talented and experienced executives.

Bonus Framework

At the discretion of the Board, and, if applicable, at the recommendation of management, executives are provided with annual cash incentive bonuses based on annual financial performance. Also at its discretion, the Board may tie annual cash bonuses to the achievement of other financial and non-financial goals. If the targets set are not met, the bonuses are not paid.

Group Benefits

The Corporation offers a group benefits plan, which includes medical benefits. The benefits plan is available to all full-time employees who choose to enroll, including officers of the Corporation.

Perquisites and Personal Benefits

While the Corporation reimburses its Named Executive Officers for expenses incurred in the course of performing their duties as executive officers of the Corporation, the Corporation did not provide any compensation that would be considered a perquisite or personal benefit to its Named Executive Officers.

Option-Based Awards

An important part of the Corporation's compensation program is to offer the opportunity and incentive for executives and staff to own Common Shares. The directors of the Corporation believe that ownership of the Corporation's shares will align the interests of executives and future staff with the interests of Shareholders.

Incentive stock options are not granted on a regular schedule but rather as the compensation is reviewed by the directors of the Corporation from time to time. When reviewing incentive stock option grants, consideration is given to the total compensation package of the executives and staff and a weighting of appropriate incentives groupings at the senior, mid and junior levels of the staff including past grants. At the time of any incentive stock option grant, consideration is also be given to the available incentive stock option pool remaining for new positions being contemplated by the Corporation.

Incentive stock options are currently granted under the 2015 Option Plan, which was approved by Shareholders on May 22, 2015. Pursuant to the 2015 Option Plan the Board may from time to time, in its discretion and in accordance with the TSXV requirements, grant to directors, officers and employees of the Corporation as well as Management Company Employees and Consultants (as such terms are defined in Policy 4.4 of the TSXV as amended from time to time), non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 5,317,993 Common Shares (20% of the issued and outstanding Common Shares at the time the 2015 Option Plan was approved, on a post-Consolidation basis) unless disinterested Shareholder approval is obtained, exercisable for a period of up to ten (10) years from the date of the grant. The number of Common Shares reserved for issuance to any individual director or officer of the Corporation will not exceed 5% of the issued and outstanding Common Shares (2% in the case of optionees providing investor relations services to the Corporation) unless disinterested Shareholder approval is obtained. Options granted pursuant to the 2015 Option Plan are non-assignable, except by means of a will or pursuant to the laws of descent and distribution.

The options may be exercised no later than one (1) year following the date the optionee ceases to be a director, officer or consultant of the Corporation, as determined by the Board at the time of each grant. However, if the employment of an employee or consultant is terminated for cause or as a result of an order of any regulatory body, no option held by such optionee may be exercised following the date upon which termination occurred.

At the Meeting, Shareholders are being asked to approve the 2021 Option Plan. See *"Matters to be Acted Upon at Meeting - 2021 Option Plan"*.

Summary Compensation Table for Named Executive Officers

The following table sets forth information concerning the total compensation paid to the Named Executive Officers of the Corporation for the financial years ended February 29, 2020, February 28, 2019 and 2018 (expressed in United States dollars):

					Non-equity incentive plan compensation ($)				
Name and principal position	**Year**	**Salary ($US)**	**Share-based awards ($)**	**Option-based Awards(1) ($)**	**Annual incentive plans**	**Long term incentive plans**	**Pension value ($)**	**All other compen-sation ($)**	**Total compen-sation ($)**
Jaime Gerber *Former CEO and director(2)*	2020	Nil	N/A	9,682	N/A	N/A	N/A	14,593	24,275
	2019	Nil	N/A	N/A	N/A	N/A	N/A	Nil	Nil
	2018	Nil	N/A	N/A	N/A	N/A	N/A	Nil	Nil
Rodrigo Mera *Former CFO(3)*	2020	Nil	N/A	N/A	N/A	N/A	N/A	Nil	Nil
	2019	30,333	N/A	N/A	N/A	N/A	N/A	Nil	30,333
	2018	28,166	N/A	N/A	N/A	N/A	N/A	Nil	28,166
Michael Dalsin *Former Interim CFO and director (4)*	2020	8,424	N/A	N/A	N/A	N/A	N/A	67,000	75,424
	2019	15,552	N/A	N/A	N/A	N/A	N/A	Nil	15,552
	2018	Nil	N/A	N/A	N/A	N/A	N/A	Nil	Nil
Roger Greene *Former CEO and director (5)*	2020	N/A	N/A	N/A	N/A	N/A	N/A	42,500	42,500
	2019	N/A	N/A	N/A	N/A	N/A	N/A	Nil	Nil
	2018	N/A	N/A	N/A	N/A	N/A	N/A	Nil	Nil

Notes:

(1) For 2020, calculated at the date of the grant using the Black-Scholes options pricing model with the following assumptions: Risk free interest rate of 1.40%; Dividend yield of Nil; Expected volatility of 115%; Option life of 5 years.

(2) Mr. Gerber was the Chief Executive Officer of the Corporation from January 11, 2019 to August 6, 2019, and he was a director of the Corporation from June 8, 2016 to August 6, 2019, and is a current consultant to the Corporation.

(3) Mr. Mera was the Chief Financial Officer of the Corporation from August 15, 2018 to September 23, 2019.

(4) Mr. Dalsin was the Interim Chief Financial Officer of the Corporation from September 23, 2019 to September 16, 2020, and he was a director of the Corporation from August 6, 2019 to September 16, 2020.

(5) Mr. Greene was the Chief Executive Officer and a director of the Corporation from August 6, 2019 to September 16, 2020.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all awards outstanding for the Named Executive Officers as of February 29, 2020:

	Option-Based Awards				Share-Based Awards	
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options(1) ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share based awards that have not vested ($)**
Jaime Gerber	114,604 60,000	0.14 0.51	September 23, 2024 June 8, 2021	Nil	N/A	N/A
Rodrigo Mera	N/A	N/A	N/A	Nil	N/A	N/A
Michael Dalsin	N/A	N/A	N/A	Nil	N/A	N/A
Roger Greene	N/A	N/A	N/A	Nil	N/A	N/A

Notes:

(1) Aggregate value is calculated based on the difference between the exercise price of the options and the last closing price of the Common Shares on the TSXV during the financial year ended February 29, 2020 (namely, $0.11).

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of all incentive plan awards vested or earned for the Named Executive Officers during the financial year ended February 29, 2020:

Name	**Option-based awards – Value vested during the year(1) ($)**	**Share-based awards – Value vested during the year ($)**	**Non-equity incentive plan compensation – Value earned during the year ($)**
Jaime Gerber	Nil	N/A	N/A

Name	Option-based awards – Value vested during the year[(1)] ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Rodrigo Mera	N/A	N/A	N/A
Michael Dalsin	N/A	N/A	N/A
Roger Greene	N/A	N/A	N/A

Note:
(1) Aggregate value is calculated based on the difference between the exercise price of the options on the date they vest and the closing price of the Common Shares on the TSXV on such date, or in the event such date is not a trading date, the closing price on the next trading date.

Pension Plan Benefits

The Corporation has not implemented a pension plan.

Termination and Change of Control Benefits

As at the end of the Corporation's most recently completed financial year (February 29, 2020), the Corporation had not entered into any contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in a Named Executive Officer's responsibilities.

Director Compensation

Directors have been granted options as long-term incentives to align the individual's interests with those of the Corporation.

Director Compensation Table for Directors (other than the Named Executive Officers)

The following table sets forth all compensation provided to each of the directors of the Corporation (other than the Named Executive Officers, whose disclosure with respect to compensation is set out above) for the financial year ended February 29, 2020:

Name	Fees earned ($)	Share-based awards ($)	Option-based awards[(1)] ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Brian Chevalier-Jordan[(2)]	N/A	N/A	N/A	N/A	N/A	N/A	N/A
David Forstadt[(3)]	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Randy Berholtz[(4)]	N/A	N/A	58,095	N/A	N/A	N/A	58,095

Notes:
(1) Calculated at the date of the grant using the Black-Scholes options pricing model with the following assumptions: Risk free interest rate of 1.40%; Dividend yield of Nil; Expected volatility of 115%; Option life of 5 years.
(2) Mr. Chevalier-Jordan resigned as a director of the Corporation on August 6, 2019.
(3) Mr. Forstadt resigned as a director of the Corporation on April 5, 2019.
(4) Mr. Berholtz resigned as a director of the Corporation on September 16, 2020.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all awards outstanding for each of the directors of the Corporation (other than the Named Executive Officers, whose disclosure with respect to incentive plan awards is set out above) as of February 29, 2020:

	Option-Based Awards				Share-Based Awards	
Name	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options[(1)] ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share based awards that have not vested ($)
Brian Chevalier-Jordan	N/A	N/A	N/A	N/A	N/A	N/A
David Forstadt	N/A	N/A	N/A	N/A	N/A	N/A
Randy Berholtz	687,621	0.14	September 16, 2021[(2)]	Nil	N/A	N/A

Notes:
(1) Aggregate value is calculated based on the difference between the exercise price of the options and the last closing price of the Common Shares on the TSXV during the financial year ended February 29, 2020 (namely, $0.11).
(2) Original expiry date (September 23, 2020) was accelerated upon Mr. Berholtz's resignation.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of all incentive plan awards vested or earned for each of the directors of the Corporation (other than the Named Executive Officers, whose disclosure with respect to incentive plan awards is set out above) during the financial year ended February 29, 2020:

Name	Option-based awards – Value vested during the year[1] ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Brian Chevalier-Jordan	N/A	N/A	N/A
David Forstadt	N/A	N/A	N/A
Randy Berholtz	Nil	N/A	N/A

Note:
(1) Aggregate value is calculated based on the difference between the exercise price of the options on the date they vest and the closing price of the Common Shares on the TSXV on such date, or in the event such date is not a trading date, the closing price on the next trading date.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No individual who: (a) is a director or officer of the Corporation; (b) at any time during the most recently completed financial year of the Corporation, was a director or officer of the Corporation; or (c) is an associate of any of the foregoing, is either: (i) indebted to the Corporation or any of its subsidiaries; or (ii) indebted to another entity with such indebtedness being the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

DIRECTOR AND OFFICER INSURANCE

The Corporation has purchased a directors' and officers' liability insurance policy, effective from December 20, 2020 to December 20, 2021. The policy provides US$1,000,000 per claim. The retention is US$1,000,000. The aggregate premium paid for the coverage was US$120,000.

MANAGEMENT CONTRACTS

There are no management functions of the Corporation which are to any substantial degree performed by a Person other than the directors or executive officers of the Corporation.

NON-ARM'S LENGTH PARTY TRANSACTIONS/ARM'S LENGTH TRANSACTIONS

Non-Arm's Length Party Transactions

Except as set out in this Circular or as otherwise disclosed in the Corporation's financial statements, the Corporation has not acquired any assets or any services from a director or officer, principal security holder or an associate or affiliate of any such person in the 24 months prior to the date of this Circular.

Leslie Cross provided consulting services in respect of the medical device industry to the Corporation prior to being appointed as a director of the Corporation on September 16, 2020. In order to satisfy the Debt owing to Mr. Cross as a result of the consulting services provided by him, on September 06, 2020, the Corporation and Mr. Cross entered into the Debt Conversion Agreement, pursuant to which the Corporation agreed to issue an aggregate of 737,000 Common Shares to Mr. Cross, at a deemed price of $0.156 per share, in full and final satisfaction of the Debt. The Corporation determined to undertake the Shares for Debt Transaction and to satisfy the Debt with Common Shares in order to preserve its cash.

Arm's Length Transactions

The proposed Change of Business is an Arm's Length Transaction. Except as set out below, none of the directors, officers or promoters of the Corporation, nor any of their respective associates and affiliates, have any interest in the Change of Business (other than as Shareholders) nor will they receive any consideration from the Corporation in connection therewith. Leslie Cross, who did not join the Board until after the negotiation, approval and execution of the Definitive Agreement, owns 4.4% of the shares of SDP. He is not an officer or director of SDP, and will comply with all rules regarding conflicts in connection with decisions to close the transactions contemplated thereby. Notwithstanding the foregoing, any Common Shares held by Mr. Cross will not be voted in respect of the Change of Business Resolution.

LEGAL PROCEEDINGS

Legal Proceedings

There are no material legal proceedings to which the Corporation is a party or in respect of which any of the assets of the Corporation are subject, which is or will be material to the Corporation, and the Corporation is not aware of any such proceedings that are contemplated.

From time to time, the Corporation may be involved in litigation relating to claims arising out of operations in the normal course of business. As at the date of this Circular, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Corporation's operations. There are also no proceedings in which any of the Corporation's directors, officers or affiliates is an adverse party or has a material interest adverse to the Corporation's interest.

Regulatory Actions

There have been: (i) no penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority; (ii) no other penalties or sanctions imposed by a court or regulatory body against the Corporation; and (iii) no settlement agreements the Corporation entered into with a court relating to securities legislation or with a securities regulatory authority.

AUDITOR, TRANSFER AGENTS AND REGISTRARS

Auditor

The auditor of the Corporation is SRCO Professional Corporation, Chartered Professional Accountants, Park Place Corporate Centre, 15 Wertheim Court, Suite 409, Richmond Hill, Ontario L4B 3H7. At the Meeting, Shareholders will be asked to re-appoint SRCO Professional Corporation as the auditors of the Corporation for the ensuing year and authorize the Board to fix their remuneration.

Transfer Agent and Registrar

The transfer agent and registrar of the Common Shares is Computershare Trust Company of Canada, 3rd Floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9.

MATERIAL CONTRACTS

Other than the Definitive Agreement and as otherwise disclosed in this Circular, the Corporation is not a party to any material contracts, except contracts entered into in the ordinary course of business.

Copies of the Definitive Agreement is available on SEDAR under the Corporation's profile at www.sedar.com and is available for inspection at the head office of the Corporation at 3330 Caminito Daniella Del Mar, California during ordinary business hours, until completion of the Change of Business and for a period of thirty (30) days thereafter.

APPENDIX "I" TO SCHEDULE "A"
FINANCIAL STATEMENTS OF SALONA GLOBAL MEDICAL DEVICE CORPORATION

BRATTLE STREET INVESTMENT CORP.
(Formerly Inspira Financial Inc.)

Consolidated Financial Statements
For the Years Ended February 29, 2020 and February 28, 2019
(In Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Brattle Street Investment Corp. (formerly Inspira Financial Inc.)) (the "Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management, in discharging these responsibilities, maintains a system of internal controls designed to provide reasonable assurance that its assets are safeguarded, only valid and authorized transactions are executed and accurate, timely and comprehensive financial information is prepared. However, any system of internal control over financial reporting, no matter how well designed and implemented, has inherent limitations and may not prevent or detect all misstatements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities.

[signed] "Roger Green" — Chief Executive Officer

[signed] "Michael Dalsin" — Chief Financial Officer

DNTW Toronto LLP
Chartered Professional Accountants
Licensed Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Brattle Street Investment Corp. (formerly Inspira Financial Inc.)

Opinion

We have audited the consolidated financial statements of Brattle Street Investment Corp. (formerly Inspira Financial Inc.) and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at February 29, 2020 and February 28, 2019, the consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at February 29, 2020 and February 28, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Our previous report dated June 25, 2020 has been withdrawn and reissued on January 21, 2021 after including the comparative period, i.e. February 28, 2019.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

(continues)

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Independent Auditor's Report to the Shareholders of Brattle Street Investment Corp. (formerly Inspira Financial Inc.) *(continued)*

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Warren Goldberg.

DNTW Toronto LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario, Canada
January 21, 2021

Brattle Street Investment Corp. (formerly Inspira Financial Inc.)
Consolidated Statements of Financial Position
As at February 29, 2020 and February 28, 2019
(In Canadian Dollars)

	Note		February 29, 2020		February 28, 2019
Assets					
Cash and cash equivalents	**10**	$	8,349,422	$	9,303,900
Marketable securities	**19**		843,221		-
Billing receivables	**4**		-		653,811
Prepaids and other receivables			139,733		603,177
Credit receivables	**6**		-		873,162
Equipment	**7**		-		187,061
Total assets		$	9,332,376	$	11,621,111
Liabilities and shareholders' equity					
Liabilities					
Accounts payable and accrued liabilities	**8**	$	351,644	$	393,974
Other liabilities			15,000		15,000
Total Liabilities		$	366,644	$	408,974
Shareholders' equity					
Share capital	**9**	$	31,055,842	$	31,055,842
Contributed surplus	**9**		3,392,371		3,370,409
Accumulated other comprehensive income			1,368,638		1,213,448
Deficit			(26,851,119)		(24,427,562)
Total shareholders' equity		$	8,965,732	$	11,212,137
Total liabilities and shareholders' equity		$	9,332,376	$	11,621,111

Subsequent events (Note 20)

Approved on behalf of the Board

"signed"
Roger Greene

"signed"
Michael Dalsin

Brattle Street Investment Corp. (formerly Inspira Financial Inc.)
Consolidated Statements of Changes in Shareholders' Equity
For the years ended February 29, 2020 and February 28, 2019
(In Canadian Dollars)

	Share capital				Accumulated other		
	Number	Amount	Contributed surplus	Warrant reserve	comprehensive income	Deficit	Total
Balance -Febuary 28, 2018	**45,841,454**	**31,055,842**	**3,103,308**	**170,734**	**1,820,833**	**(23,666,993)**	**12,483,724**
Share based compensation	-	-	96,367	-	-	-	96,367
Expiry of warrants	-	-	170,734	(170,734)	-	-	-
Foreign currency translation loss	-	-	-	-	(607,385)	-	(607,385)
Net loss from discontinued operations	-	-	-	-	-	1,573,229	1,573,229
Net loss from continuing operations	-	-	-	-	-	(2,333,798)	(2,333,798)
Balance -February 28, 2019 as previously reported	**45,841,454**	**31,055,842**	**3,370,409**	**-**	**1,213,448**	**(24,427,562)**	**11,212,137**
Transition adjustments - IFRS 16 (notes 3(s) and 15)	-	-	-	-	-	(82,212)	(82,212)
Restated balance at March 1, 2019	**45,841,454**	**31,055,842**	**3,370,409**	**-**	**1,213,448**	**(24,509,774)**	**11,129,925**
Share based compensation	-	-	21,962	-	-	-	21,962
Foreign currency translation gain	-	-	-	-	155,190	-	155,190
Net loss from discontinued operations	-	-	-	-	-	(573,496)	(573,496)
Net loss from continuing operations	-	-	-	-	-	(1,767,849)	(1,767,849)
Balance -February 29, 2020	**45,841,454**	**31,055,842**	**3,392,371**	**-**	**1,368,638**	**(26,851,119)**	**8,965,732**

Brattle Street Investment Corp. (formerly Inspira Financial Inc.)
Consolidated Statements of Operations and Comprehensive Loss
For the years ended February 29, 2020 and February 28, 2019
(In Canadian Dollars)

	Note	February 29, 2020	February 28, 2019
Continuing operations			
Revenue			
Loan interest	**5**	$ 50,276	$ 518,493
Fees and other	**5**	83,484	208,705
Interest, fees, and other from provisioned loans	**5**	145,635	534,556
Investment income	**5**	110,367	-
Other income		18,558	-
Unrealized loss fair value change of marketable securities	**5**	(56,190)	-
Total revenue		352,130	1,261,754
Cost of revenue			
Allowance for losses		372,458	(3,548)
Financial margin		(20,328)	1,265,302
Expenses			
General, administrative and collections	**16**	1,685,946	3,497,964
Impairment of equipment		39,613	-
Sales and marketing		-	4,769
Share based compensation	**9**	21,962	96,367
Total expenses		1,747,521	3,599,100
Net loss before tax from continuing operations		(1,767,849)	(2,333,798)
Income tax expense	**17**	-	-
Net loss from continuing operations		$ (1,767,849)	$ (2,333,798)
Discontinued operations			
(Loss) income after tax from discontinued operations	**18**	(573,496)	1,573,229
Net loss		$ (2,341,345)	$ (760,569)
Other comprehensive gain (loss)			
Foreign currency translation gain (loss)		$ 155,190	$ (607,435)
Comprehensive loss		$ (2,186,155)	$ (1,368,004)
Net loss per share			
Basic and diluted	**14**	$ (0.04)	$ (0.02)
Weighted average number of common shares outstanding		45,841,454	45,841,454

Brattle Street Investment Corp (formerly Inspira Financial Inc.)
Consolidated Statements of Cash Flows
For the years ended February 29, 2020 and February 28, 2019
(In Canadian Dollars)

	Note	February 29, 2020	February 28, 2019
Operating activities			
Net loss		$ (2,341,345)	$ (760,569)
Loss (income) after tax from discontinued operations		573,496	(1,573,229)
Net loss from continuing operations		(1,767,849)	(2,333,798)
Non-cash items:			
Depreciation	**7**	54,518	155,341
Impairment of equipment		39,613	-
Share based compensation	**9**	21,962	96,367
Unrealized loss on marketable securities		56,190	-
Allowance for losses	**6**	-	17,872
Changes in operating assets and liabilities:			
Net repayment of credit receivable		873,162	2,838,392
Deposit		-	31,076
Prepaid and other receivables		463,444	42,310
Accounts payable and accrued liabilities		(42,331)	72,735
Cash flows (used in) provided by continued operating activities		(301,291)	920,295
Cash flows provided by discontinued operating activities	**18**	173,244	3,080,693
Net cash (used in) provided by operating activities		(128,047)	4,000,988
Investing activities			
Purchase of marketable securities		(899,409)	-
Net cash used in investing activities		(899,409)	-
Effect of foreign exchange rates on cash		72,978	(753,862)
(Decrease) increase in cash and cash equivalents		(1,027,456)	4,000,988
Cash and cash equivalents, opening		9,303,900	6,056,772
Cash and cash equivalents, closing		$ 8,349,422	$ 9,303,900

Supplemental cash flow information:		
Interest paid	-	-
Income taxes paid	-	-

1. Description of the business

Brattle Street Investment Corp. (formerly Inspira Financial Inc.)("Brattle Street" or the "Company"), is a publicly traded company listed on the TSX Venture Exchange (the "Exchange"). In addition to pursuing traditional debt opportunities, the Company plans to look for equity or debt investment opportunities that provide oversized returns relative to risk. Previously, the Company also provided financial software services to the highly fragmented U.S. mental health and addiction services market, before discontinuing those operations in August 2019.

Brattle Street was incorporated under the *Canada Business Corporations Act* on September 17, 2013. The common shares in the capital of the Company ("common shares") trade on the Exchange under the symbol "LND". The Company's registered office is Suite 200E – 1515A Bayview Avenue, East York, Ontario.

2. Basis of presentation

Statement of compliance

The Company's consolidated financial statements have been prepared in accordance with International Finance Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended February 29, 2020. The accounting policies are consistent with those of the previous financial year.

The consolidated financial statements have been authorized for issuance by the Board of Directors on June 25, 2020.

Functional and presentation currency

These consolidated financial statements are expressed in Canadian dollars unless otherwise stated. The functional currency of the Company is Canadian dollars, and the functional currency of its subsidiary Inspira Financial Company and Inspira SaaS Billing Services is U.S. dollars.

3. Significant accounting policies

a) Basis of consolidation

These statements consolidate the accounts of the Company and its wholly owned subsidiaries, namely, Inspira Financial Company ("IFC"), 1077863 B.C., Ltd (“1077863”), and Inspira SAAS Billing Inc. (“IFS”) in the United States. The Company owns 100% of its subsidiaries. The accounting policies of the Company's subsidiaries are aligned with IFRS. Intercompany balances and transactions are eliminated upon consolidation.

b) Basis of measurement

The consolidated financial statements of the Company have been prepared on an historical cost basis except marketable securities which are carried at fair value.

c) Financial instruments

Financial assets

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value through profit and loss (“FVPL”) or fair value through other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Amounts receivable held for collection of contractual cash flows are measured at amortized cost.

3. Significant accounting policies (continued)

c) Financial instruments (continued)

Subsequent measurement – Financial assets at FVTPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge accounting relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of comprehensive income (loss).

Subsequent measurement – Financial assets at amortized cost
Financial assets are measured at amortized cost if both the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company's only financial assets subject to impairment are billing receivables and credit receivables, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

3. Significant accounting policies (continued)

c) Financial Instruments (continued)

Financial liabilities

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of loss.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

The following table summarizes the classifications and carrying amounts of the Company's financial instruments:

Financial assets	**Classification**	**Measurement**
Cash and cash equivalents	Amortized cost	Amortized cost
Marketable securities	FVTPL	Fair value
Billing receivables	Amortized cost	Amortized cost
Credit receivables	Amortized cost	Amortized cost
Other receivables	Amortized cost	Amortized cost
Financial liabilities		
Accounts payables and accrued liabilities	Amortized cost	Amortized cost
Other liabilities	Amortized cost	Amortized cost

3. Significant accounting policies (continued)

d) IFRS 15 – Revenue from Contracts

Revenue is recognized upon transfer of control of goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for the goods or services.

Revenue principally comprises interest and fees from the Company's recourse and nonrecourse revolving line of credit business and billing service fees (which were discontinued in 2019 (note 18)) from the Company's medical billing business. Other revenues, such as management fees, banking fees, and standby fees, are recognized as revenue when earned. Revenue from billing services, where the contract is dependent upon on insurance payments, is recognized when the insurance company confirms payment.

e) Credit receivables

The Company provides asset-based revolving lines of credit to its clients, secured by their accounts receivables (including those directly from insurance and patient pay receivables or indirectly from government receivables), assets of the company, and in most cases personal indemnifications. Credit receivables are non-derivative financial assets with fixed or determinable payments (United States prime rate plus a base interest rate) that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term. Credit receivables to clients are initially measured at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest rate method.

f) Allowances for losses

At each reporting date, the Company assesses and recognizes loss allowance based on the ECL model. ECL is a probability-weighted estimate of credit losses. The Company considers a significant increase in credit risk to have occurred by considering the risk of default over the contract period and incorporates forward-looking information into its measurement. Credit receivable or a group of credit receivables is impaired when objective evidence demonstrates that there is a risk the borrower may not be able to complete performance on the loan contract, including the full repayment on the maturity date of the contract. The Company will take all legal and other available remedies to collect impaired credit receivables.

3. Significant accounting policies (continued)

g) Equipment

Equipment are stated at cost less accumulated depreciation and accumulated impairment. Internally developed software costs are accounted in accordance with IAS 38.57 when technological feasibility and use is demonstrated and whereas it provides an economic benefit. Depreciation is provided over the estimated useful lives of the assets as follows:

Asset	Basis	Life
Furniture, equipment and leasehold improvements	Straight-line	3 years
Computer equipment and software	Straight-line	3 years

Upon retirement, sale of an asset or when no future economic benefits are expected from its use or disposal, its cost and related accumulated depreciation are removed from the accounts and any gain or loss is recorded in income or expense (calculated as the difference between the net disposal proceeds and the carrying amount of the asset). The useful life is reviewed once a year. The Company reviews long-lived assets when there are indications of impairment to determine that their carrying values have been impaired.

h) Income taxes

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

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

Deferred tax is recognized per IAS 12 in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, as well as the available losses carried forward to future years for income tax purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. 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 income will be available against which they can be utilized.

3. Significant accounting policies (continued)

h) Income taxes (continued)

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. Deferred tax liabilities are recognized in respect of taxes payable in the future based on taxable temporary differences.

Income taxes receivable and payable, and deferred tax assets and liabilities, are offset if there is a legally enforceable right of set off, they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis, or their tax assets and liabilities will be realized simultaneously.

On March 1, 2019, the Company adopted IFRIC 23, Uncertainty over Income Tax Treatment, which clarified how to apply the recognition and measurement requirement in IAS 12, Income Tax, when there is uncertainty over income tax treatments. There are no significant adjustments to the amounts recognized in the consolidated financial statements.

i) Foreign subsidiaries

The Company's foreign subsidiaries functional currencies are U.S. dollars and their functional currencies and assets and liabilities are translated into Canadian dollars at the exchange rate prevailing at the reporting date. Revenue and expenses are translated into Canadian dollars at the average exchange rate then prevailing. Resulting translation gains and losses are credited or charged to other comprehensive income or loss and presented in the accumulated other comprehensive income or loss component of equity.

j) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than the Canadian dollar for the parent company are translated into Canadian dollars at the exchange rate prevailing at the reporting date. Any non-monetary assets and liabilities denominated in foreign currencies are translated at historical rates. Revenue and expenses are translated into Canadian dollars at the prevailing average exchange rate. Translation gains and losses are credited or charged to earnings.

3. Significant accounting policies (continued)

k) Financial instruments – disclosures

The financial instruments presented on the consolidated statements of financial position at fair value are further classified according to a fair-value hierarchy that prioritizes the quality and reliability of information used in estimating fair value. The fair values for each of the three levels are based on:

- Level 1 - quoted prices in active markets;
- Level 2 - models using observable inputs other than quoted market prices included within Level 1; and
- Level 3 - models using inputs that are not based on observable market data.

l) Cash and cash equivalents

Cash and cash equivalents comprise highly liquid interest-bearing securities that are readily convertible to cash and are subject to an insignificant risk of changes in value. The maturities of these securities as at the purchase date are 90 days or less. A variable amount of the cash is held in cash backed, liquid US money market funds with high institutional credit ratings. Most of these money market funds are composed of the United States dollar and securities issued by the United States Government.

m) Share-based compensation

The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Fair value is measured using the Black-Scholes option pricing model. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. Any revisions are recognized in profit or loss such that the cumulative expense reflects the revised estimate.

n) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Revenue and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

3. Significant accounting policies (continued)

o) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss and required provisions. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired it is written down to a recoverable amount.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Any impairment loss is recognized immediately in the statement of operations and comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount. However, the increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in the statement of operations and comprehensive income (loss).

3. Significant accounting policies (continued)

p) Earnings per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. The dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

q) Use of estimates and judgment

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. Key sources of estimation uncertainty are as follows:

Allowance for losses on credit receivables

The Company has an accounting policy to provision for loans in default. The Company has put several loans into default in an effort to more quickly collect the outstanding principle. While these loans are in default, the Company is working to recover principle, interest and fees associated with the loan.

Valuation of stock-based compensation expense

The Company uses the Black-Scholes option pricing model to determine the fair value of the Company's issued stock options and warrants as prescribed by IFRS 2. The Black-Scholes option pricing model requires management to make various estimates about certain inputs into the model, including the expected option and warrant life, expected volatility, risk-free interest rate and expected dividend yield. A change in any of these estimates at the time the underlying options or warrants were issued would have impacted the Company's equity and ongoing stock-based compensation expense.

3. Significant accounting policies (continued)

q) Use of estimates and judgment (continued)

Allowance for losses on billing receivables

The recognition of billing receivables and loss allowances requires the Company to assess credit risk and collectability. The Company considers historical trends and other available information in performing this assessment.

r) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. During 2019, the Company discontinued its Billings operating segment. As at February 29, 2020, the Company has two segments, investment activities, and providing asset-based financial services to healthcare providers in the United States. Assets, liabilities, revenues and expense from these segments are disclosed in the statement of financial position and statement of income and comprehensive income.

s) Adoption of new standards

IFRS 16 – Leases

The standard introduces a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. For lessees, IFRS 16 is a single on-balance sheet recognition and measurement model, eliminating the distinction between operating and finance leases and right-of-use assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). Liabilities from leases are to be reduced over the term of the lease by amortizing lease payments to a reduction in liability and an interest expense recognized in finance costs. Right-of-use assets will be amortized over the term of the lease.

On March 1, 2019, the Company implemented IFRS 16, using the modified retrospective approach, with the cumulative effect of initially applying the new standard recognized in deficit on March 1, 2019. Comparatives have not been restated.

(In Canadian Dollars)

3. Significant accounting policies (continued)

s) Adoption of new standards (continued)

The following table summarizes the adjustments to opening balances resulting from the initial adoption of IFRS 16:

	As previously reported under IAS 17, February 28, 2019	IFRS 16 transitional adjustments	Balance at March 1, 2019
Right of use assets	$ Nil	$ 509,453	$ 509,453
Lease liabilities	$ Nil	$ 591,665	$ 591,665
Deficit	$ (24,427,562)	$ (82,212)	$ (24,509,774)

Upon adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which have previously been classified as operating leases under the principles of IAS 17. These liabilities are measured at the present value of the remaining fixed lease payments, discounted using the lessee's incremental borrowing rate as of March 1, 2019. The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized in the consolidated balance sheet on March 1, 2019 was 8.7% percent. The following table reconciles the operating lease commitments as at February 28, 2019 to the opening balance of lease liabilities as at March 1, 2019:

Operating lease commitments as at February 28, 2019	$ 159,564
Add: adjustments as a result of a different treatment for extension options	539,675
Less: Effect of discounting using the lessee's incremental borrowing rate	(107,574)
Lease liabilities recognized as at March 1, 2019	$ 591,665

The associated right-of-use assets were primarily measured as if the standard had been applied since the commencement date of the lease, but discounted using the lessee's incremental borrowing rate at the date of initial application. Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized in the statements of financial position as at March 1, 2019. As at February 29, 2020, the Company has no lease agreements.

3. Significant accounting policies (continued)

s) Adoption of new standards (continued)

Lease payments are allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive income (loss) as depreciation over the lease period.

The lease liability upon initial measurement includes the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable;
- Variable lease payments that are based on an index or rate;
- Expected payments by the lessee under residual value guarantees;
- The exercise price of a purchase option of the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate. In addition, the carrying amount of lease liabilities is remeasured by discounting the revised lease payments using a revised discount rate if there is a modification, a change in the lease term, a change to the partially or fully termination of the lease, and a change in the lease payments. For lease modifications that decrease the scope of the lease, by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease. Any gain or loss relating to the partial or full termination of the lease should be recognized in profit or loss.

In applying IFRS 16 – Leases for the first time, the Company has used the following practical expedients permitted by the standard:

- Leases with a remaining term less than six months or less from the date of application have been accounted for as short-term leases even though the initial term from the lease commencement have been more than twelve months
- The exclusion of initial direct costs for the measurement of the right-of use asset at the date of initial applications
- Leases with a low value have been excluded

3. Significant accounting policies (continued)

s) Adoption of new standards (continued)

Payments for short-term leases or leases of low-value assets are recognized on a straight-line basis as an expense in the statement of income. Short-term leases are leases with a lease term of twelve months or less. Low-value assets compromise of small items of office equipment.

t) Standards, amendments, and interpretations issued but not yet adopted

The IASB has issued several new standards and amendments that will be effective on various dates. The listing below is of standards, interpretation and amendments issued which the Company reasonably expects to be applicable at a future date. The Company intended to adopt those standards when they become effective. The impact on the Company is currently being assessed.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted. The Company has yet to fully assess the impact of the new standard on its results of operations, financial position and disclosures.

Amendment to IAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current
In January 2020, the IASB issued amendments to paragraphs 69-76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions which exist at the end of a reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective January 1, 2022, with early adoption permitted. The amendments are to be applied retrospectively. Management is currently assessing the impact of this amendment.

(In Canadian Dollars)

4. Billing receivables

The Company is exposed to credit risk on the billing receivables from its customers. As at February 29, 2020, 100% (2019 – 40%) of the billing receivable balance are more than 90 days past due, nil% (2019 – 21%) of the billing receivable are between 60 – 90 days past due. As at February 29, 2020, the Company made a provision for the full amount given the uncertainty of collectability. In August 2019, revenue from billing services ceased as the company discontinued these operations (see note 18).

	February 29, 2020		February 28, 2019	
Opening	$	653,811	$	1,990,960
Amounts invoiced		536,217		1,899,155
Amounts collected		(241,504)		(2,092,263)
Impairment of receivables		(947,501)		(1,200,579)
Impact of foreign exchange rates		(1,023)		56,538
Closing balance	$	-	$	653,811

5. Disaggregation of Revenues

Revenue from continued operations	February 29, 2020		February 28, 2019	
Interest	$	50,276	$	518,493
Fees and other		83,484		208,705
Interest, fees, and other from provisioned loans		145,635		534,556
Total Loan Revenues	$	279,395	$	1,261,754
Revenue from discontinued operations				
Billing Service Revenues (note 18)	$	511,375	$	1,882,764
Gross investment income	$	110,367	$	-
Unrealized loss on marketable securities		(56,190)		-
Net investment income	$	54,177	$	-

(In Canadian Dollars)

5. Disaggregation of Revenues (continued)

The company is only recognizing the cash collected on the impaired loans as a disaggregate revenue as the future economic benefits are uncertain.

Revenues for credit receivables (loans) have been disaggregated between loans that are provisioned and those that have not been provisioned. Loans that are not provisioned are accounted for under the accrual method of accounting. The principal loan repayments of fully provisioned loans are recorded as an offset to provision for losses. The interest, fees, and other revenue is recorded on a cash basis as reflected above.

6. Credit receivables

Credit receivables are measured at amortized cost, which is net of an allowance for losses.

		February 29, 2020		February 28, 2019
Revolving line of credit receivables, gross	$	5,226,120	$	5,639,278
Less allowance for losses		(5,226,120)		(4,766,116)
	$	-	$	873,162

The nature of the Company's business involves funding or assuming the credit risk on receivables offered to it by its clients. These transactions are conducted on terms that are usual and customary to the Company's revolving line of credit activities. The loans are structured as revolving lines of credit that can be repaid at any time. However, the facilities are subject to early termination penalties.

Interest income earned on unprovisioned credit receivables for the year ended February 29, 2020 totaled $133,760 (2019 - $1,264,102). Facility fees, due diligence fees and commission expenses associated with the credit receivables are amortized as part of the effective interest method.

(In Canadian Dollars)

6. Credit receivables (continued)

	February 29, 2020	February 28, 2019
Allowance for losses opening	$ 4,766,116	$ 4,666,802
Provision for credit losses	377,320	61,847
Charge-offs, net of recoveries	-	-
Impact of foreign exchange rates	82,684	37,467
Allowance for credit losses, closing	$ 5,226,120	$ 4,766,116
Allowance as percentage of credit receivables	100%	84.52%

	February 29, 2020	February 28, 2019
Allowance summary		
Allowance allocated to billing	$ -	$ -
Allowance allocated to credit receivables	377,320	61,847
Allowance total	$ 377,320	$ 61,847

In light of the COVID-19 outbreak, Management has re-evaluated all credit receivables with consideration of how this outbreak has negatively impacted U.S. based healthcare practitioners. As many of the Company's receivables are due from U.S. based healthcare practitioners specializing in what are considered elective treatments and surgeries, they represent a higher than usual risk of default. Many states in the U.S. have or had severely curtailed the amount of elective treatments and surgeries that could be performed resulting in negative revenue impacts. The Company evaluates the credit worthiness of all receivables on a quarterly basis.

(In Canadian Dollars)

7. Equipment

	Furniture, equipment and leasehold improvements	Computer software	Total
Cost			
At February 28, 2018	$ 83,181	$ 672,352	$ 755,533
Retirements	-	(8,986)	(8,986)
Effect of movement in exchange rates	521	1,778	2,299
At February 28, 2019	83,702	665,144	748,846
Additions	-	-	-
Impairment	(85,187)	(672,368)	(757,555)
Effect of movement in exchange rates	1,485	7,224	8,709
At February 29, 2020	$ -	$ -	$ -
Accumulated Depreciation			
At February 28, 2018	$ 26,109	$ 281,796	$ 307,905
Depreciation	51,910	204,129	256,039
Effect of movement in exchange rates	(191)	(1,968)	(2,159)
At February 28, 2019	77,828	483,957	561,785
Depreciation	8,710	90,218	98,928
Impairment	(85,187)	(569,230)	(654,417)
Effect of movement in exchange rates	(1,351)	(4,945)	(6,296)
At February 29, 2020	$ -	$ -	$ -
Carrying Value			
Net book value February 28, 2019	$ 5,874	$ 181,187	$ 187,061
Net book value February 29, 2020	$ -	$ -	$ -

(In Canadian Dollars)

8. Accounts payable and accrued liabilities

	February 29, 2020		February 28, 2019	
Accounts payable and accrued liabilities	$	351,644	$	378,745
Payroll taxes payable		-		15,229
	$	351,644	$	393,974

9. Shareholders' equity

a. Share capital

Unlimited voting common shares without par value

Issued

As at February 29, 2020, the Company had 45,841,454 common shares outstanding with a value of $31,055,842. There were no new issuances of common share during the year ended February 29, 2020 or February 28, 2019.

b. Warrants

	Number of Warrants	Weighted Avg Price
Balance as at February 28, 2018	251,247	$ 0.80
Warrants expired	(251,247)	(0.80)
Balance as at February 28, 2019 and February 29, 2020	-	$ -

On April 28, 2017, the Company announced it has extended the expiry date of a total of 251,247 common share purchase warrants excisable at $3.5484 per share, and amended the exercise price to 0.80. The warrants were originally issued by Brattle Street in its April / May 2015 offering of non-convertible debentures for gross proceeds of $2,228,750 (the "Debenture Warrants").

(In Canadian Dollars)

9. Shareholders' equity (continued)

b. Warrants (continued)

The warrants were extended to November 4, 2018, subject to acceleration in the event that the volume weighted average trading price of Brattle Street 's shares on the TSX-V exceeds $0.96 for a period of 10 consecutive trading days at any time after May 4, 2017.

These warrants expired unexercised on November 4, 2018, therefore, there were no warrants outstanding as at February 29, 2020.

c. Share based compensation

On completion of the Qualifying Transaction, the Company amended its stock option plan ("Option Plan") as follows:

- changing the Option Plan from a rolling stock option plan to a fixed stock option plan;
- fixing the number of common shares issuable under the plan at 64,010,750 being 20% of the number of common shares issued and outstanding immediately following the completion of the Qualifying Transaction; and amending the Option Plan to include provisions relating to the grant of options to a person who is a citizen or resident of the United State, in accordance with the requirements of Section 409A of the United States Internal Revenue Code of 1986, as amended.

The Company's Board of Directors determines, among other things, the eligibility of individuals to participate in the Option Plan and the term, vesting periods, and the exercise price of options granted under the Option Plan. The stock option vesting ranges over a 1 year to 10-year period. The outstanding stock options at February 29, 2020 are as follows:

Grant date	Exercise price		Number of options	Number of vested options	Weighted Avg Remaining Life (years)
March 28, 2014	$	1.57	6,924	6,924	4.1
June 8, 2016		0.51	60,000	60,000	1.3
June 30, 2016		0.30	700,000	700,000	1.3
February 27, 2017		0.33	34,256	34,256	2.0
September 23, 2019		0.14	802,225	-	4.6
Total	**$**	**0.45**	**1,603,405**	**801,180**	3.0

(In Canadian Dollars)

9. Shareholders' equity (continued)

A summary of the Company's stock options are as follows:

	Number of Options	Weighted Avg. Exercise Price
Balance as at February 29, 2018 and 2019	2,645,972	$ 0.45
Options issued	802,225	0.14
Options cancelled	(1,844,792)	0.51
Balance as at February 29, 2020	**1,603,405**	**$ 0.23**

The Company recognized $21,962 of share-based compensation for the year ended February 29, 2020 (2019 – $96,367).

On September 23, 2019, the Company issued 687,621 options to a director and 114,604 options to a consultant of the Company. The options are exercisable for a period of five years at an exercise price of $0.14 per option. The fair value of the options was estimated on the date of the grant at $0.11 per option using the Black-Scholes option pricing model with the following assumptions: expected volatility of 115%; expected dividend yield of 0%; risk-free interest rate of 98.34%; and expected life of 5 years.

10. Financial risk management

The Company is exposed to credit, liquidity and market risks related to the use of financial instruments in its operations. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework through its Audit Committee. In this respect, the Audit Committee meets with management and the Company's Risk Management Committee at least quarterly. The Company's risk management policies are established to identify, analyze, limit, control and monitor the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in the risk environment faced by the Company.

10. Financial risk management (continued)

a. Credit risk (continued)

Credit risk is the risk of financial loss to the Company if a client fails to meet its contractual obligations. In the Company's case, credit risk arises with respect to its cash and cash equivalents, the lines of credit to clients and any other financial transaction with a counterparty. The Company manages credit risk in respect of cash and cash equivalents, by maintaining the majority of cash and cash equivalents at high credit rated financial institutions. The carrying amount of these lines of credit represents the Company's maximum credit exposure and is the most significant measurable risk that it faces. The nature of the Company's asset-based lending business involves funding the receivables offered to it by its clients. Typically, the Company files a lien against the pledged receivables and requires either a single or double virtual lockbox arrangement.

The Company does not lend on an unsecured basis. No new asset-based loans were provided in the fiscal 2020 year. The maximum credit risk is the full value of the loans receivable.

Credit is evaluated by financial underwriters and is authorized by the Credit Committee comprised of supervisory personnel, management and, in the case of credit in excess of $1.0 million, the Company's President and the Chairman of its Board. The Company monitors and controls its risks and exposures through financial, credit, legal and technology-based systems and, accordingly, believes that it has procedures in place for evaluating and limiting the credit risks to which it is subject. Credit is subject to ongoing management review. Nevertheless, for a variety of reasons, there will inevitably be defaults by clients or their customers.

The Company’s customers have varying payment terms depending on the industries in which they operate, although most customers have payment terms of 30 to 60 days from the invoice date. Clients’ receivables generally become "ineligible" for lending purposes when they reach a certain predetermined age, usually above 90 or 120 days from invoice date.

10. Financial risk management (continued)

a. Credit risk (continued)

The Company employs a 5-step client approval process to assess credit risk, which reviews, amongst other things, the financial strength of each client and the Company's underlying security. Credit risk is primarily managed by ensuring that, as far as possible, the receivables financed are of the highest quality, that being due from the U.S. Government healthcare programs such as Medicare and Medicaid. The Company does not lend against any patient pay ("co-pay"), inventory, equipment or any other tangible asset.

The Company also minimizes credit risk by limiting the maximum amount that it will lend to any one client, enforcing strict advance rates, disallowing certain types of receivables and making receivables ineligible for lending purposes as they become older. The Company generally mandates the use of a single or double virtual lockbox system, where the clients' receivables are flowed through bank accounts controlled by the Company, thereby allowing it to quickly identify problems as and when they arise and act promptly to minimize credit losses.

The Company's credit exposure at February 29, 2020 relates to its gross credit receivables and interest and other receivables. As at February 29, 2020 $nil (2019 - $515,400) in receivables were over 90 days and $nil (2019 - $63,960) in receivables were between 60 - 90 days overdue.

b. Concentration risk

Concentration risk arises as a result of the concentration of exposures within a single client. The Company minimizes concentration risk by limiting the maximum amount that it will lend to any one client. As at February 29, 2020 and 2019 there were no loans outstanding to a client that constituted more than 20% of the gross credit receivable balance.

Concentrations of risk arises as a result in the concentration of customers. During fiscal 2020, Inspira SaaS Billing Services, Inc. had one customer (2019 – five customers) with one of those customers accounting for over 90% of revenues, which is a material concentration of risks. In August 2019, this business was discontinued.

(In Canadian Dollars)

10. Financial risk management (continued)

c. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's principal obligations are its accounts payable and other liabilities.

At February 29, 2020, the Company had assets of $9,332,376 (2019– $11,621,111) which substantially exceeded its total liabilities of $366,644 (2019 - $408,974).

All financial assets and liabilities are expected to be settled within 12 months at the values stated in the consolidated statements of financial position.

	Carrying amount	0 to 3 months	6 to 12 months	Over 1 year
Cash	$ 496,634	$ -	$ -	$ 496,634
Cash equivalents	7,852,788			7,852,788
Marketable securities	843,221	-	-	843,221
Other receivables	10,660	-	10,660	-
	$ 9,203,303	$ -	$ 10,660	$ 9,192,643
Accounts payable and accrued liabilities	$ 351,644	$ 351,644	$ -	$ -

d. Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates, will affect the Company's income or the value of its financial instruments. The objective of managing market risk is to control market risk exposures within acceptable parameters, while optimizing the return on risk.

10. Financial risk management (continued)

d. Market risk (continued)

Equity risk - The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

The Company's marketable securities including stocks and ETF's trading on U.S stock exchanges. An increase/(decrease) of 10% in the U.S markets could have an impact of approximately $84,000 increase/(decrease) on the income and equity attributable to the Company. For more details on the Company's marketable securities please see Note 19.

Currency risk - The Company is exposed to currency risk primarily in its foreign operations which operate in U.S. Dollars, to the full extent of the foreign operations net assets and U.S. denominated assets of approximately USD $7.6 million at February 29, 2020 (2019 – USD$11.9 million). The Company's investment in its foreign operations is not hedged. Unrealized foreign exchange gains or losses arise on translation of the assets and liabilities of the Company's foreign operations into Canadian dollars each period end.

Resulting foreign exchange gains or losses are credited or charged to other comprehensive income or loss with a corresponding entry to the AOCI component of equity. The Company is also subject to foreign currency risk on the earnings of its foreign operations which report in U.S. dollars and are unhedged. A 10% change in the U.S. dollar against the Canadian dollar would result in an approximate $1 million increase/decrease (2019 - $1.2 million) in the Company's consolidated statement of operations and comprehensive income (loss) for the year ended February 29, 2020.

The Company's Canadian operations have some assets and liabilities denominated in foreign currencies, principally cash and cash equivalents. These assets are not hedged.

(In Canadian Dollars)

10. Financial risk management (continued)

d. Market risk (continued)

Interest rate risk - Interest rate risk pertains to the risk of loss due to the volatility of interest rates. The Company's lending and borrowing rates are usually based on floating bank prime rates of interest and are typically variable. The Company actively manages its interest rate exposure, where possible. The Company as of February 29, 2020 and February 28, 2019 has no debt and no credit receivables. Previously, the Company experienced short-term interest rate risk on these credit receivables.

e. Fair value of financial assets and liabilities

The carrying values of cash and cash equivalents, credit receivables, billing receivables, other receivables, accounts payable and accrued liabilities and other liabilities approximate their fair values due to the relatively short periods to maturity of the financial instruments.

The classification of financial instruments at their carrying and fair values is as follows:

	February 29, 2020 (in $'s)			
	Carrying Value			Fair Value
	FVTPL	FVOCI	AMC	Total
Financial assets				
Cash and cash equivalents	-	-	8,349,422	8,349,422
Marketable securities	843,221	-	-	843,221
Other receivables	-	-	8,000	8,000
	843,221	-	8,357,422	9,200,643

(In Canadian Dollars)

10. Financial risk management (continued)

e. Fair value of financial assets and liabilities (continued)

	February 28, 2019 (in $'s)			
	Carrying Value			Fair Value
	FVTPL	FVOCI	AMC	Total
Financial assets				
Financial assets				
Cash and cash equivalents	-	-	9,303,900	9,303,900
Billing receivables	-	-	653,811	653,811
Credit receivables	-	-	873,162	873,162
Other receivables	-	-	144,153	144,153
	-	-	10,975,026	10,975,026

	February 29, 2020 (in $'s)			
	Carrying Value			**Fair Value**
	FVTPL	**FVOCI**	**AMC**	**Total**
Financial liabilities				
Accounts payable and accrued liabilities	-	-	351,644	351,644
Other liabilities	-	-	15,000	15,000
	-	-	366,644	366,644

	February 28, 2019 (in $'s)			
	Carrying Value			Fair Value
	FVTPL	FVOCI	AMC	Total
Financial liabilities				
Accounts payable and accrued liabilities	-	-	393,974	393,974
Other liabilities	-	-	15,000	15,000
	-	-	408,974	408,974

(In Canadian Dollars)

11. Related party transactions

Related parties are defined as management and principal shareholders of the Company and/or members of their immediate family and/or other companies and/or entities in which the principal shareholders, directors or senior officers is the principal owner or senior executive. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including executive directors. The total compensation of key management personnel is as follows:

	2020	2019
Salaries and short-term benefits	$ 170,144	$ 387,503
Share based compensation	21,962	96,367
Total	$ 192,106	$ 483,870

Included in accounts payable and accrued liabilities is $13,705 due to a director of the Company.

12. Capital management

The Company's current capital structure includes total shareholder equity. The Company's objectives when managing capital are to: (a) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (b) maintain a capital structure that allows the Company to finance its growth using internally generated cash flow and debt capacity; and (c) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust its capital structure, the Company may, from time to time, change the amount of dividends paid to shareholders, return capital to shareholders by way of normal course issuer bid, issue new shares, or reduce liquid assets to repay other debt.

(In Canadian Dollars)

13. Segmented information

The Company operated and managed its business in two operating segments during 2019– providing asset-based financial services to healthcare providers in the United States and medical billing for its customers in the United States. While the Company operates in two geographic areas, being the United States and Canada, substantially all revenues from external customers are earned in the United States. In August 2019, the medical billing business was discontinued (note 18). At February 29, 2020 total assets for the financial services segment were $9,192,642 (February 28, 2019 - $10,332,102) and total assets for the medical billing segment were $nil (February 28, 2019 - $790,601). At February 29, 2020 total liabilities for the financial services segment were $57,779 and total liabilities for the medical billing segment were $nil (February 28, 2019 - $nil).

14. Net loss per share

		February 29, 2020		February 28, 2019
Net loss from continuing operations	$	(1,767,849)	$	(2,333,798)
Net income (loss) from discontinued operations	$	(573,496)	$	1,573,229
Weighted average number of common shares diluted		45,841,454		45,841,454
Net loss per share from continuing operations				
Basic	$	(0.04)	$	(0.05)
Diluted	$	(0.04)	$	(0.05)
Net income (loss) per share from discontinued operations				
Basic	$	(0.01)	$	0.03
Diluted	$	(0.01)	$	0.03

(In Canadian Dollars)

15. Leases

The Company had entered a lease commitment totaling the following for a facility in Boca Raton. This agreement was terminated during the fiscal year.

The following details the right-of-use asset transactions during the year, related to the leased facility:

	Total
Balance, March 1, 2019	$ 509,453
Additions	-
Depreciation	(47,382)
Cancellation	462,071
Balance, February 29, 2020	$ -

The following details the lease liability during the year, related to the leased facility:

Balance, March 1, 2019	$ 591,665
Additions	-
Payments	-
Accretion of interest	37,096
Cancellation of lease	(628,761)
Balance, February 29, 2020	$ -

On January 27, 2017, the Company entered into a 64-month lease agreement for office space with an option to extend an additional 5 years. Under the lease, the Company was required to pay a monthly rent of $7,062. At the commencement of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments were discounted using an interest rate of 8.7%, which are the Company's incremental borrowing rate. The lease was terminated on December 2019, as such a modification on the right of use assets and related liabilities were reflected. There were no principal payments made during the year and balances owing were included in the cancellation fees of $67,885, in accordance with the cancellation agreement and recorded in general and administrative expenses.

(In Canadian Dollars)

16. Expenses by nature

General and Administrative Expenses	February 29, 2020	February 28, 2019
Included in general and administrative:		
Labor & consulting expenses	$ 1,168,466	$ 2,119,158
Legal & audit fees	192,065	418,963
Facility leases	39,201	262,815
Public company expenses	512	94,443
General expenses	285,702	602,585
Total General and Administrative Expenses	$ 1,685,946	$ 3,497,964

(In Canadian Dollars)

17. Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Deferred income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes are measured using the current or substantively enacted rates expected to apply when the differences reverse. A deferred tax asset is recognized to the extent that the recoverability of deferred income tax assets is considered probable.

The Company's provision for (recovery of) income taxes differs from the amount that is computed by applying the combined Federal and state statutory income tax rate of 26.5% in the United Sates to the Company's net loss before income taxes as follows:

	February 29, 2020	**February 28, 2019**
	$	**$**
Net (loss) before income taxes on continued operations	(1,767,849)	(2,333,798)
Net (loss) before income taxes on discontinued operations	(573,496)	1,573,229
Expected income tax recovery	(620,456)	(201,551)
Tax rate changes and other adjustments	-	(682)
Share based compensation and non-deductible expenses	8,024	22,537
Expiry of warrants	-	22,622
Unrealized foreign exchange	25,171	-
Change in tax benefits not recognized	587,261	157,074
Income tax (recovery) expense	-	-
Current tax expense on continuing operations	-	-
Current tax expense attributable to discontinuing operations	-	-
Deferred tax expense (recovery)	-	-
	-	-

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. The future benefit of US non-capital losses carried forward may be limited on an annual basis and in total under Section 382 of the US Internal Revenue Code as a result of prior and future ownership changes.

(In Canadian Dollars)

17. Income Taxes (continued)

The Company has not yet recognized deferred tax assets related to these amounts as it is not yet probable that these carryforward losses and temporary differences will be utilized in the foreseeable future. Therefore, a net deferred income tax asset is not being recognized for US non-capital loss carry-forwards and other available tax assets.

The Company has US non-capital loss carryforwards of approximately $2,657,276 (2019 - $2,171,107) which can be used to reduce taxable income of future years. The benefit from the non-capital loss carryforward balance has not been recorded in the financial statements. These losses expire from 2035 to 2039. The Canadian non-capital loss carryforwards of $8,247,310 (2019 -$6,934,371) expire from 2032 to 2040.

Unrecognized deferred tax assets

The significant components of the temporary differences not recognized as at February 29, 2020 and February 28, 2019 are as follows:

	February 29, 2020 $	February 28, 2019 $
Non-capital losses carried forward - Canada	8,247,310	6,934,371
Non-capital losses carried forward US	2,657,276	2,171,107
Equipment	104,818	113,864
Provisions	6,834,536	4,747,074
Share issuance costs	-	501,616
	17,843,940	14,468,032
Deferred tax asset on continuing operations	-	-
Deferred tax asset attributable to discontinuing operations	-	-
	-	-

(In Canadian Dollars)

18. Discontinued operations

In August 2019, the Company decided to discontinue its billing operations. And therefore, no longer generated revenue from billing operations.

Results of discontinued operations for the year ended February 29, 2020 and February 28, 2019 are as follows:

	February 29, 2020	February 28, 2019
Revenue		
Loan Interest	$ -	$ 2,348
Billing Service	511,375	1,882,764
Total revenue	511,375	1,885,112
Cost of revenue		
Impairment of billing receivables	947,501	-
Provision for losses	-	65,395
Total cost of revenue	947,501	65,395
Financial margin	(436,126)	1,819,717
Expenses		
General, administrative and collections	44,442	138,989
Depreciation	44,408	100,698
Impairment of equipment	48,520	-
Sales and marketing	-	6,801
Total expenses	137,370	246,488
Net (loss) income from discontinued operations	$ (573,496)	$ 1,573,229

(In Canadian Dollars)

18. Discontinued operations (continued)

Cash flows from discontinued operations for the years ended February 29, 2020 and February 28, 2019 are as follows:

		February 29, 2020		February 28, 2019
Operating Activities				
Net (loss) gain	$	(573,495)	$	1,573,229
Non-cash items:				
Depreciation		44,408		100,698
Impairment of equipment		48,520		-
Provision for losses		-		43,975
Changes in operating assets and liabilities:				
Billing receivables		653,811		1,381,124
Prepaid and other receivables		-		(18,333)
Net cash provided by discontinued operating activities	$	173,244	$	3,080,693

19. Marketable Securities

The fair value of marketable securities is based on quoted prices in active markets and are measured at level 1 in the fair value hierarchy. The investments comprise of the following equities and balances as at February 29, 2020:

Details	Quantity	Average cost $	Market price/ unit $	Total fair value 2020 $	Total fair value 2019 $
Callable shares	10,000	33.51	33.18	331,831	-
Short term bond ETF	2,900	65.72	65.80	190,838	-
Publicly traded common shares	9,633	33.69	33.28	320,552	-
Total investments				843,221	-

19. Marketable Securities (continued)

For the marketable securities investments, the Company is exposed to general market risk as well as risk associated with the specific industries it as invested in. It is Management's goal to maximize return while minimizing risk. However, there are additional risk factors at play with these investments. Specifically, the Company is exposed to enhanced risk related to the value of real estate and the value of and ratings of corporate and government debt. The majority of the Company's debt exposure is related to debt issued by the United States Government substantially reducing credit exposure as the United States Government is evaluated by Management as having exceptional credit worthiness. All securities are for companies or Exchange Traded Funds listed in the United States.

Description of security industry	Value of holdings as at February 29, 2020 $
Real estate investment trust	605,697
Bond exchange trade fund	190,838
Other United States securities	46,686

20. Subsequent Events

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

21. Contingencies

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At February 29, 2020, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

SALONA GLOBAL MEDICAL DEVICE CORPORATION
(Formerly Brattle Street Investment Corp.)

Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended November 30, 2020 and November 30, 2019
(In Canadian Dollars)

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Salona Global Medical Device Corp.
(Formerly Brattle Street Investment Corp.)
Unaudited Condensed Interim Consolidated Statements of Financial Position
As at November 30, 2020 and February 29, 2020
(Unaudited, in Canadian Dollars)

	Note		November 30, 2020		February 29, 2020
Assets					
Cash and cash equivalents	**8**	$	7,754,448	$	8,349,422
Marketable securities	**15**		496,192		843,221
Prepaids and other receivables			15,214		139,733
Total assets		$	8,265,854	$	9,332,376
Liabilities and shareholders' equity					
Liabilities					
Accounts payable and accrued liabilities	**6**	$	281,419	$	351,644
Other liabilities			15,000		15,000
Total Liabilities		$	296,419	$	366,644
Shareholders' equity					
Share capital	**7**	$	31,065,513	$	31,055,842
Contributed surplus	**7**		3,524,052		3,392,371
Accumulated other comprehensive income			1,068,241		1,368,638
Deficit			(27,688,371)		(26,851,119)
Total shareholders' equity		$	7,969,435	$	8,965,732
Total liabilities and shareholders' equity		$	8,265,854	$	9,332,376

Contingencies (Note 17)
Subsequent events (Note 19)

Salona Global Medical Device Corp.

(Formerly Brattle Street Investment Corp.)

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the nine months ended November 30, 2020 and November 30, 2019

(Unaudited, in Canadian Dollars)

	Share Capital			Accumulated Other comprehensive income		
	Number	Amount	Contributed surplus		Deficit	Total
Balance -February 28, 2019 *	**33,785,154**	**31,055,842**	**3,370,409**	**1,213,448**	**(24,427,562)**	**11,212,137**
Share based compensation	-	-	7,597	-	-	**7,597**
Foreign currency translation loss	-	-	-	(110,119)	-	**(110,119)**
Net income for the period	-	-	-	-	129,516	**129,516**
Balance -November 30, 2019	**33,785,154**	**31,055,842**	**3,378,006**	**1,103,329**	**(24,298,046)**	**11,239,131**
Balance -February 29, 2020	**33,785,154**	**31,055,842**	**3,392,371**	**1,368,638**	**(26,851,119)**	**8,965,732**
Share based compensation	-	-	136,004	-	-	136,004
Exercise of stock options	28,154	9,671	(4,323)	-	-	5,348
Foreign currency translation loss	-	-	-	(300,397)	-	(300,397)
Net loss for the period	-	-	-	-	(837,252)	(837,252)
Balance -November 30, 2020	**33,813,308**	**31,065,513**	**3,524,052**	**1,068,241**	**(27,688,371)**	**7,969,435**

* Retroactive adjustment to reflect the 7:37 stock split as explained in Note 3.

Salona Global Medical Device Corp.
(Formerly Brattle Street Investment Corp.)
Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
For the three and nine months ended November 30, 2020 and November 30, 2019
(Unaudited, in Canadian Dollars)

	Note	Three months ended November 30, 2020	Three months ended November 30, 2019	Nine months ended November 30, 2020	Nine months ended November 30, 2019
Continuing operations					
Revenue					
Loan interest	**4**	$ 22,429	$ 113,032	$ 39,190	$ 478,151
Fees and other	**4**	14,058	52,135	50,621	202,879
Collections of provisioned loans	**4**	317,515	-	399,702	216,856
Investment income	**4**	5,796	21,488	50,710	84,752
Loss on sale of marketable securities	**4**	548	-	(42,141)	-
Change in fair value of investments	**4**	(136,759)	8,272	(204,671)	8,272
Total revenue		**223,587**	**194,927**	**293,411**	**990,910**
Expenses					
General and administrative	**13**	208,701	138,929	687,750	1,287,943
Transaction Costs	**18**	306,909	-	306,909	-
Share based compensation	**7**	69,200	1,437	136,004	7,597
Total expenses		**584,810**	**140,366**	**1,130,663**	**1,295,540**
Net loss from continuing operations		(361,223)	54,561	(837,252)	(304,630)
Discontinued operations					
Net income from discontinued operations	**14**	-	-	-	434,146
Net (loss) income		**$ (361,223)**	**$ 54,561**	**$ (837,252)**	**$ 129,516**
Other comprehensive loss					
Foreign currency translation loss		$ (45,406)	$ (46,440)	$ (300,397)	$ (110,119)
Comprehensive (loss) income		**$ (406,629)**	**$ 8,121**	**$(1,137,649)**	**$ 19,397**
Net (loss) income per share					
Basic and diluted	**12**	$ (0.01)	$ (0.00)	$ (0.02)	$ 0.00
Weighted average number of common shares outstanding		33,796,168	33,785,152	33,788,824	33,785,152

Salona Global Medical Device Corp.

(Formerly Brattle Street Investment Corp.)

Unaudited Condensed Interim Consolidated Statements of Cash Flows

For the nine months ended November 30, 2020 and November 30, 2019

(Unaudited, in Canadian Dollars)

	Note	November 30, 2020	November 30, 2019
Operating activities			
Net (loss) income		$ (837,252)	$ 129,516
Income from discontinued operations		-	(434,146)
Net loss from continuing operations		(837,252)	(304,630)
Non-cash items:			
Depreciation		-	47,959
Loss on sale of marketable securities		42,141	-
Share based compensation	**7**	136,004	7,597
Change in fair value of investments		204,671	(8,272)
Changes in operating assets and liabilities:			
Net repayment of credit receivable		-	410,388
Prepaid and other receivables		124,519	(39,847)
Accounts payable and accrued liabilities		(70,225)	(85,551)
Cash flows (used in) provided by continued operating activities		(400,142)	27,644
Cash flows provided by discontinued operating activities	**14**	-	237,386
Net cash (used in) provided by operating activities		(400,142)	265,030
Investing activities			
Proceeds on sale of marketable securities		259,720	-
Purchase of investments		(178,269)	(1,699,949)
Net cash provided by (used in) investing activities		81,451	(1,699,949)
Financing activities			
Proceeds from exercise of stock options		5,348	-
Net cash provided by financing activities		5,348	-
Effect of foreign exchange rates on cash		(281,631)	(110,119)
Decrease in cash and cash equivalents		(313,343)	(1,434,919)
Cash and cash equivalents, opening		8,349,422	9,303,900
Cash and cash equivalents, closing		$ 7,754,448	$ 7,758,862

Supplemental cash flow information:		
Interest paid	-	-
Income taxes paid	-	-

1. Description of the business

Salona Global Medical Device Corp. (formerly Brattle Street Investment Corp.) ("Salona" or the "Company"), is a publicly traded company listed on the TSX Venture Exchange (the "Exchange"). The Company is currently undergoing a Change of Business as defined by the TSX Venture Exchange to become a Tier 1 Industrial/Technology/Life Sciences Issuer. Upon completion of the Change of Business, the Company will focus on transitioning to an acquisition oriented, US-based and revenue generating MedTech company. The Company aims to leverage the liquid Canadian capital markets to acquire small to midsize US and internationally based medical device products and companies with the goal of expanding sales and improving operations. The company's aim is to create a large, broad-based medical device company with global reach.

Salona was incorporated under the *Canada Business Corporations Act* on September 17, 2013. The common shares in the capital of the Company ("common shares") trade on the Exchange under the symbol "SGMD". The Company's registered office is Suite 200E – 1515A Bayview Avenue, East York, Ontario.

2. Basis of presentation

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and the IFRS Interpretations Committee. Accordingly, certain disclosures included in annual consolidated financial statements prepared in accordance with IFRS have been condensed or omitted and these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended February 29, 2020. The unaudited condensed interim consolidated financial statements have been authorized for issuance by the Board of Directors on January 21, 2020.

Functional and presentation currency

These unaudited condensed interim consolidated financial statements are expressed in Canadian dollars unless otherwise stated. The functional currency of the Company is Canadian dollars, and the functional currency of its subsidiaries Inspira Financial Company, Brattle Acquisition I Corp. and Inspira SaaS Billing Services is U.S. dollars.

3. Significant accounting policies

a) Basis of consolidation

These statements consolidate the accounts of the Company and its wholly owned subsidiaries, namely, Inspira Financial Company ("IFC"), Brattle Acquisition I Corp. ("BA1"), 1077863 B.C., Ltd ("1077863"), and Inspira SAAS Billing Inc. ("IFS") in the United States. The Company owns 100% of its subsidiaries. The accounting policies of the Company's subsidiaries are aligned with IFRS. Intercompany balances and transactions are eliminated upon consolidation.

b) Basis of measurement

The unaudited condensed interim consolidated financial statements of the Company have been prepared on an historical cost basis except marketable securities which are carried at fair value.

c) Accounting policies

These unaudited condensed interim consolidated financial statements reflect the accounting policies described in Note 3 to the Company's audited consolidated financial statements for the year ended February 29, 2020 ("2020 Audited Consolidated Financial Statements") and accordingly, should be read in conjunction with the 2020 Audited Consolidated Financial Statements and the notes thereto.

d) Use of estimates and judgment

The preparation of unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. Key sources of estimation uncertainty are as follows:

3. Significant accounting policies (continued)

d) Use of estimates and judgment (continued)
Allowance for losses on credit receivables

The Company has an accounting policy to provision for loans in default. The Company has put several loans into default in an effort to more quickly collect the outstanding principle. While these loans are in default, the Company is working to recover principle, interest and fees associated with the loan.

Valuation of stock-based compensation expense

The Company uses the Black-Scholes option pricing model to determine the fair value of the Company's issued stock options and warrants as prescribed by IFRS 2. The Black-Scholes option pricing model requires management to make various estimates about certain inputs into the model, including the expected option and warrant life, expected volatility, risk-free interest rate and expected dividend yield. A change in any of these estimates at the time the underlying options or warrants were issued would have impacted the Company's equity and ongoing stock-based compensation expense.

Allowance for losses on billing receivables

The recognition of billing receivables and loss allowances requires the Company to assess credit risk and collectability. The Company considers historical trends and other available information in performing this assessment.

e) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. As at February 29, 2020 and November 30, 2020, the Company has two segments, investment activities, and providing asset-based financial services to healthcare providers in the United States. Assets, liabilities, revenues and expense from these segments are disclosed in the condensed interim statement of financial position and unaudited condensed interim statements of operations and comprehensive loss.

3. Significant accounting policies (continued)

f) Share consolidation

On December 21, 2020, the Company effected a 7.37 post consolidation common shares for 10 pre-consolidation common shares. Unless otherwise noted, impacted amounts and share information included in the financial statements and notes thereto have been retroactively adjusted for the stock split as if such stock split occurred on the first day of the first period presented.

g) Standards, amendments, and interpretations issued but not yet adopted

The IASB has issued several new standards and amendments that will be effective on various dates. The listing below is of standards, interpretation and amendments issued which the Company reasonably expects to be applicable at a future date. The Company intended to adopt those standards when they become effective. The impact on the Company is currently being assessed.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted. The Company has yet to fully assess the impact of the new standard on its results of operations, financial position and disclosures.

Amendment to IAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to paragraphs 69-76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions which exist at the end of a reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective January 1, 2022, with early adoption permitted. The amendments are to be applied retrospectively. Management is currently assessing the impact of this amendment.

(In Canadian Dollars)

4. Disaggregation of Revenues

	Three months ended		Nine months ended	
Revenue from continued operations	November 30, 2020	November 30, 2019	November 30, 2020	November 30, 2019
Interest	$ 22,429	$ 113,032	$ 39,190	$ 478,151
Fees and other	14,058	52,135	50,621	202,879
Collections of provisioned loans	317,515	-	399,702	216,856
Total Loan Revenues	$ 354,002	$ 165,167	$ 489,513	$ 897,886
Revenue from discontinued operations				
Billing Service Revenues (note 14)	$ -	$ -	$ -	$ 527,074
Gross investment income	$ 5,796	$ 21,488	$ 50,710	$ 84,752
Loss on sale of marketable securities	548	-	(42,141)	-
Change in fair value of investments	(136,759)	8,272	(204,671)	8,272
Net investment gain (loss)	$(130,415)	$ 29,760	$ (196,102)	$ 93,024

The company is only recognizing the cash collected on the impaired loans as a disaggregate revenue as the future economic benefits are uncertain.

Revenues for credit receivables (loans) have been disaggregated between loans that are provisioned and those that have not been provisioned. Loans that are not provisioned are accounted for under the accrual method of accounting. The principal loan repayments of fully provisioned loans are recorded as an offset to provision for losses. The interest, fees, and other revenue is recorded on a cash basis as reflected above.

5. Credit receivables

Credit receivables are measured at amortized cost, which is net of an allowance for losses.

	November 30, 2020	February 29, 2020
Revolving line of credit receivables, gross	$ 4,645,846	$ 5,226,120
Less allowance for losses	(4,645,846)	(5,226,120)
	$ -	$ -

(In Canadian Dollars)

5. Credit receivables (continued)

The nature of the Company's business involves funding or assuming the credit risk on receivables offered to it by its clients. These transactions are conducted on terms that are usual and customary to the Company's revolving line of credit activities. The loans are structured as revolving lines of credit that can be repaid at any time. However, the facilities are subject to early termination penalties.

Interest income earned on unprovisioned credit receivables for the nine months ended November 30, 2020 totaled $nil. Facility fees, due diligence fees and commission expenses associated with the credit receivables are amortized as part of the effective interest method.

		November 30, 2020		February 29, 2020
Allowance for losses opening	$	5,226,120	$	4,766,116
Provision for credit losses		-		377,320
Charge-offs, net of recoveries		(399,702)		-
Impact of foreign exchange rates		(180,573)		82,684
Allowance for credit losses, closing	$	4,645,845	$	5,226,120
Allowance as percentage of credit receivables		100%		100%

		November 30, 2020		February 29, 2020
Allowance summary				
Allowance allocated to credit receivables		-		377,320
Allowance total	$	-	$	377,320

In light of the COVID-19 outbreak, Management, at fiscal year end, re-evaluated all credit receivables with consideration of how this outbreak has negatively impacted U.S. based healthcare practitioners. As many of the Company's receivables are due from U.S. based healthcare practitioners specializing in what are considered elective treatments and surgeries, they represent a higher than usual risk of default. Many states in the U.S. have or had severely curtailed the amount of elective treatments and surgeries that could be performed resulting in negative revenue impacts. The Company evaluates the credit worthiness of all receivables on a quarterly basis.

(In Canadian Dollars)

6. Accounts payable and accrued liabilities

	November 30, 2020		February 29, 2020	
Accounts payable and accrued liabilities	$	281,419	$	351,644
Other		-		-
	$	281,419	$	351,644

7. Shareholders' equity

Below applies the retroactive adjustment to reflect the 7:37 stock split as explained in Note 3.

a. Share capital

Unlimited voting common shares without par value

Issued

As at November 30, 2020, the Company had 33,813,308 (February 29, 2020 – 33,785,154) common shares outstanding with a value of $31,065,513 (February 29, 2020 - $31,055,842). There were the following issuances of common share during the nine months ended November 30, 2020 (none during the year ended February 29, 2020).

On October 26, 2020, 28,154 common shares were issued on the exercise of 28,154 stock options for proceeds of $5,348 at an exercise price of $0.19 per share. The options had a fair value of $4,323. On the date of exercise, the fair value of the common shares was $0.15.

b. Share based compensation

On completion of the Qualifying Transaction, the Company amended its stock option plan ("Option Plan") as follows:

- changing the Option Plan from a rolling stock option plan to a fixed stock option plan;
- fixing the number of common shares issuable under the plan at 47,175,923 being 20% of the number of common shares issued and outstanding immediately following the completion of the Qualifying Transaction, as adjusted to give effect to the stock split; and amending the Option Plan to include provisions relating to the grant of options to a person who is a citizen or resident of the United State, in accordance with the requirements of Section 409A of the United States Internal Revenue Code of 1986, as amended.

(In Canadian Dollars)

7. Shareholders' equity (continued)

The Company's Board of Directors determines, among other things, the eligibility of individuals to participate in the Option Plan and the term, vesting periods, and the exercise price of options granted under the Option Plan. The stock option vesting ranges over a 1 year to 10-year period. The outstanding stock options at November 30, 2020 are as follows:

Grant date	Exercise price		Number of options	Number of vested options	Weighted Avg Remaining Life (years)
March 28, 2014	$	2.13	5,103	5,103	3.35
June 8, 2016		0.69	44,220	44,220	0.51
June 30, 2016		0.41	515,900	515,900	0.58
February 27, 2017		0.45	25,246	25,246	1.24
September 23, 2019		0.19	563,086	112,617	0.81
May 29, 2020		0.27	958,100	-	4.49
August 18, 2020		0.19	681,725	-	9.71
Total	**$**	**0.27**	**2,793,380**	**703,086**	4.21

A summary of the Company's stock options are as follows:

	Number of Options	Weighted Avg. Exercise Price	
Balance as at February 29, 2019	1,950,081	$	0.61
Options issued	591,240		0.19
Options cancelled	(1,359,612)		0.69
Balance as at February 29, 2020	**1,181,709**		**0.31**
Options exercised	(28,154)		0.19
Options issued	1,639,825		0.23
Balance as at November 30, 2020	**2,793,380**	**$**	**0.27**

The Company recognized $136,004 of share-based compensation for the nine months ended November 30, 2020 (nine months ended November 30, 2019 – $7,597).

7. Shareholders' equity (continued)

On September 23, 2019, the Company issued 506,777 options to a director and 84,463 options to a consultant of the Company. The options were exercisable for a period of five years at an exercise price of $0.19 per option. The fair value of the options was estimated on the date of the grant at $0.15 per option using the Black-Scholes option pricing model with the following assumptions: expected volatility of 115%; expected dividend yield of 0%; risk-free interest rate of 98.34%; and expected life of 5 years.

On May 29, 2020, the Company issued 884,400 options to two directors and 73,700 options to an employee of the Company. The options are exercisable for a period of five years at an exercise price of $0.27 per option. The fair value of the options was estimated on the date of the grant at $0.12 per option using the Black-Scholes option pricing model with the following assumptions: expected volatility of 115%; expected dividend yield of 0%; risk-free interest rate of 99.62%; and expected life of 3 years.

On August 18, 2020, the Company issued 608,025 options to two directors and 73,700 options to an employee of the Company. The options are exercisable for a period of five years at an exercise price of $0.19 per option. The fair value of the options was estimated on the date of the grant at $0.12 per option using the Black-Scholes option pricing model with the following assumptions: expected volatility of 115%; expected dividend yield of 0%; risk-free interest rate of 99.71%; and expected life of 3 years.

8. Financial risk management

The Company is exposed to credit, liquidity and market risks related to the use of financial instruments in its operations. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework through its Audit Committee. In this respect, the Audit Committee meets with management and the Company's Risk Management Committee at least quarterly. The Company's risk management policies are established to identify, analyze, limit, control and monitor the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in the risk environment faced by the Company.

8. Financial risk management (continued)

a. Credit risk

Credit risk is the risk of financial loss to the Company if a client fails to meet its contractual obligations. In the Company's case, credit risk arises with respect to its cash and cash equivalents, the lines of credit to clients and any other financial transaction with a counterparty. The Company manages credit risk in respect of cash and cash equivalents, by maintaining the majority of cash and cash equivalents at high credit rated financial institutions. The carrying amount of these lines of credit represents the Company's maximum credit exposure and is the most significant measurable risk that it faces. The nature of the Company's asset-based lending business involves funding the receivables offered to it by its clients. Typically, the Company files a lien against the pledged receivables and requires either a single or double virtual lockbox arrangement.

The Company does not lend on an unsecured basis. No new asset-based loans were provided in the fiscal 2021 year. The maximum credit risk is the full value of the loans receivable.

Credit is evaluated by financial underwriters and is authorized by the Credit Committee comprised of supervisory personnel, management and, in the case of credit in excess of $1.0 million, the Company's President and the Chairman of its Board. The Company monitors and controls its risks and exposures through financial, credit, legal and technology-based systems and, accordingly, believes that it has procedures in place for evaluating and limiting the credit risks to which it is subject. Credit is subject to ongoing management review. Nevertheless, for a variety of reasons, there will inevitably be defaults by clients or their customers.

The Company’s customers have varying payment terms depending on the industries in which they operate, although most customers have payment terms of 30 to 60 days from the invoice date. Clients’ receivables generally become "ineligible" for lending purposes when they reach a certain predetermined age, usually above 90 or 120 days from invoice date.

8. Financial risk management (continued)

The Company employs a 5-step client approval process to assess credit risk, which reviews, amongst other things, the financial strength of each client and the Company's underlying security. Credit risk is primarily managed by ensuring that, as far as possible, the receivables financed are of the highest quality, that being due from the U.S. Government healthcare programs such as Medicare and Medicaid. The Company does not lend against any patient pay ("co-pay"), inventory, equipment or any other tangible asset.

The Company also minimizes credit risk by limiting the maximum amount that it will lend to any one client, enforcing strict advance rates, disallowing certain types of receivables and making receivables ineligible for lending purposes as they become older. The Company generally mandates the use of a single or double virtual lockbox system, where the clients' receivables are flowed through bank accounts controlled by the Company, thereby allowing it to quickly identify problems as and when they arise and act promptly to minimize credit losses.

The Company's credit exposure at November 30, 2020 relates to its gross credit receivables and interest and other receivables. All receivables and associated loans were fully provisioned as at February 29, 2020. The Company has no ($nil) unprovisioned outstanding receivables as of the date of these statements or prior year end.

b. Concentration risk

Concentration risk arises as a result of the concentration of exposures within a single client. The Company minimizes concentration risk by limiting the maximum amount that it will lend to any one client. As at November 30, 2020 and February 29, 2020 there were no loans outstanding to a client that constituted more than 20% of the credit receivable balance. Currently the Company has provisioned all loans receivable.

Concentrations of risk arises as a result in the concentration of customers. During the nine months ended November 30, 2020, Inspira SaaS Billing Services, Inc. had no customers (fiscal 2020 – one customer). In August 2019, this business was discontinued.

(In Canadian Dollars)

8. Financial risk management (continued)

c. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's principal obligations are its accounts payable and other liabilities.

At November 30, 2020, the Company had assets of $8,265,854 (February 29, 2020– $9,332,376) which substantially exceeded its total liabilities of $296,419 (February 29, 2020 - $366,644).

All financial assets and liabilities are expected to be settled within 12 months at the values stated in the consolidated statements of financial position.

	Carrying amount	0 to 3 months	6 to 12 months	Over 1 year
Cash	$ 147,997	$ -	$ -	$ 147,997
Cash equivalents	7,606,451	-	-	7,606,451
Marketable securities	496,192	-	-	496,192
	$ 8,250,640	$ -	$ -	$ 8,250,640
Accounts payable and accrued liabilities	$ 281,419	$ 281,419	$ -	$ -

d. Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates, will affect the Company's income or the value of its financial instruments. The objective of managing market risk is to control market risk exposures within acceptable parameters, while optimizing the return on risk.

Equity risk - The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

8. Financial risk management (continued)

d. Market risk (continued)

The Company's marketable securities including stocks and ETF's trading on U.S stock exchanges. An increase/(decrease) of 10% in the U.S markets could have an impact of approximately $50,000 increase/(decrease) on the income and equity attributable to the Company. For more details on the Company's marketable securities please see Note 15.

Currency risk - The Company is exposed to currency risk primarily in its foreign operations which operate in U.S. Dollars, to the full extent of the foreign operations net assets and U.S. denominated assets of approximately USD $6.5 million at November 30, 2020 (February 29, 2020 – USD $7.6 million). The Company's investment in its foreign operations is not hedged. Unrealized foreign exchange gains or losses arise on translation of the assets and liabilities of the Company's foreign operations into Canadian dollars each period end.

Resulting foreign exchange gains or losses are credited or charged to other comprehensive income or loss with a corresponding entry to the AOCI component of equity. The Company is also subject to foreign currency risk on the earnings of its foreign operations which report in U.S. dollars and are unhedged. A 10% change in the U.S. dollar against the Canadian dollar would result in an approximate $1 million increase/decrease (February 29, 2020 - $1 million) in the Company's condensed interim consolidated statement of operations and comprehensive loss for the nine months ended November 30, 2020.

The Company's Canadian operations have some assets and liabilities denominated in foreign currencies, principally cash and cash equivalents. These assets are not hedged.

Interest rate risk - Interest rate risk pertains to the risk of loss due to the volatility of interest rates. The Company's lending and borrowing rates are usually based on floating bank prime rates of interest and are typically variable. The Company actively manages its interest rate exposure, where possible. The Company as of November 30, 2020 and February 29, 2020 has no debt and no credit receivables. Previously, the Company experienced short-term interest rate risk on these credit receivables.

(In Canadian Dollars)

8. Financial risk management (continued)

d. Fair value of financial assets and liabilities

The carrying values of cash and cash equivalents, other receivables, accounts payable and accrued liabilities and other liabilities approximate their fair values due to the relatively short periods to maturity of the financial instruments. The classification of financial instruments at their carrying and fair values is as follows:

	November 30, 2020 (in $'s)			
	Carrying Value			**Fair Value**
	FVTPL	**FVOCI**	**AMC**	**Total**
Financial assets				
Cash and cash equivalents	-	-	7,754,448	7,754,448
Marketable securities	496,192	-	-	496,192
Other receivables	-	-	7,802	7,802
	496,192	-	7,762,250	8,258,442

	February 29, 2020 (in $'s)			
	Carrying Value			Fair Value
	FVTPL	FVOCI	AMC	Total
Financial assets				
Cash and cash equivalents	-	-	8,349,422	8,349,422
Marketable securities	843,221	-	-	843,221
Other receivables	-	-	8,000	8,000
	843,221	-	8,357,422	9,200,643

(In Canadian Dollars)

8. Financial risk management (continued)

e. Fair value of financial assets and liabilities (continued)

	November 30, 2020 (in $'s)			
	Carrying Value			**Fair Value**
	FVTPL	**FVOCI**	**AMC**	**Total**
Financial liabilities				
Accounts payable and accrued liabilities	-	-	281,419	281,419
Other liabilities	-	-	15,000	15,000
	-	-	296,419	296,491

	February 29, 2020 (in $'s)			
	Carrying Value			Fair Value
	FVTPL	FVOCI	AMC	Total
Financial liabilities				
Accounts payable and accrued liabilities	-	-	351,644	351,644
Other liabilities	-	-	15,000	15,000
	-	-	366,644	366,644

9. Related party transactions

Related parties are defined as management and principal shareholders of the Company and/or members of their immediate family and/or other companies and/or entities in which the principal shareholders, directors or senior officers is the principal owner or senior executive. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including executive directors. The total compensation of key management personnel for the three and nine months ended November 30, 2020 and November 30, 2019 is as follows:

(In Canadian Dollars)

9. Related party transactions (continued)

	Three months ended November 30,		Nine months ended November 30,	
	2020	**2019**	**2020**	**2019**
Salaries and short-term benefits	$ -	$18,760	$122,696	$61,334
Share based compensation	69,200	1,437	136,004	7,597
Total	$69,200	$1,437	$258,700	$68,931

Included in accounts payable and accrued liabilities is $114,498 (February 29, 2020 - $13,705) due to a director of the Company.

10. Capital management

The Company’s current capital structure includes total shareholder equity. The Company's objectives when managing capital are to: (a) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (b) maintain a capital structure that allows the Company to finance its growth using internally generated cash flow and debt capacity; and (c) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust its capital structure, the Company may, from time to time, change the amount of dividends paid to shareholders, return capital to shareholders by way of normal course issuer bid, issue new shares, or reduce liquid assets to repay other debt.

(In Canadian Dollars)

11. Segmented information

The Company operated and managed its business in two operating segments during 2019– providing asset-based financial services to healthcare providers in the United States and medical billing for its customers in the United States. While the Company operates in two geographic areas, being the United States and Canada, substantially all revenues from external customers are earned in the United States. In August 2019, the medical billing business was discontinued (Note 14). At November 30, 2020 and February 29, 2020 the Company operated and managed two segments being investment activities and providing asset-based financial services.

12. Net loss per share

Nine months ended		**November 30, 2020**		**November 30, 2019**
Net loss from continuing operations	$	(837,252)	$	(304,630)
Net income from discontinued operations	$	-	$	434,146
Weighted average number of common shares diluted		33,788,824		33,785,152
Net loss per share from continuing operations				
Basic	$	(0.02)	$	(0.01)
Diluted	$	(0.02)	$	(0.01)
Net income per share from discontinued operations				
Basic	$	-	$	0.01
Diluted	$	-	$	0.01

(In Canadian Dollars)

13. Expenses by nature

General and Administrative Expenses	Three months ended November 30, 2020	Three months ended November 30, 2019	Nine months ended November 30, 2020	Nine months ended November 30, 2019
Included in general and administrative:				
Labor & consulting expenses	$ 77,991	$ 70,632	$ 442,771	$ 514,112
Legal & audit fees	36,680	11,614	119,842	40,816
Facility leases	-	22,511	-	53,641
Public company expenses	46,962	-	125,233	109,662
Reversal of revaluated tax assessment	-	-	(113,927)	-
General expenses	47,068	34,172	113,831	569,712
Total General and Administrative Expenses	$ 208,701	$ 138,929	$687,750	$ 1,287,943

(In Canadian Dollars)

14. Discontinued operations

In August 2019, the Company decided to discontinue its billing operations. And therefore, no longer generated revenue from billing operations.

Results of discontinued operations for the three and nine months ended November 30, 2020 and November 30, 2019 are as follows:

	Three months ended November 30,		**Nine months ended November 30,**	
	2020	**2019**	**2020**	**2019**
Revenue				
Billing Service	$ -	$ -	$ -	$ 527,074
Total revenue	-	-	-	527,074
Expenses				
Depreciation	-	-	-	44,408
Impairment of equipment	-	-	-	48,520
Total expenses	-	-	-	92,928
Net income from discontinued operations	$ -	$ -	$ -	$ 434,146

Cash flows from discontinued operations for the nine months ended November 30, 2020 and November 30, 2019 are as follows:

	Nine months ended November 30,	
	2020	**2019**
Operating Activities		
Net income	$ -	$ 434,146
Non-cash items:		
Depreciation	-	44,408
Impairment of equipment	-	48,520
Changes in operating assets and liabilities:		
Billing receivables	-	(289,688)
Net cash provided by discontinued operating activities	$ -	$ 237,386

(In Canadian Dollars)

15. Marketable Securities

The fair value of marketable securities is based on quoted prices in active markets and are measured at level 1 in the fair value hierarchy.

The investments comprise of the following equities and balances as at November 30, 2020 and February 29, 2020:

Details	Quantity	Average cost	Market price/ unit	Total fair value November 30, 2020	Total fair value February 29, 2020
		$	$	$	$
Callable shares	10,000	32.41	29,96	299,621	331,831
Short term bond ETF	2,900	63.45	63.17	183,476	190,838
Publicly traded common shares	400	32.15	32.65	13,095	320,552
Total investments				496,192	843,221

For the marketable securities investments, the Company is exposed to general market risk as well as risk associated with the specific industries it as invested in. It is Management's goal to maximize return while minimizing risk. However, there are additional risk factors at play with these investments. Specifically, the Company is exposed to enhanced risk related to the value of real estate and the value of and ratings of corporate and government debt. The majority of the Company's debt exposure is related to debt issued by the United States Government substantially reducing credit exposure as the United States Government is evaluated by Management as having exceptional credit worthiness. All securities are for companies or Exchange Traded Funds listed in the United States.

Description of security industry	Value of holdings as at November 30, 2020
	$
Real estate investment trust	299,621
Bond exchange trade fund	183,476
Other United States securities	13,095

16. COVID-19

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

In addition, the current pandemic and associated economic uncertainties could significantly adversely affect the ability of the Company to find and pursue new opportunities to grow its business. The Company's financial condition, liquidity and results of operations have been and will continue to be adversely impacted by these preventative actions and the disruption to our business and that of our suppliers and customers. As we cannot predict the duration or scope of the COVID-19 pandemic, the negative financial impact to our results cannot be reasonably estimated, but could be material.

17. Contingencies

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At November 30, 2020, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

18. Transaction Costs

Transaction costs refers to the costs associated with the pending change of business as defined by the Toronto Stock Exchange, the proposed transaction to acquire SDP, and other deal related costs including due diligence, exploration, regulatory exploration and more. Such transaction costs are expensed immediately.

19. Subsequent events

On December 21, 2020, the Company announced it had completed changing its name to Salona Global Medical Device Corporation, had completed a 10 to 7.37 share consolidation, and completed a private placement with gross proceeds of $5,550,258.

APPENDIX “II” TO SCHEDULE “A”
MANAGEMENT’S DISCUSSION AND ANALYSIS OF SALONA GLOBAL MEDICAL DEVICE CORPORATION

BRATTLE STREET INVESTMENT CORP.
(formerly Inspira Financial Inc.)

Management's Discussion and Analysis

For the years ended February 29, 2020 and February 28, 2019

Non-IFRS Measures

Throughout this MD&A, the Company uses a number of financial measures to assess its performance and are intended to provide additional information to investors concerning Brattle Street. Some of these measures, including net profit (loss) from operations are not calculated in accordance with Generally Accepted Accounting Principles (GAAP), which are based on International Financial Reporting Standards (IFRS), are not defined by GAAP, and do not have standardized meanings that would ensure consistency and comparability between companies using these measures. Readers are cautioned that the disclosure of these items is meant to add to, and not replace, the discussion of financial results as determined in accordance with IFRS. The primary purpose of these non-IFRS measures is to provide supplemental information that may prove useful to investors who wish to consider the impact of certain non-cash or uncontrollable items on the Company's operating performance and who wish to separate revenues and related costs associated with client acquisition that may not be ongoing.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to risks associated with: changes in law, competition, the ability to implement business strategies and pursue business opportunities, state of the capital markets, the availability of funds and resources to pursue operations, dependence on debt markets and interest rates, demand for the lending products Brattle Street offers at interest rates higher than at which Brattle Street can borrow, a novel business model, granting of permits and licenses in a highly regulated business, difficulty integrating newly acquired businesses (including RBP Healthcare Technologies), risks of performance by the target, new technologies, risk of billing irregularities by borrowers, low profit market segments, as well as general economic, market and business conditions. See "Risks and Uncertainties".

Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the

(1) *http://www.dualdiagnosis.org/addiction-treatment/mental-health-parity-act-insurance-and-rehab/*

forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding business and operating strategies.

Dated: June 25 2020

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Brattle Street Investment Corp. ("Brattle Street" or the "Company") was prepared by management of the Company and should be read in conjunction with the Company's audited consolidated financial statements for the years ended February 29, 2020 and February 28, 2019. Additional information relating to the Company is available on SEDAR at **www.sedar.com**.

The Audit Committee and the Board of Directors provide an oversight role with respect to all public financial disclosures by the Company. The Board of Directors approves the Financial Statements and MD&A after the completion of its review and recommendation for approval by the Audit Committee, which meets periodically to review all financial reports, prior to filing.

Company Overview

Brattle Street, is a publicly traded company listed on the TSX Venture Exchange (the "Exchange") under the symbol "BRTL". On January 15, 2020 the Company changed its name from "Inspira Financial Inc." to "Brattle Street Investment Corp." and its Exchange symbol from "LND" to "BRTL".

The Company changed its name to Brattle Street Investment Corp. as reflection of a broader and improved investment strategy given the current macroeconomic landscape. In addition to pursuing traditional debt opportunities, the Company plans to look for equity or debt investment opportunities that provide oversized returns relative to risk. This strategy may take time in economies where low interest rates often skew the risk-return equation toward lower historical returns relative to risk. Management believes over time, by tapping its network of deal flow, it will find opportunities that have return profiles that are more in line with normalized interest rate periods. Attractive opportunities may be rare until the low real interest rate environment ends, and the re-pricing of assets takes place, which may delay deployment of capital until more reasonable valuations appear than in the current market.

Highlights of the year ended February 29, 2020

In August 2019, in light of significant headwinds in the addiction rehabilitation industry, the Company decided to discontinue its billing operations. Starting August 1, 2019, the Company no longer generated revenue from billing operations.

The Company continues to operate its lending business. While the loans outstanding may not be repaid, the Company continues to work with lenders to make payments and continues to consider requests it receives for additional loans.

(in Canadian Dollars)

The Company had a cash and cash equivalent and marketable securities position of $9.19 million (as reflected in its most recent consolidated financial statements for year ended February 29, 2020 and is looking for methods to increase shareholder value using that cash.

Selected Financial Information

The following information provides selected financial data about the Company and should be read in conjunction with the consolidated financial statements.

	February 29, 2020 $	February 28, 2019 $	February 28, 2018 $
Total assets	$ 9,332,376	$ 11,621,111	$ 12,814,987
Total liabilities	$ 366,644	$ 408,974	$ 331,213
Revenue	$ 352,130	$ 1,261,754	$ 3,939,069
Net earnings (loss)	$ (2,341,345)	$ (760,569)	$ (6,614,294)
Net earnings (loss) per share	$ (0.05)	$ (0.02)	$ (0.15)

Results of Operations

In August 2019, the Company decided to discontinue its billing operations. As such, the billing operations have been segregated and disclosed as discontinued operations.

	February 29, 2020	**February 28, 2019**
CONTINUING OPERATIONS		
Revenue		
Loan Interest	$ 50,276	$ 518,493
Fees and Other	83,484	208,705
Interest, Fees, and Other from Provisioned Loans	145,635	534,556
Investment income	110,367	-
Other income	18,558	-
Unrealized loss on marketable securities	(56,190)	-
Total revenue	352,130	1,261,754
Cost of revenue		
Provision for losses	372,458	(3,548)
Financial margin	(20,328)	1,265,302

(in Canadian Dollars)

Expenses				
General, administrative and collections		1,685,946		3,497,964
Write off of equipment		39,613		-
Sales and marketing		-		4,769
Share based compensation		21,962		96,367
Total expenses		1,747,521		3,599,100
Net loss from continuing operations		(1,767,849)		(2,333,798)
(Loss) income from discontinued operations		(573,496)		1,573,229
Net loss before taxes		(2,341,345)		(760,569)
Income tax expense		-		-
Net loss	$	(2,341,345)	$	(760,569)
Other comprehensive loss				
Gain (loss) on foreign exchange translation	$	155,190	$	(607,435)
Comprehensive loss	$	(2,186,155)	$	(1,368,004)

Discussion of Operations

Balances year ended February 29, 2020 have been prepared in accordance with International Finance Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), prior period amounts have not been restated in relation to these IFRS measures.

Year ended February 29, 2020 compared with the year ended February 28, 2019

Revenue

The company has an accounting policy to provision for loans in default. The decrease in loan interest and fees are due to the impairment of the remaining loans receivable thus a decrease in total credit receivables outstanding. Any interest and fees invoiced on these loans are not recognized until the cash is collected.

Investment income and unrealized loss on marketable securities are the result of the company deploying some of its cash into investments as part of its new strategy (as noted earlier).

(in Canadian Dollars)

General and administrative

General and administrative ("G&A") expenses relate to finance and administration and consist of salaries and related general operational expenses. There was a general decrease in all expense categories due to a decrease in the level of business activity as a result of the change in business focus. G&A for 2020 and 2019 was as follows.

General and Administrative Expenses	February 29, 2020	February 28, 2019
Included in general and administrative:		
Labor & consulting expenses	$ 1,168,466	$ 2,119,158
Legal & audit fees	192,065	418,963
Facility leases	39,201	262,815
Public company expenses	512	94,443
General expenses	285,702	602,585
Total General and Administrative Expenses	$ 1,685,946	$ 3,497,964

Labor & consulting expenses

As a result of winding down the billing services operation, less staff and consultants were required, therefore reducing labor and consulting costs.

Legal and audit fees

The decrease in fees is due to the decrease in the level of business activity, in addition, 2019 expense included additional fees relating to a previous years legal issue that was resolved in 2019.

Facility leases

Facility leases decreased due to the termination of the lease during the year. As a result of the change in focus of the business the Company no longer need the office space previously leased.

Public company expenses

Public company expenses include exchange listing fees and corporate insurance.

Write off of equipment

The Company wrote off various computer and office equipment no longer being used.

(in Canadian Dollars)

Share based compensation

The share based compensation has declined year-over-year as a result of the Board reducing the number of options outstanding. These line items in the financial statement represent an accounting valuation associated with the granting of stock options to employees and consultants of the Company, which are valued using the Black-Scholes valuation model and are expensed over the options' vesting period. This is a non-cash accounting expense.

In August 2019, the Company decided to discontinue its billing operations and therefore no longer generated revenue from billing operations.

Results of discontinued operations for the year ended February 29, 2020 and February 28, 2019 are as follows:

Discontinued operations

Results of discontinued operations for the year ended February 29, 2020 and February 28, 2019 are as follows:

	February 29, 2020	February 28, 2019
Revenue		
Loan Interest	$ -	$ 2,348
Billing Service	511,375	1,882,764
Total revenue	511,375	1,885,112
Cost of revenue		
Impairment of billing receivables	947,501	-
Provision for losses	-	65,395
Total cost of revenue	947,501	65,395
Financial margin	(436,126)	1,819,717
Expenses		
General, administrative and collections	44,442	138,989
Depreciation	44,408	100,698
Impairment of equipment	48,520	-
Sales and marketing	-	6,801
Total expenses	137,370	246,488
Net (loss) gain from discontinued operations	$ (573,496)	$ 1, 573,229

(in Canadian Dollars)

Summary of Quarterly Information

	Q1-2019	Q2-2019	Q3-2019	Q4-2019
	$	$	$	$
Revenue	1,008,852	920,879	887,209	329,926
Net income (loss)	(1,161,912)	201,965	72,357	(1,249,864)
Basic & diluted loss per share	(0.025)	0.004	0.002	(0.027)

	Q1-2020	Q2-2020	Q3-2020	Q4-2020
	$	$	$	$
Revenue	629,365	699,948	194,928	(660,736)*
Net income (loss)	284,721	(116,838)	54,562	(2,563,790)
Basic & diluted loss per share	0.006	(0.003)	0.001	(0.056)

*As a result of COVID-19, the discontinuation of the billing business, and other factors, the Company has impaired all overdue credit and billing receivables outstanding. These impairments changed the treatment of revenues from these receivables from an accrual basis to a cash basis resulting in a change in revenue. This change did not negatively impact cash flow.

Liquidity, Capital Resources, and Outlook

The Company's primary sources of short-term liquidity are cash, cash equivalents and marketable securities. As at February 29, 2020, the Company had $8,349,422 of cash and cash equivalents and $843,221 of marketable securities compared to $351,644 of accounts payable and other liabilities of $15,000.

During 2020, $128,047 of cash was used in operating activities (consisting of $301,291 used in continued operating activities, and $173,244 provided by discontinued operating activities). This is compared to $4,000,998 in cash provided by operating activities in 2019, consisting of $920,295 in cash provided by continued operating activities, and $3,080,693 provided by discontinued operating activities. The decrease in cash from continued operating activities is primarily due to the decrease in recovery of credit receivables, while the decrease in cash from discontinued operating activities is due to the decline and wind up of the billing service business segment.

During the year ended February 29, 2020, $899,409 (2019 - $nil) was used in investing activities for the purchase of marketable securities. The Company has no debt and no financial commitments.

The Company's primary liquidity needs include ongoing operating costs. The Company considers its current and contemplated sources of liquidity sufficient to meet requirements for the purposes of short-term and long-term operations and growth.

(in Canadian Dollars)

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements as at February 29, 2020.

New and Future IFRS Accounting Pronouncements

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Critical Accounting Estimates and Significant Accounting Policies

The significant accounting policies applied by are described in Note 3 of the Company's audited consolidated financial statements, including the changes to the accounting for financial instruments resulting from the adoption of International Financial Reporting Standards 16, Leases ("IFRS 16").

Transactions with Related Parties

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including executive directors. The total compensation of key management personnel is as follows:

	2020	2019
Salaries and short term benefits	$ 170,144	$ 387,503
Share based compensation	21,962	96,367
Total	$ 192,106	$ 483,870

Included in accounts payable and accrued liabilities is $13,705 to a director of the Company.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, billing receivables, credit receivables, accounts payable and accrued liabilities, and other payables. The fair value of these financial instruments approximates their carrying values.

Financial risk management

The Company is exposed to credit, liquidity and market risks related to the use of financial instruments in its operations. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework through its Audit Committee. In this respect, the Audit Committee meets with management and the Company's Risk Management Committee at least quarterly. The Company's risk management policies are established to identify, analyze, limit, control and monitor the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in the risk environment faced by the Company.

Credit risk
Credit risk is the risk of financial loss to the Company if a client fails to meet its contractual obligations. In the Company's case, credit risk arises with respect to its cash and cash equivalents, the lines of credit to clients and any other financial transaction with a counterparty. The Company manages credit risk in respect of cash and cash equivalents, by maintaining the majority of cash and cash equivalents at high credit rated financial institutions. The carrying amount of these lines of credit represents the Company's maximum credit exposure and is the most significant measurable risk that it faces. The nature of the Company's asset-based lending business involves funding the receivables offered to it by its clients. Typically, the Company files a lien against the pledged receivables and requires either a single or double virtual lockbox arrangement.

The Company does not lend on an unsecured basis. No new asset-based loans were provided in the fiscal 2020 year. The maximum credit risk is the full value of the loans receivable.

Credit is evaluated by financial underwriters and is authorized by the Credit Committee comprising of supervisory personnel, management and, in the case of credit in excess of $1.0 million, the Company's President and the Chairman of its Board. The Company monitors and controls its risks and exposures through financial, credit, legal and technology based systems and, accordingly, believes that it has procedures in place for evaluating and limiting the credit risks to which it is subject. Credit is subject to ongoing management review. Nevertheless, for a variety of reasons, there will inevitably be defaults by clients or their customers.

The Company's customers have varying payment terms depending on the industries in which they operate, although most customers have payment terms of 30 to 60 days from the invoice date. Clients' receivables generally become "ineligible" for lending purposes when they reach a certain predetermined age, usually above 90 or 120 days from invoice date.

The Company employs a 5-step client approval process to assess credit risk, which reviews, amongst other things, the financial strength of each client and the Company's underlying security. Credit risk is primarily managed by ensuring that, as far as possible, the receivables financed are of the highest quality, that being due from the U.S. Government healthcare programs such as Medicare and Medicaid. The Company does not lend against any patient pay ("co-pay"), inventory, equipment or any other tangible asset.

The Company also minimizes credit risk by limiting the maximum amount that it will lend to any one client, enforcing strict advance rates, disallowing certain types of receivables and making receivables ineligible for lending purposes as they become older. The Company generally mandates the use of a single or double virtual lockbox system, where the clients' receivables are flowed through bank accounts controlled by the Company, thereby allowing it to quickly identify problems as and when they arise and act promptly to minimize credit losses.

The Company's credit exposure at February 29, 2020 relates to its gross credit receivables and interest and other receivables. As at February 29, 2020 $nil (2019 - $515,400) in receivables were over 90 days and $nil (2019 - $63,960) in receivables were between 60 - 90 days overdue.

Concentration risk
Concentration risk arises as a result of the concentration of exposures within a single client. The Company minimizes concentration risk by limiting the maximum amount that it will lend to any one client. As at February 29, 2020 and 2019 there were no loans outstanding to a client that constituted more than 20% of the gross credit receivable balance.

Concentrations of risk arises as a result in the concentration of customers. During fiscal 2020, Inspira Saas Billing Services, Inc. had one customer (2019 – five customers), which is a material concentration of risks. In August 2019, this business was discontinued.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's principal obligations are its accounts payable and other liabilities.

At February 29, 2020, the Company had assets of $9,332,376 (2019– $11,621,111) which substantially exceeded its total liabilities of $366,644 (2019 - $408,974).

All financial assets and liabilities are expected to be settled within 12 months at the values stated in the consolidated statements of financial position.

	Carrying amount	0 to 3 months	6 -12 months	Over 1 year
Cash and cash equivalents	$ 8,349,422	$ -	$ -	$ 8,349,422
Marketable securities	843,221	-	-	843,221
Other receivables	10,660	-	10,660	-
	$ 9,203,303	$ -	$ 10,660	$ 9,192,643
Accounts payable & accrued liabilities	$ 351,644	$ 351,644	$ -	$ -

Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates, will affect the Company's income or the value of its financial instruments. The objective of managing market risk is to control market risk exposures within acceptable parameters, while optimizing the return on risk.

Equity risk - The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

The Company's marketable securities including stocks and ETF's trading on U.S stock exchanges. An increase/(decrease) of 10% in the U.S markets could have an impact of approximately $84,000 increase/(decrease) on the income and equity attributable to the Company. For more details on the Company's marketable securities please see Note 19.

Currency risk - The Company is exposed to currency risk primarily in its foreign operations which operate in U.S. Dollars, to the full extent of the foreign operations net assets and U.S. denominated assets of approximately USD $7.6 million at February 29, 2020 (2019 – USD$11.9 million). The Company's investment in its foreign operations is not hedged. Unrealized foreign exchange gains or losses arise on translation of the assets and liabilities of the Company's foreign operations into Canadian dollars each period end.

Resulting foreign exchange gains or losses are credited or charged to other comprehensive income or loss with a corresponding entry to the AOCI component of equity. The Company is also subject to foreign currency risk on the earnings of its foreign operations which report in U.S. dollars and are unhedged. A 10% change in the U.S. dollar against the Canadian dollar would result in an approximate $1 million increase/decrease (2019 - $1.2 million) in the Company's consolidated statement of operations and comprehensive income (loss) for the year ended February 29, 2020.

(in Canadian Dollars)

The Company's Canadian operations have some assets and liabilities denominated in foreign currencies, principally cash and cash equivalents. These assets are not hedged.

Interest rate risk - Interest rate risk pertains to the risk of loss due to the volatility of interest rates. The Company's lending and borrowing rates are usually based on floating bank prime rates of interest and are typically variable. The Company actively manages its interest rate exposure, where possible. The Company as of February 29, 2020 and February 28, 2019 has no debt and no credit receivables. Previously, the Company experienced short-term interest rate risk on these credit receivables.

Fair value of financial assets and liabilities

The carrying values of cash and cash equivalents, credit receivables, billing receivables, other receivables, accounts payable and accrued liabilities and other liabilities approximate their fair values due to the relatively short periods to maturity of the financial instruments.

The classification of financial instruments at their carrying and fair values is as follows:

	February 29, 2020 (in $'s)			
	Carrying Value			**Fair Value**
	FVTPL	**FVOCI**	**AMC**	**Total**
Financial assets				
Cash and cash equivalents	-	-	8,349,422	8,349,422
Marketable securities	843,221	-	-	843,221
Other receivables	-	-	8,000	8,000
	843,221	-	8,357,422	9,200,643

	February 28, 2019 (in $'s)			
	Carrying Value			Fair Value
	FVTPL	FVOCI	AMC	Total
Financial assets				
Financial assets				
Cash and cash equivalents	-	-	9,303,900	9,303,900
Billing receivables	-	-	653,811	653,811
Credit receivables	-	-	873,162	873,162
Other receivables	-	-	144,153	144,153
	-	-	10,975,026	10,975,026

(in Canadian Dollars)

	February 29, 2020 (in $'s)			
	Carrying Value			Fair Value
	FVTPL	FVOCI	AMC	Total
Financial liabilities				
Accounts payable and	-	-	351,664	351,664
Other liabilities	-	-	15,000	15,000
	-	-	366,644	366,644

	February 28, 2019 (in $'s)			
	Carrying Value			Fair Value
	FVTPL	FVOCI	AMC	Total
Financial liabilities				
Accounts payable and	-	-	393,974	393,974
Other liabilities	-	-	15,000	15,000
	-	-	408,974	408,974

Disclosure of Outstanding Share Data

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

Common shares outstanding	45,841,454
Stock options	1,603,405
Fully diluted	47,444,859

Risks and Uncertainties

The Company has a limited history of existence. The securities of the Company should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities:

Ability to Manage Growth: Recent rapid growth in all areas of Brattle Street's business has placed, and is expected to continue to place, a significant strain on managerial, operational and technical resources. Brattle Street expects operating expenses and staffing levels to increase in the future. To manage such growth, Brattle Street must expand its operational and technical capabilities and manage its employee base while effectively administering multiple relationships with various third parties. There can be no assurance that Brattle Street will be able to manage its expanding operations effectively. Any failure to implement cohesive management and operating systems, to add resources on a cost-effective basis or to properly manage Brattle Street's expansion could have a material adverse effect on its business and results of operations.

Capital Investment: The timing and amount of capital expenditures by Brattle Street will be dependent upon Brattle Street's ability to utilize credit facilities, raise new debt, generate cash from operations, meet working capital requirements and sell additional shares in order to accommodate these items. There can be no assurance that sufficient capital will be available on acceptable terms to Brattle Street for necessary or desirable capital expenditures or that the amount required will be the same as currently estimated. Lack of these funds could limit the future growth of Brattle Street and its subsidiaries and their respective cash flows.

Unproven Market: It is anticipated that the market for Brattle Street's potential products will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including competition from other products and the degree of commercial viability of the potential products.

Failure to Develop Successful New Product Offerings: There can be no assurance that Brattle Street can develop new products that are competitive with other products in the same category, that the products developed by Brattle Street will receive widespread acceptance or that new products will yield favourable margins. Failure to develop and successfully market new products at favourable margins could have a material adverse impact on Brattle Street's business, financial condition, results of operations and the amount of cash available for distribution to shareholders.

Competitive Environment: The industry in which Brattle Street operates is highly competitive. Brattle Street's success depends, in part, on its ability to be efficient in all aspects of the business and achieve the appropriate cost structure. Some of Brattle Street's competitors have economic resources greater than those of Brattle Street and are well established as suppliers to the markets that Brattle Street will serve. Accordingly, such competitors may have lower cost structures allowing them to better withstand volatility within the industry and throughout the economy as a whole, while retaining significantly greater operating and financial flexibility than Brattle Street. There can be no assurance that Brattle Street will be able to manage costs and achieve efficiencies to allow it to compete successfully against its current or future competitors or that such competition will not have a material adverse effect on Brattle Street's business, financial condition, results of operations and the amount of cash available for distribution to shareholders.

Foreign currency risk: The Company operates in the United States. Accordingly, a portion of its financial resources is held in currencies other than the Canadian dollar. The Company's policy is to manage financial exposure to foreign exchange fluctuations and attempt to neutralize the impact of foreign exchange movements on its operating results where possible.

Dependence upon Management: Brattle Street's operations are dependent on the abilities, experience and efforts of its senior management. There can be no assurance that Brattle

Street would be able to find qualified replacements for the individuals who make up its senior management team if their services were no longer available. The loss of services of one or more members of its senior management could adversely affect the business of Brattle Street.

Inability to Implement the Business Strategy: The growth and expansion of Brattle Street's business is heavily dependent upon the successful implementation of Brattle Street's business strategy. There can be no assurance that Brattle Street will be successful in the implementation of its business strategy.

Economic conditions: The Company operates in the United States. Economic weakness can affect the Company's ability to attract new business as quality prospects become limited. Further, the Company's clients and their customers are often adversely affected by economic slowdowns and this can lead to increases in its provision for credit and loan losses.

Issuance of Debt: From time to time, Brattle Street may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase Brattle Street's debt levels above industry standards. The level of Brattle Street's indebtedness from time to time could impair Brattle Street's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Conflicts of Interest: Certain of the directors of Brattle Street are also directors and officers of other companies, some of which may be in the healthcare sector, and conflicts of interest may arise between their duties as directors of Brattle Street and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under the applicable corporate statute.

Dilution and Future Issuances of Brattle Street Shares: Brattle Street may issue additional Brattle Street Shares in the future, which may dilute a shareholder's holdings in Brattle Street. Brattle Street's articles permit the issuance of an unlimited number of Brattle Street Shares and the shareholders of Brattle Street will have no pre-emptive rights in connection with such further issuances. The board of directors of Brattle Street has the discretion to determine the terms of issue of further issuances of Brattle Street Shares.

Future Sales of Brattle Street Shares by Directors and Officers: Subject to compliance with applicable securities laws, directors and officers and their affiliates may sell some or all of their securities in Brattle Street in the future. No prediction can be made as to the effect, if any, such future sales will have on the market price of Brattle Street's securities. However, the future sale of a substantial number of securities by Brattle Street's directors and officers and their controlled entities, or the perception that such sales could occur, could adversely affect prevailing market prices for Brattle Street's securities.

Credit risk: The Company is in the business of making asset-based loans. Operating results can be adversely affected by large bankruptcies and/or insolvencies.

Requirement for Permits and Licenses in a Highly Regulated Business: Brattle Street will be subject to regulation from both United States federal and state authorities. Regulatory action could disrupt Brattle Street's ability to provide services. Such regulatory action could come in the form of actions based upon Brattle Street's operation. Regulatory action could prevent or delay reimbursement for certain services. There could also be legislative action that could adversely affect Brattle Street's business model, including a decision by the United States government to become the exclusive provider of healthcare services at some time in the future. Conversely, budgetary problems in the United States could lead to reduced funding, substantial modification or elimination of Medicare programs, which would end reimbursement for many patients. There can be no assurance that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the business of Brattle Street. Amendments to current laws and regulations could have a substantial adverse impact on Brattle Street.

Risk of Third Party Claims for Infringement: A third party may claim that Brattle Street has infringed such third party's rights or may challenge the right of Brattle Street to its intellectual property. In such event, Brattle Street will undertake a review to determine what, if any, action should be taken with respect to such claim. Any claim, whether or not with merit, could be time consuming to evaluate, result in costly litigation, cause delays in the operations of Brattle Street or the development of its intellectual property or require Brattle Street to enter into licensing arrangements that may require the payment of a licence fee or royalties to the owner of the intellectual property. Such royalty or licensing arrangements, if required, may not be available on terms acceptable to Brattle Street.

Privacy Legislation: The *Health Insurance Portability and Accountability Act of 1996* ("**HIPAA**") required the United States Department of Health and Human Services to adopt standards to protect the privacy and security of individually identifiable health-related information. The department released regulations containing privacy standards in December 2000 and published revisions to the final regulations in August 2002. The privacy regulations extensively regulate the use and disclosure of individually identifiable health related information. The regulations also provide patients with significant new rights related to the understanding and controlling how their health information is used or disclosed. The security regulations require healthcare providers to implement administrative, physical and technical practices to protect the security of identifiable health information that is maintained or transmitted electronically.

In addition to HIPAA, there are numerous federal and state laws and regulations addressing patient and consumer privacy concerns, including unauthorized access or theft of personal information. State statutes and regulations vary from state to state. Lawsuits, including class actions and action by state attorneys general, directed at companies that have experienced a privacy or security breach can also occur.

Brattle Street believes that the cost of compliance with HIPAA and other federal and state privacy laws will not have a material adverse effect on its business, financial condition, results of operations or cash flows. However, there can be no assurance that a breach of privacy or security will not occur. If there is a breach, Brattle Street may be subject to various penalties and damages and may be required to incur costs to mitigate the impact of the breach on affected individuals.

Strategic Relationships with Third Parties: Brattle Street anticipates that it will continue to depend on the relationships with various third parties, including hospitals, long-term care facilities and physicians to grow its business. Identifying, negotiating and documenting relationships with third parties requires significant time and resources. Brattle Street's competitors may be effective in providing incentives to their parties to favour their solutions or may prevent Brattle Street from developing strategic relationships with these parties. In addition, these third parties may not perform as expected under any agreement with them and Brattle Street may have disagreements or disputes with these parties, which could negatively affect Brattle Street's brand and reputation. It is possible that these third parties may not be able to devote the resources that Brattle Street expects from the relationship. If Brattle Street is unsuccessful in establishing or maintaining its relationship with these third parties, Brattle Street's ability to compete in the marketplace or to grow its revenue could be impaired, and operating results would suffer. Even if Brattle Street is successful, these relationships may not result in improved operating results.

Information Technology Systems: Brattle Street's business depends, in part, on the continued and uninterrupted performance of its information technology systems. Sustained system failures or interruptions could disrupt Brattle Street's ability to operate effectively, which in turn could adversely affect its business, results of operations and financial condition. Brattle Street's computer systems may be vulnerable to damage from a variety of sources, including physical or electronic break-ins, computer viruses and similar disruptive problems. Despite precautions taken and the extensive mitigation strategies put in place by Brattle Street, unanticipated problems affecting the information technology systems could cause interruptions for which Brattle Street's insurance policies may not provide adequate compensation.

General Litigation Risk: Disputes are common in the United States healthcare industry and as such, in the normal course of business, Brattle Street might be involved in various legal actions and proceedings which arise from time to time, some of which may be substantial. There is no assurance that Brattle Street's insurance arrangements will be sufficient to cover any particular claim or claims that may arise in the future. Furthermore, Brattle Street is subject to the risk of claims and legal actions for various commercial and contractual matters in respect of which insurance is not available.

Exchange Rate Fluctuations: Exchange rate fluctuations may affect the costs that Brattle Street incurs in its operations. The appreciation of non-United States dollar currencies against the United States dollar can increase the cost of operations in United States dollar terms.

Loss of Foreign Private Issuer Status: Brattle Street may lose its foreign private issuer status in the future, which could result in significant additional costs and expenses. As a foreign private issuer, as defined in Rule 3b-4 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), Brattle Street is currently exempt from certain of the provisions of the U.S. federal securities laws. For example, an issuer with total assets in excess of US$10 million and whose outstanding equity securities are held by 2,000 or more persons, or 500 or more persons who are not "accredited investors", must register such securities as a class under the Exchange Act. However, as a foreign private issuer subject to Canadian continuous disclosure requirements, Brattle Street may claim the exemption from registration under the Exchange Act provided by Rule 12g3-2(b) thereunder, even if these thresholds are exceeded. To be considered a foreign private issuer, Brattle Street must satisfy a United States shareholder test (not more than 50% of the voting securities of a company must be held by residents of the United States) if any of the following disqualifying conditions apply: (i) the majority of Brattle Street's executive officers or directors are United States citizens or residents; (ii) more than 50 percent of Brattle Street's assets are located in the United States; or (iii) Brattle Street's business of is administered principally in the United States. A substantial number of Brattle Street's outstanding voting securities are directly or indirectly held of record by residents of the United States. If the Company loses its status as a foreign private issuer, these regulations could apply and it could also be required to commence reporting on forms required of U.S. domestic companies, such as Forms 10-K, 10-Q and 8-K. It could also become subject to U.S. proxy rules, and certain holders of its equity securities could become subject to the insider reporting and "short swing" profit rules under Section 16 of the Exchange Act. In addition, any securities issued by Brattle Street if it loses foreign private issuer status would become subject to certain rules and restrictions under the Securities Act of 1933, as amended, even if they are issued or resold outside the United States. Compliance with the additional disclosure, compliance and timing requirements under these securities laws would likely result in increased expenses and would require the Company's management to devote substantial time and resources to comply with new regulatory requirements.

Holding Corporation: Brattle Street is considered a holding corporation and a substantial portion of its assets is the capital stock of its subsidiaries. As a result, the holders of Brattle Street Shares are subject to risks attributable to its subsidiaries. As a holding corporation, Brattle Street conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenue. Consequently, Brattle Street's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to Brattle Street. The ability of the subsidiaries of Brattle Street to pay dividends and other distributions depend on their operating results and is subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of bankruptcy, liquidation or reorganization of any of Brattle Street's subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to Brattle Street.

Internal Control over Financial Reporting and Disclosure Controls and Procedures: Brattle Street may face risks if there are deficiencies in its internal controls over financial reporting and disclosure controls and procedures. Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external reporting purposes. Management is responsible for establishing and maintaining adequate internal controls over financial reporting appropriate to the nature and size of Brattle Street. The board of directors, in conjunction with its Audit Committee, is responsible for assessing the progress and sufficiency of internal controls over financial reporting and disclosure controls and procedures and will make adjustments as necessary. However, these initiatives may not be effective at remedying any deficiencies in internal control over financial reporting and disclosure controls and procedures. Any deficiencies, if uncorrected, could result in Brattle Street's financial statements being inaccurate and in future adjustments or restatements of its financial statements, which could adversely affect the price of Brattle Street Shares and Brattle Street's business, financial condition and results of operations.

Ability to Implement Acquisition Strategy: Brattle Street may not be able to effectively implement its acquisition strategy. There is the possibility that Brattle Street will not be able to reduce costs, improve profits or roll out additional rehabilitation facilities fast enough to meet its objectives.

Sector Specific Investment Risks: The Company seeks a high return on investment opportunities on its Debt, Real Estate, Banking, Insurance, and wealth management sectors ("Sectors"). Thus, the Company is exposed to investment risks relating to these Sectors which may be more volatile than the overall market or have additional forces that cause them to behave differently than the market aggregate. Investing in these Sectors can be speculative in nature and the value of the Company's investments may be subject to significant fluctuations. Such businesses entail a degree of risk, regardless of the skill and experience of the corporation's management. The assets, earnings and share values of corporations involved in these Sectors, are subject to risks associated with the world prices of real estate, interest rates, forces of nature, economic cycles, commodity prices, exchange rates, royalty and taxation changes and political events. Government restrictions, such as price regulations, production quotas, royalties and environmental protection, can also be factors.

Jurisdictions Outside of Canada: The Company intends to invest into US listed securities in the previously disclosed Sectors with operations and business that may be outside of Canada's jurisdiction. The Company may face new or unexpected risks or significantly increase its exposure to one or more existing risk factors, including economic instability, changes in laws and regulations and the effects of competition. These factors may limit the Company's capability to profit from foreign investments and may have a material adverse effect on the Company's business, financial condition and results of operations.

Political and Economic Instability: The Company may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in medicine and agriculture development or investment policies or shifts in political attitude in certain countries may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people and water use. The effect of these factors cannot be accurately predicted.

Limited Operating History: The Company has limited operating history as an investment company, and has had limited success investing in US listed securities. The Company and its business prospects must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of their development, particularly companies investing in foreign markets. There is no certainty that the Company will be able to operate profitably.

Key Personnel: The Company is dependent upon the continued availability and commitment of its management, whose contributions to immediate and future operations are of significant importance. The loss of any such management could negatively affect the Company's business operations. From time to time, the Company will also need to identify and retain additional skilled management to efficiently operate its business. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance of its ability to attract and retain such personnel. If it is not successful in attracting and training qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

Other Information

Additional information about the Company is available on SEDAR at www.sedar.com.

Salona Global Medical Device Corp.
(Formerly Brattle Street Investment Corp.)

Management's Discussion and Analysis
For the three and nine months ended November 30, 2020 and November 30, 2019

Non-IFRS Measures

Throughout this MD&A, the Company uses a number of financial measures to assess its performance and are intended to provide additional information to investors concerning Salona. Some of these measures, including net profit (loss) from operations are not calculated in accordance with Generally Accepted Accounting Principles (GAAP), which are based on International Financial Reporting Standards (IFRS), are not defined by GAAP, and do not have standardized meanings that would ensure consistency and comparability between companies using these measures. Readers are cautioned that the disclosure of these items is meant to add to, and not replace, the discussion of financial results as determined in accordance with IFRS. The primary purpose of these non-IFRS measures is to provide supplemental information that may prove useful to investors who wish to consider the impact of certain non-cash or uncontrollable items on the Company's operating performance and who wish to separate revenues and related costs associated with client acquisition that may not be ongoing.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to risks associated with: changes in law, competition, the ability to implement business strategies and pursue business opportunities, state of the capital markets, the availability of funds and resources to pursue operations, dependence on debt markets and interest rates, demand for the lending products Salona offers at interest rates higher than at which Salona can borrow, a novel business model, granting of permits and licenses in a highly regulated business, difficulty integrating newly acquired businesses (including RBP Healthcare Technologies), risks of performance by the target, new technologies, risk of billing irregularities by borrowers, low profit market segments, as well as general economic, market and business conditions. See "Risks and Uncertainties".

Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding business and operating strategies.

Dated: January 21, 2021

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Salona Global Medical Device Corp. ("Salona" or the "Company") was prepared by management of the Company and should be read in conjunction with the Company's condensed interim financial statements for the three and nine months ended November 30, 2020 and its audited consolidated financial statements for the year ended February 29, 2020 and February 28, 2019. Additional information relating to the Company is available on SEDAR at www.sedar.com.

The Audit Committee and the Board of Directors provide an oversight role with respect to all public financial disclosures by the Company. The Board of Directors approves the Financial Statements and MD&A after the completion of its review and recommendation for approval by the Audit Committee, which meets periodically to review all financial reports, prior to filing.

Company Overview

Salona, is a publicly traded company listed on the TSX Venture Exchange (the "Exchange") under the symbol "SGMD". On December 21st, 2020 the Company changed its name from "Brattle Street Investment Corp." to "Salona Global Medical Device Corp." and its Exchange symbol from "BRTL" to "SGMD".

The Company changed its name to Salona Global Medical Device Corp. as reflection of, the Company's focus on transitioning to an acquisition oriented, US-based and revenue generating MedTech company. The Company aims to leverage the liquid Canadian capital markets to acquire small to midsize US and internationally based medical device products and companies with the goal of expanding sales and improving operations. The company's aim is to create a large, broad-based medical device company with global reach

Proposed Transaction

On September 18, 2020, the Company signed a definitive agreement for a transformative acquisition in the US medical device industry. As a result of the transaction, the Company changed the name of the Company to Salona Global Medical Device Corporation ("Salona Global"). In connection with the proposed transaction, the Company has also appointed a new Board and management team and intends to complete the Consolidation (defined below). Pursuant to Policy 5.2 of the TSX Venture Exchange (the "Exchange") the transaction is as a Change of Business (as such term is defined by the Exchange) and accordingly the common shares of the have been halted.

Upon closing of the transaction and the re-listing, Salona Global (investor information at www.salonaglobal.com) will be an acquisition oriented, US-based medical device company with the ultimate goal to list on a US capital market, as it plans to achieve scale through both further acquisitions and organic growth. It will be operating in the US$30 billion recovery science market including postoperative pain, wound care and other markets serving the ageing US population. Salona Global's emphasis will include products for those over 65, who provide steady demand by virtue of government sponsored medical coverage in the US.

For more information refer to the press release issued on September 17th, 2020.

(in Canadian Dollars)

Results of Operations for three months ended November 30, 2020 compared to November 30, 2019

	Three months ended		Nine months ended	
	November 30, 2020	**November 30, 2019**	**November 30, 2020**	**November 30, 2019**
Continuing operations				
Revenue				
Loan interest	$ 22,429	$ 113,032	$ 39,190	$ 478,151
Fees and other	14,058	52,135	50,621	202,879
Collections of provisioned loans	317,515	-	399,702	216,856
Investment income	5,796	21,488	50,710	84,752
Loss on sale of marketable securities	548	-	(42,141)	-
Change in fair value of investments	(136,759)	8,272	(204,671)	8,272
Total revenue	**223,587**	**194,927**	**293,411**	**990,910**
Expenses				
General and administrative	208,701	138,929	687,750	1,287,943
Transaction Costs	306,909	-	306,909	-
Share based compensation	69,200	1,437	136,004	7,597
Total expenses	**584,810**	**140,366**	**1,130,663**	**1,295,540**
Net loss from continuing operations	(361,223)	54,561	(837,252)	(304,630)
Discontinued operations				
Net income from discontinued operations	-	-	-	434,146
Net (loss) income	**(361,223)**	**$ 54,561**	**$ (837,252)**	**$ 129,516**
Other comprehensive loss				
Foreign currency translation loss	$ (45,406)	$ (46,440)	$ (300,397)	$ (110,119)
Comprehensive (loss) income	**$ (406,629)**	**$ 8,121**	**$(1,137,649)**	**$ 19,397**

Discussion of Operations

Balances three and nine months ended November 30, 2020 have been prepared in accordance with International Finance Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), prior period amounts have not been restated in relation to these IFRS measures.

Three and nine months ended November 30, 2020 compared with the three and nine months ended November 30, 2019

Revenue

The company has an accounting policy to provision for loans in default. The decrease in loan interest and fees are due to the impairment of the remaining loans receivable thus a decrease in total credit receivables outstanding. Any interest and fees invoiced on these loans are not recognized until the cash is collected.

The company has succeeded in collecting much of one of its outstanding provisioned loans this quarter resulting in a substantial increase in revenue. The company does not expect this increase in revenue to persist.

Investment income, loss on sale of marketable securities and change in fair value of investments are the result of the company deploying some of its cash into investments as part of its cash management strategy.

General and administrative

General and administrative ("G&A") expenses relate to finance and administration and consist of salaries and related general operational expenses. There was a general decrease in all expense categories due to a decrease in the level of business activity as a result of the change in business focus. G&A for the three and nine months ended November 30, 2020 and November 30, 2019 was as follows.

(in Canadian Dollars)

	Three months ended		Nine months ended	
General and Administrative Expenses	November 30, 2020	November 30, 2019	November 30, 2020	November 30, 2019
Included in general and administrative:				
Labor & consulting expenses	$ 77,991	$ 70,632	$ 442,771	$ 514,112
Legal & audit fees	36,680	11,614	119,842	40,816
Facility leases	-	22,511	-	53,641
Public company expenses	46,962	-	125,233	109,662
Reversal of revaluated tax assessment	-	-	(113,927)	-
General expenses	47,068	34,172	113,831	569,712
Total General and Administrative Expenses	$ 208,701	$ 138,929	$687,750	$ 1,287,943

Labor & consulting expenses - The decrease is due to a reduction in staff and reduction of the use of external consultants. In 2019, various consultants were used for business advisory and other services which were not required in the current periods. Expenses will begin to rise in anticipation of the coming transaction.

Public company expenses - Public company expenses include exchange listing fees and directors and officer's insurance.

Reversal of contested tax assessment – Over the past several years the Company was incorrectly assessed $113,297 by the Canada Revenue Agency ("CRA") for sales and payroll taxes. The Company has since received confirmation from the CRA that these taxes were not owed, and therefore the Company reversed the amounts previously recorded.

General expenses

The decrease in fees is due to the decrease in the level of business activity. As business activity increases in anticipation of the transaction so will these costs.

Share based compensation

These line items in the financial statement represent an accounting valuation associated with the granting of stock options to directors, officers, employees and consultants of the Company, which are valued using the Black-Scholes valuation model and are expensed over the options' vesting period. This is a non-cash accounting expense. On May 29, 2020, the Company issued 884,400 options to two directors and 73,700 options to an employee of the Company. On August 18, 2020, the Company issued 608,025 options to two directors and 73,700 options to an employee of the Company. (Issuances were retroactively adjusted to reflect the 7:37 stock split).

In August 2019, the Company decided to discontinue its billing operations and therefore no longer generated revenue from billing operations.

Results of discontinued operations for the three and nine months ended November 30, 2020 and November 30, 2019 are as follows:

(1) *http://www.dualdiagnosis.org/addiction-treatment/mental-health-parity-act-insurance-and-rehab/*

(in Canadian Dollars)

	Three months ended November 30, 2020	Three months ended November 30, 2019	Nine months ended November 30, 2020	Nine months ended November 30, 2019
Revenue				
Billing Service	$ -	$ -	$ -	$ 527,074
Total revenue	-	-	-	527,074
Expenses				
Depreciation	-	-	-	44,408
Impairment of equipment	-	-	-	48,520
Total expenses	-	-	-	92,928
Net income from discontinued operations	$ -	$ -	$ -	$ 434,146

Cash flows from discontinued operations for the nine months ended November 30, 2020 and November 30, 2019 are as follows:

	Nine months ended November 30, 2020	Nine months ended November 30, 2019
Operating Activities		
Net income	$ -	$ 434,146
Non-cash items:		
Depreciation	-	44,408
Impairment of equipment	-	48,520
Changes in operating assets and liabilities:		
Billing receivables	-	(289,688)
Net cash provided by discontinued operating activities	$ -	$ 237,386

(in Canadian Dollars)

Summary of Quarterly Information

	Q4-2019	Q1-2020	Q2-2020	Q3-2020
	$	$	$	$
Revenue	329,926	328,792	469,015	199,360
Net income (loss)	(1,249,864)	284,721	(183,121)	54,562
Basic & diluted loss per share	(0.027)	0.006	(0.003)	0.001

	Q4-2020	Q1-2021	Q2-2021	Q3-2021
	$	$	$	$
Revenue	(645,037)	(7,983)	78,442	223,587
Net income (loss)	(2,646,002)	(194,846)	(281,183)	(361,223)
Basic & diluted loss per share	(0.054)	(0.00)	(0.00)	(0.01)

Fiscal 2020 quarters revenues have been restated to remove the billing operations.

Liquidity, Capital Resources, and Outlook

The Company's primary sources of short-term liquidity are cash, cash equivalents and marketable securities. As at November 30, 2020, the Company had $7,754,448 of cash and cash equivalents and $496,192 of marketable securities compared to $281,419 of accounts payable and other liabilities of $15,000.

During the nine months ended November 30, 2020, $400,142 of cash was used in operating activities. This is compared to $265,030 in cash provided by operating activities during the nine months ended November 30, 2019 (consisting of $27,644 of cash provided by continued operating activities, and $237,386 provided by discontinued operating activities).

During the nine months ended November 30, 2020, $81,451 was provided by investing activities (2019 – $1,699,949 used in investing activities).

The Company has no debt and no financial commitments.

The Company's primary liquidity needs include ongoing operating costs. The Company considers its current and contemplated sources of liquidity sufficient to meet requirements for the purposes of short-term and long-term operations and growth.

(in Canadian Dollars)

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements as at November 30, 2020.

New and Future IFRS Accounting Pronouncements

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Critical Accounting Estimates and Significant Accounting Policies

The significant accounting policies applied by are described in Note 3 of the Company's audited consolidated financial statements for the year ended February 29, 2020.

Transactions with Related Parties

Related parties are defined as management and principal shareholders of the Company and/or members of their immediate family and/or other companies and/or entities in which the principal shareholders, directors or senior officers is the principal owner or senior executive. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including executive directors. The total compensation of key management personnel for the nine months ended November 30, 2020 and November 30, 2019 is as follows:

	2020	2019
Salaries and short-term benefits	$ 122,696	$ 61,334
Share based compensation	136,004	7,597
Total	$ 258,700	$ 68,931

Included in accounts payable and accrued liabilities is $ 114,498.39 (February 29, 2020 - $13,705) due to a director of the Company.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities, and other payables. The fair value of these financial instruments approximates their carrying values.

Financial risk management

The Company is exposed to credit, liquidity and market risks related to the use of financial instruments in its operations. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework through its Audit Committee. In this respect, the Audit Committee meets with management and the Company's Risk Management Committee at least quarterly. The Company's risk management policies are established to identify, analyze, limit, control and monitor the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in the risk environment faced by the Company.

Credit risk

Credit risk is the risk of financial loss to the Company if a client fails to meet its contractual obligations. In the Company's case, credit risk arises with respect to its cash and cash equivalents, the lines of credit to clients and any other financial transaction with a counterparty. The Company manages credit risk in respect of cash and cash equivalents, by maintaining the majority of cash and cash equivalents at high credit rated financial institutions. The carrying amount of these lines of credit represents the Company's maximum credit exposure and is the most significant measurable risk that it faces. The nature of the Company's asset-based lending business involves funding the receivables offered to it by its clients. Typically, the Company files a lien against the pledged receivables and requires either a single or double virtual lockbox arrangement.

The Company does not lend on an unsecured basis. No new asset-based loans were provided in the fiscal 2021 year. The maximum credit risk is the full value of the loans receivable.

Credit is evaluated by financial underwriters and is authorized by the Credit Committee comprised of supervisory personnel, management and, in the case of credit in excess of $1.0 million, the Company's President and the Chairman of its Board. The Company monitors and controls its risks and exposures through financial, credit, legal and technology-based systems and, accordingly, believes that it has procedures in place for evaluating and limiting the credit risks to which it is subject. Credit is subject to ongoing management review. Nevertheless, for a variety of reasons, there will inevitably be defaults by clients or their customers.

The Company's customers have varying payment terms depending on the industries in which they operate, although most customers have payment terms of 30 to 60 days from the invoice date. Clients' receivables generally become "ineligible" for lending purposes when they reach a certain predetermined age, usually above 90 or 120 days from invoice date.

The Company employs a 5-step client approval process to assess credit risk, which reviews, amongst other things, the financial strength of each client and the Company's underlying security. Credit risk is primarily managed by ensuring that, as far as possible, the receivables financed are of the highest quality, that being due from the U.S. Government healthcare programs such as Medicare and Medicaid. The Company does not lend against any patient pay ("co-pay"), inventory, equipment or any other tangible asset.

The Company also minimizes credit risk by limiting the maximum amount that it will lend to any one client, enforcing strict advance rates, disallowing certain types of receivables and making receivables ineligible for lending purposes as they become older. The Company generally mandates the use of a single or double virtual lockbox system, where the clients' receivables are flowed through bank accounts controlled by the Company, thereby allowing it to quickly identify problems as and when they arise and act promptly to minimize credit losses.

The Company's credit exposure at November 30, 2020 relates to its gross credit receivables and interest and other receivables. All receivables and associated loans were fully provisioned as at February 29, 2020 and the Company has no ($nil) outstanding receivables as of the date of these statements or prior year end.

Concentration risk
Concentration risk arises as a result of the concentration of exposures within a single client. The Company minimizes concentration risk by limiting the maximum amount that it will lend to any one client. As at November 30, 2020 and February 29, 2020 there were no loans outstanding to a client that constituted more than 20% of the credit receivable balance. Currently the Company has provisioned all loans receivable.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's principal obligations are its accounts payable and other liabilities.

At November 30, 2020, the Company had assets of $8,265,854 (February 29, 2020– $9,332,376) which substantially exceeded its total liabilities of $296,419 (February 29, 2020 - $366,644).

All financial assets and liabilities are expected to be settled within 12 months at the values stated in the consolidated statements of financial position.

	Carrying amount	0 to 3 months	6 to 12 months	Over 1 year
Cash	$ 147,997	$ -	$ -	$ 147,997
Cash equivalents	7,606,451	-	-	7,606,451
Marketable securities	496,192	-	-	496,192
	$ 8,250,640	$ -	$ -	$ 8,250,640
Accounts payable and accrued liabilities	$ 281,419	$ 281,419	$ -	$ -

Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates, will affect the Company's income or the value of its financial instruments. The objective of managing market risk is to control market risk exposures within acceptable parameters, while optimizing the return on risk.

Equity risk - The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

The Company's marketable securities including stocks and ETF's trading on U.S stock exchanges. An increase/(decrease) of 10% in the U.S markets could have an impact of approximately $49,000 increase/(decrease) on the income and equity attributable to the Company. For more details on the Company's marketable securities please see Note 15 of the interim condensed consolidated financial statements for the three and nine months ended November 30, 2020.

Currency risk - The Company is exposed to currency risk primarily in its foreign operations which operate in U.S. Dollars, to the full extent of the foreign operations net assets and U.S. denominated assets of approximately USD $6.4 million at November 30, 2020 (February 29, 2020 – USD $7.6 million). The Company's investment in its foreign operations is not hedged. Unrealized foreign exchange gains or losses arise on translation of the assets and liabilities of the Company's foreign operations into Canadian dollars each period end.

Resulting foreign exchange gains or losses are credited or charged to other comprehensive income or loss with a corresponding entry to the AOCI component of equity. The Company is also subject to foreign currency risk on the earnings of its foreign operations which report in U.S. dollars and are unhedged. A 10% change in the U.S. dollar against the Canadian dollar would result in an approximate $1 million increase/decrease (February 29, 2020 - $1 million) in the Company's condensed interim consolidated statement of operations and comprehensive loss for the nine months ended November 30, 2020.

(in Canadian Dollars)

The Company's Canadian operations have some assets and liabilities denominated in foreign currencies, principally cash and cash equivalents. These assets are not hedged.

Interest rate risk - Interest rate risk pertains to the risk of loss due to the volatility of interest rates. The Company's lending and borrowing rates are usually based on floating bank prime rates of interest and are typically variable. The Company actively manages its interest rate exposure, where possible. The Company as of November 30, 2020 and February 29, 2020 has no debt and no credit receivables. Previously, the Company experienced short-term interest rate risk on these credit receivables.

Fair value of financial assets and liabilities

The carrying values of cash and cash equivalents, credit receivables, billing receivables, other receivables, accounts payable and accrued liabilities and other liabilities approximate their fair values due to the relatively short periods to maturity of the financial instruments. The classification of financial instruments at their carrying and fair values is as follows:

	November 30, 2020 (in $'s)			
	Carrying Value			**Fair Value**
	FVTPL	**FVOCI**	**AMC**	**Total**
Financial assets				
Cash and cash equivalents	-	-	7,754,448	7,754,448
Marketable securities	496,192	-	-	496,192
Other receivables	-	-	7,802	7,802
	496,192	-	7,762,250	8,258,442

	February 29, 2020 (in $'s)			
	Carrying Value			Fair Value
	FVTPL	FVOCI	AMC	Total
Financial assets				
Cash and cash equivalents	-	-	8,349,422	8,349,422
Marketable securities	843,221	-	-	843,221
Other receivables	-	-	8,000	8,000
	843,221	-	8,357,422	9,200,643

(in Canadian Dollars)

	November 30, 2020 (in $'s)			
	Carrying Value			**Fair Value**
	FVTPL	**FVOCI**	**AMC**	**Total**
Financial liabilities				
Accounts payable and accrued liabilities	-	-	281,419	281,419
Other liabilities	-	-	15,000	15,000
	-	-	296,419	296,491

	February 29, 2020 (in $'s)			
	Carrying Value			Fair Value
	FVTPL	FVOCI	AMC	Total
Financial liabilities				
Accounts payable and accrued liabilities	-	-	351,644	351,644
Other liabilities	-	-	15,000	15,000
	-	-	366,644	366,644

Disclosure of Outstanding Share Data

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

Common shares outstanding	33,813,308
Stock options	2,793,380
Fully diluted	36,606,688

On December 21, 2020, the Company effected a 7.37 post consolidation common shares for 10 pre-consolidation common shares. The above amounts and share information have been retroactively adjusted for the stock split.

Risks and Uncertainties

The Company has a limited history of existence. The securities of the Company should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities:

Ability to Manage Growth: Recent rapid growth in all areas of Salona's business has placed, and is expected to continue to place, a significant strain on managerial, operational and technical resources. Salona expects operating expenses and staffing levels to increase in the future. To manage such growth, Salona must expand its operational and technical capabilities and manage its employee base while effectively administering multiple relationships with various third parties. There can be no assurance that Salona will be able to manage its expanding operations effectively. Any failure to implement cohesive management and operating systems, to add resources on a cost-effective basis or to properly manage Salona's expansion could have a material adverse effect on its business and results of operations.

Capital Investment: The timing and amount of capital expenditures by Salona will be dependent upon Salona's ability to utilize credit facilities, raise new debt, generate cash from operations, meet working capital requirements and sell additional shares in order to accommodate these items. There can be no assurance that sufficient capital will be available on acceptable terms to Salona for necessary or desirable capital expenditures or that the amount required will be the same as currently estimated. Lack of these funds could limit the future growth of Salona and its subsidiaries and their respective cash flows.

Unproven Market: It is anticipated that the market for Salona's potential products will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including competition from other products and the degree of commercial viability of the potential products.

Failure to Develop Successful New Product Offerings: There can be no assurance that Salona can develop new products that are competitive with other products in the same category, that the products developed by Salona will receive widespread acceptance or that new products will yield favourable margins. Failure to develop and successfully market new products at favourable margins could have a material adverse impact on Salona's business, financial condition, results of operations and the amount of cash available for distribution to shareholders.

Competitive Environment: The industry in which Salona operates is highly competitive. Salona's success depends, in part, on its ability to be efficient in all aspects of the business and achieve the appropriate cost structure. Some of Salona's competitors have economic resources greater than those of Salona and are well established as suppliers to the markets that Salona will serve. Accordingly, such competitors may have lower cost structures allowing them to better withstand volatility within the industry and throughout the economy as a whole, while retaining significantly greater operating and financial flexibility than Salona. There can be no assurance that Salona will be able to manage costs and achieve efficiencies to allow it to compete successfully against its current or future competitors or that such competition will not have a material adverse effect on Salona's business, financial condition, results of operations and the amount of cash available for distribution to shareholders.

Foreign currency risk: The Company operates in the United States. Accordingly, a portion of its financial resources is held in currencies other than the Canadian dollar. The Company's policy is to manage financial exposure to foreign exchange fluctuations and attempt to neutralize the impact of foreign exchange movements on its operating results where possible.

Dependence upon Management: Salona's operations are dependent on the abilities, experience and efforts of its senior management. There can be no assurance that Salona would be able to find qualified replacements for the individuals who make up its senior management team if their services were no longer available. The loss of services of one or more members of its senior management could adversely affect the business of Salona.

Inability to Implement the Business Strategy: The growth and expansion of Salona's business is heavily dependent upon the successful implementation of Salona's business strategy. There can be no assurance that Salona will be successful in the implementation of its business strategy.

Economic conditions: The Company operates in the United States. Economic weakness can affect the Company's ability to attract new business as quality prospects become limited. Further, the Company's clients and their customers are often adversely affected by economic slowdowns and this can lead to increases in its provision for credit and loan losses.

Issuance of Debt: From time to time, Salona may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase Salona's debt levels above industry standards. The level of Salona's indebtedness from time to time could impair Salona's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Conflicts of Interest: Certain of the directors of Salona are also directors and officers of other companies, some of which may be in the healthcare sector, and conflicts of interest may arise between their duties as directors of Salona and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under the applicable corporate statute.

Dilution and Future Issuances of Salona Shares: Salona may issue additional Salona Shares in the future, which may dilute a shareholder's holdings in Salona. Salona's articles permit the issuance of an unlimited number of Salona Shares and the shareholders of Salona will have no pre-emptive rights in connection with such further issuances. The board of directors of Salona has the discretion to determine the terms of issue of further issuances of Salona Shares.

Future Sales of Salona Shares by Directors and Officers: Subject to compliance with applicable securities laws, directors and officers and their affiliates may sell some or all of their securities in Salona in the future. No prediction can be made as to the effect, if any, such future sales will have on the market price of Salona's securities. However, the future sale of a substantial number of securities by Salona's directors and officers and their controlled entities, or the perception that such sales could occur, could adversely affect prevailing market prices for Salona's securities.

Credit risk: The Company is in the business of making asset-based loans. Operating results can be adversely affected by large bankruptcies and/or insolvencies.

Requirement for Permits and Licenses in a Highly Regulated Business: Salona will be subject to regulation from both United States federal and state authorities. Regulatory action could disrupt Salona's ability to provide services. Such regulatory action could come in the form of actions based upon Salona's operation. Regulatory action could prevent or delay reimbursement for certain services. There could also be legislative action that could adversely affect Salona's business model, including a decision by the United States government to become the exclusive provider of healthcare services at some time in the future. Conversely, budgetary problems in the United States could lead to reduced funding, substantial modification or elimination of Medicare programs, which would end reimbursement for many patients. There can be no assurance that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the business of Salona. Amendments to current laws and regulations could have a substantial adverse impact on Salona.

Risk of Third Party Claims for Infringement: A third party may claim that Salona has infringed such third party's rights or may challenge the right of Salona to its intellectual property. In such event, Salona will undertake a review to determine what, if any, action should be taken with respect to such claim. Any claim, whether or not with merit, could be time consuming to evaluate, result in costly litigation, cause delays in the operations of Salona or the development of its intellectual property or require Salona to enter into licensing arrangements that may require the payment of a licence fee or royalties to the owner of the intellectual property. Such royalty or licensing arrangements, if required, may not be available on terms acceptable to Salona.

Privacy Legislation: The *Health Insurance Portability and Accountability Act of 1996* ("**HIPAA**") required the United States Department of Health and Human Services to adopt standards to protect the privacy and security of individually identifiable health-related information. The department released regulations containing privacy standards in December 2000 and published revisions to the final regulations in August 2002. The privacy regulations extensively regulate the use and disclosure

of individually identifiable health related information. The regulations also provide patients with significant new rights related to the understanding and controlling how their health information is used or disclosed. The security regulations require healthcare providers to implement administrative, physical and technical practices to protect the security of identifiable health information that is maintained or transmitted electronically.
In addition to HIPAA, there are numerous federal and state laws and regulations addressing patient and consumer privacy concerns, including unauthorized access or theft of personal information. State statutes and regulations vary from state to state. Lawsuits, including class actions and action by state attorneys general, directed at companies that have experienced a privacy or security breach can also occur.

Salona believes that the cost of compliance with HIPAA and other federal and state privacy laws will not have a material adverse effect on its business, financial condition, results of operations or cash flows. However, there can be no assurance that a breach of privacy or security will not occur. If there is a breach, Salona may be subject to various penalties and damages and may be required to incur costs to mitigate the impact of the breach on affected individuals.

Strategic Relationships with Third Parties: Salona anticipates that it will continue to depend on the relationships with various third parties, including hospitals, long-term care facilities and physicians to grow its business. Identifying, negotiating and documenting relationships with third parties requires significant time and resources. Salona's competitors may be effective in providing incentives to their parties to favour their solutions or may prevent Salona from developing strategic relationships with these parties. In addition, these third parties may not perform as expected under any agreement with them and Salona may have disagreements or disputes with these parties, which could negatively affect Salona's brand and reputation. It is possible that these third parties may not be able to devote the resources that Salona expects from the relationship. If Salona is unsuccessful in establishing or maintaining its relationship with these third parties, Salona's ability to compete in the marketplace or to grow its revenue could be impaired, and operating results would suffer. Even if Salona is successful, these relationships may not result in improved operating results.

Information Technology Systems: Salona's business depends, in part, on the continued and uninterrupted performance of its information technology systems. Sustained system failures or interruptions could disrupt Salona's ability to operate effectively, which in turn could adversely affect its business, results of operations and financial condition. Salona's computer systems may be vulnerable to damage from a variety of sources, including physical or electronic break-ins, computer viruses and similar disruptive problems. Despite precautions taken and the extensive mitigation strategies put in place by Salona, unanticipated problems affecting the information technology systems could cause interruptions for which Salona's insurance policies may not provide adequate compensation.

General Litigation Risk: Disputes are common in the United States healthcare industry and as such, in the normal course of business, Salona might be involved in various legal actions and proceedings which arise from time to time, some of which may be substantial. There is no assurance that Salona's insurance arrangements will be sufficient to cover any particular claim or claims that may arise in the future. Furthermore, Salona is subject to the risk of claims and legal actions for various commercial and contractual matters in respect of which insurance is not available.

Exchange Rate Fluctuations: Exchange rate fluctuations may affect the costs that Salona incurs in its operations. The appreciation of non-United States dollar currencies against the United States dollar can increase the cost of operations in United States dollar terms.

Loss of Foreign Private Issuer Status: Salona may lose its foreign private issuer status in the future, which could result in significant additional costs and expenses. As a foreign private issuer, as defined in Rule 3b-4 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), Salona is currently exempt from certain of the provisions of the U.S. federal securities laws. For example, an issuer with total assets in excess of US$10 million and whose outstanding equity securities are held by 2,000 or more persons, or 500 or more persons who are not "accredited investors", must register such securities as a class under the Exchange Act. However, as a foreign private issuer subject to Canadian continuous disclosure requirements, Salona may claim the exemption from registration under the Exchange Act provided by Rule 12g3-2(b) thereunder, even if these thresholds are exceeded. To be considered a foreign private issuer, Salona must satisfy a United States shareholder test (not more than 50% of the voting securities of a company must be held by residents of the United States) if any of the following disqualifying conditions apply: (i) the majority of Salona's executive officers or directors are United States citizens or residents; (ii) more than 50 percent of Salona's assets are located in the United States; or (iii) Salona's business of is administered principally in the United States. A substantial number of Salona's outstanding voting securities are directly or indirectly held of record by residents of the United States. If the Company loses its status as a foreign private issuer, these regulations could apply and it could also be required to commence reporting on forms required of U.S. domestic companies, such as Forms 10-K, 10-Q and 8-K. It could also become subject to U.S. proxy rules, and certain holders of its equity securities could become subject to the insider reporting and "short swing" profit rules under Section 16 of the Exchange Act. In addition, any securities issued by Salona if it loses foreign private issuer status would become subject to certain rules and restrictions under the Securities Act of 1933, as amended, even if they are issued or resold outside the United States. Compliance with the additional disclosure, compliance and timing requirements under these securities laws would likely result in increased expenses and would require the Company's management to devote substantial time and resources to comply with new regulatory requirements.

Holding Corporation: Salona is considered a holding corporation and a substantial portion of its assets is the capital stock of its subsidiaries. As a result, the holders of Salona Shares are subject to risks attributable to its subsidiaries. As a holding corporation, Salona conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenue. Consequently, Salona's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to Salona. The ability of the subsidiaries of Salona to pay dividends and other distributions depend on their operating results and is subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of bankruptcy, liquidation or reorganization of any of Salona's subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to Salona.

Internal Control over Financial Reporting and Disclosure Controls and Procedures: Salona may face risks if there are deficiencies in its internal controls over financial reporting and disclosure controls and procedures. Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external reporting purposes. Management is responsible for establishing and maintaining adequate internal controls over financial reporting appropriate to the nature and size of Salona. The board of directors, in conjunction with its Audit Committee, is responsible for assessing the progress and sufficiency of internal controls over financial reporting and disclosure controls and procedures and will make adjustments as necessary. However, these initiatives may not be effective at remedying any deficiencies in internal control over financial reporting and disclosure controls and procedures. Any deficiencies, if uncorrected, could result in Salona's financial statements being inaccurate and in future adjustments or restatements of its financial statements, which could adversely affect the price of Salona Shares and Salona's business, financial condition and results of operations.

Ability to Implement Acquisition Strategy: Salona may not be able to effectively implement its acquisition strategy. There is the possibility that Salona will not be able to reduce costs, improve profits or roll out additional rehabilitation facilities fast enough to meet its objectives.

Sector Specific Investment Risks: The Company seeks a high return on investment opportunities on its Debt, Real Estate, Banking, Insurance, and wealth management sectors ("Sectors"). Thus, the Company is exposed to investment risks relating to these Sectors which may be more volatile than the overall market or have additional forces that cause them to behave differently than the market aggregate. Investing in these Sectors can be speculative in nature and the value of the Company's investments may be subject to significant fluctuations. Such businesses entail a degree of risk, regardless of the skill and experience of the corporation's management. The assets, earnings and share values of corporations involved in these Sectors, are subject to risks associated with the world prices of real estate, interest rates, forces of nature, economic cycles, commodity prices, exchange rates, royalty and taxation changes and political events. Government restrictions, such as price regulations, production quotas, royalties and environmental protection, can also be factors.

Jurisdictions Outside of Canada: The Company intends to invest into US listed securities in the previously disclosed Sectors with operations and business that may be outside of Canada's jurisdiction. The Company may face new or unexpected risks or significantly increase its exposure to one or more existing risk factors, including economic instability, changes in laws and regulations and the effects of competition. These factors may limit the Company's capability to profit from foreign investments and may have a material adverse effect on the Company's business, financial condition and results of operations.

Political and Economic Instability: The Company may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in medicine and agriculture development or investment policies or shifts in political attitude in certain countries may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people and water use. The effect of these factors cannot be accurately predicted.

Limited Operating History: The Company has limited operating history as an investment company, and has had limited success investing in US listed securities. The Company and its business prospects must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of their development, particularly companies investing in foreign markets. There is no certainty that the Company will be able to operate profitably.

Key Personnel: The Company is dependent upon the continued availability and commitment of its management, whose contributions to immediate and future operations are of significant importance. The loss of any such management could negatively affect the Company's business operations. From time to time, the Company will also need to identify and retain additional skilled management to efficiently operate its business. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance of its ability to attract and retain such personnel. If it is not successful in attracting and training qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

Other Information

Additional information about the Company is available on SEDAR at www.sedar.com.

SCHEDULE "B"
INFORMATION CONCERNING SDP

CORPORATE STRUCTURE

Name, Address and Incorporation

SDP was incorporated under the laws of the State of South Dakota as "South Dakota Partners Inc." on April 8, 2016.

The Corporation's registered and head office is located at 205 Hwy 22E, Clear Lake, South Dakota 57226 USA.

Intercorporate Relationships

As of the date of this Circular, SDP does not have any subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

Overview

SDP operates a leased facility in Clear Lake, South Dakota, as a packager and producer of private white label medical devices in the United States, primarily focusing on devices for pain management, cold and hot therapy, NMES, PEMF and ultrasound. The United States represents roughly 40% of the global medical device market[1] with clear organic growth opportunities by virtue of a growing aging population. Recent threats of disruption in international trade markets, whether from trade disputes, pandemic or geopolitical factors, have made some companies seek to diversify sources of supply to include firms with operations in the United States, presenting another opportunity for organic growth. The United States is a heavily regulated market globally, and as a result, medical device businesses that operate in the United States require expertise in the fields of compliance, production, product design, packaging, marketing and more. SDP's overall strategic plan has been to position itself as a respected, reliable, and successful partner offering production, packaging, marketing and other ancillary services within the medical device industry.

Products

As of the date hereof, SDP has only one reporting segment, being medical device services. The different SDP services described in this Circular are set forth to promote understanding of SDP's business.

Production Line of Services: The majority of SDP's revenue is derived from services related to production, production planning, shipping, and packaging products. SDP offers an end-to-end solution for the supply chain within the medical device industry. SDP not only assists in the development process of medical device products but also provides the layout and design of the entire production process of a device, from sourcing to final fulfillment, which requires expertise from engineers of many different disciplines, compliance experts, and technical experts. This process often includes the production of specialized automated robotic systems for use in reducing cost and increasing efficiency and fidelity of the process. A typical onboarding starts with the outlining of customer expectations, current projected annual volumes, and order frequency. Once this information is assessed, SDP works with the customer to establish the resources required for design transfer, new infrastructure needs (if any), new equipment needs (if any) and supply chain details, and to evaluate potential risks. Once the logistical concerns have been assessed and considered, SDP commences a technical data review, during which it reviews the technical documentation provided by the customer to assess for accuracy, develop a full product specification and production plan, develop a full product specification and production plan, develop a product traceability and recall plan and ensure compliance with relevant regulatory and labeling requirements, to the extent they are already in place. Following completion of its technical review, SDP's production engineering and quality engineering teams commence the process of establishing new supply chains, production cells, protocols and begin the prototypic phase, if necessary. Once the initial phases are complete, SDP enters the production readiness phase to verify standard operating procedure (SOP) sufficiency and pilot procedures to ensure production meets necessary quality standards. Finally, SDP's production team will then commence process validation to train employees, prepare relevant procedures, and trouble shoot issues discovered in pilot production runs before undertaking the full production process of a device.

[1] Source: SelectUSA: Medical Technology Spotlight: The Medical Technology Industry in the United States.

Above: Custom designed, robotic, automated production cells. These systems were designed and fabricated onsite by SDP.

Service & Sales Product Line: The process of servicing equipment and providing customer assistance is one that is often labor intensive and requires expertise, particularly when working with complex and sensitive technologies. Many medical device companies prefer to have these services offered by the very same experts who design and produce the devices. SDP offers repairs on damaged or malfunctioning products as well as the ability to interface and troubleshoot devices and answer questions from potential customers, the device end users. SDP only offers these services to end users of the devices produced by SDP. SDP offers these services to both domestic and international customers. SDP anticipates leveraging its service and sales product line in connection with its plans for international expansion following Closing of the Change of Business.

Fulfillment Service Line: Many medical device customers lack the expertise, capacity, and bandwidth to contend with a growing and deeply fragmented customer base. SDP offers management of the interface with customers down to final fulfillment and tracking. Once production is complete, SDP will store products for existing customers that it has already sold to them in order to maintain, track and ultimately deliver finished goods directly to end users. What seems on its face to be a simple process, becomes increasingly difficult as the number of product variants increases and the amount of outgoing deliveries increases into the hundreds.

SDP's product line is designed to remove all but the development of intellectual property and sales channels from the purview of its customers. SDP's goal is to reduce the complexity and burdens of medical device operations of its customers once the technology has been developed by reducing cost, streamlining operations, managing quality to six sigma standards, and managing the end user interface. SDP believes that it is the only U.S. domestic company to offer such a wide and focused scope of services and products to its clients. Within the medical device market in which SDP operates, SDP focuses upon: TENS, NMES, ultrasound, therapy supplies, combo devices, traction devices, laser treatment, hot/cold therapy, muscle stimulation, wound care, and bone growth, which are explained in greater detail below. End users of SDP's products include healthcare professionals, physical therapists or patients, however, SDP only contracts directly with the supplier of the products and not end users.

The services provided by SDP for its customers are part of an integrated service package, which is typically governed by a single agreement. As such, these services account for the vast majority of SDP's revenues. SDP's remaining revenue is derived from sales of scrap, obsolete inventory, and other customer prompted liquidation events. These events often occur during the development process for a new iteration of a product. To date, all SDP sales have been made to arm's length customers.

Technologies

SDP operates a large state-of-the-art facility incorporated and located in the State of South Dakota, currently producing proprietary and white label medical devices for pain management, cold and hot therapy, NMES, PEMF and ultrasound. The products that SDP produces and operates its other services around, are predominantly focused on the pain management and post-surgical care space. The technologies used are myriad but some of the most important technologies are laid out below:

- *Transcutaneous Electronic Nerve Stimulation (TENS)*: This technology operates by running electricity directly through the patient's skin to interfere with the typical functioning of neurons key to the pain feedback cycle. This technology falls into the much broader class of electronic stimulation products, which are SDP's specialty focus. These products have been around for some time and are generally well accepted in the medical community and by the FDA. SDP focuses mostly on producing large, capital equipment variants of these products typically used by physicians in their offices and workplaces as opposed to home use by the patient directly. The ultimate service provider will often bill an insurance provider for the use of the equipment on the patient. Some patients pay for these services directly, and may or may not later seek reimbursement from an insurance provider.

- *Pulsed Electromagnetic Field Technology (PEMF)*: This technology operates by generating magnetic fields around the device stimulating the activation of various cell types within patients. These products do not require the electrodes and wires of TENS products (although some manufacturers do make use of this delivery method) as magnetic fields do not need assistance in passing through the patients' skin. This technology was originally developed for use in bone stimulation but has since been applied to other issues as well in compliance with FDA rules and regulations. PEMF is part of the broader electronic stimulation device grouping. The ultimate service provider will often bill an insurance provider for the use of the equipment on the patient. Some patients pay for these services directly, and may or may not later seek reimbursement from an insurance provider.

- *Neuromuscular Electrical Stimulation (NMES)*: This technology utilizes similar systems as TENS. An electrical current is passed through the skin of the patient using electrodes. However, the goal and specifics of this technology are used not to interfere with nerve signaling, but to instead cause muscle contraction of a targeted muscle or muscle group. This technology is often used in rehabilitation of muscles post-surgery as well as for post-workout recovery in athletes. NMES is also a part of the larger electronic stimulation device grouping. The ultimate service provider will often bill an insurance provider for the use of the equipment on the patient. Some patients pay for these services directly, and may or may not later seek reimbursement from an insurance provider.

- *Hot/Cold Therapy*: Hot and cold therapy has been a mainstay of recovery sciences for a very long time. The majority of this equipment is not regulated by the FDA medical device regulations; however, it is ubiquitous in its usage in the recovery sciences. Hot and cold therapy used in conjunction or separately, is used by both individual patients, sports trainers and medical practitioners to relieve pain, enhance recovery, and reduce swelling. The manufacture and development of these products requires specific knowledge and production strategies to create appropriate gel matrices, which are typically proprietary, to create a safe and effective product.

- *Laser Treatment*: The use of lasers of various wavelengths in healthcare is a somewhat more recent development with applications having been approved by the FDA for everything from the recovery sciences to cosmetic procedures. SDP specializes in working with laser medical device products that cater to the recovery science space. These products are usually delivered directly to practitioners for use on a patient. The effects of each specific laser product vary greatly across the wavelength and intensity spectrum.

- *Continuous Passive Motion (CPM)*: CPM devices are used in post-surgical recovery, typically related to repair and/or damage to joints. Often in the recovery process it is important that a limb be moved to prevent excessive formation of scar tissue. CPM devices serve to fill this need by passively moving a limb during the recovery process without assistance from the patient. These devices are typically not owned by individual patients but are supplied by practitioners who then bill a patient's insurance provider.

History

SDP was founded in 2016 by Luke Faulstick and Steve Hollis following the purchase of the Clear Lake Facility from DJO Global, Inc., with the goal of creating a "one stop shop" for medical devices. SDP sought to produce of recovery science products and to offload the majority of management, service and end customer interface from their businesses so that its direct customers could focus on their technological development and sales growth. SDP has had success in building a positive reputation within the medical device industry. SDP's unaudited year-over-year revenue growth is over 150% since commencing operations in 2016. SDP passes all material costs of development of products on to its customers.

SDP's first customer and supply agreement was the DJO Supply Agreement, which was entered into upon completion of the acquisition of the Clear Lake Facility and surrounding real estate. As SDP's revenues grew it began to seek out additional customers to diversify its sales and to create new opportunities for growth and profitability. To assist with this process the business entered into a sale-leaseback arrangement in respect of the Clear Lake Facility and surrounding real estate holdings in 2018. The Clear Lake Facility was sold and subsequently leased back to SDP by Stores Capital Acquisitions, LLC, an arm's length third party. SDP's search reached fruition in February of 2019 where, pursuant to the Richmar Asset Purchase Agreement, SDP agreed to acquire selected capital equipment from Compass Richmar, LLC and take over the production of its devices, many of which utilized similar technologies to the devices already in production by SDP under the DJO Supply Agreement. The acquisition of Compass Richmar, LLC's equipment and the undertaking of producing its devices required an increase in spending to prepare the business for such aggressive growth. This process required substantial one-time costs which were incurred entirely in 2019, as indicated in SDP's financial statements. Concurrent with entering into the Richmar Asset Purchase Agreement, SDP and Compass Richmar, LLC entered into the Richmar Supply Agreement, pursuant to which SDP offers its full suite of services, including production, service, and fulfillment.

SDP does not anticipate that there will be any material changes to its business, as currently conducted, in the current financial year.

SDP offers a unique line of services and support, with a unique strategic advantage in the development of its revenue channel, without any known comparable competitors. However, SDP does have indirect competition in the form of other producers of medical device products, such as Electronic Systems Inc., located in South Dakota, and NeoTech Inc., located in San Marcos, California.

DESCRIPTION OF THE BUSINESS

Operations

SDP operates a leased facility in Clear Lake, South Dakota and employs many different production techniques, including surface mount technology, soldering, injection molding, gel mixing and pouring, sew and stitch, and real time automated electrode production techniques. The services are performed by a dedicated team of engineers, specialists, and technicians on SDP's staff. The specific processes are myriad. SDP maintains an internal SOP library for the various processes with over 100 distinct and protected operation procedures for the service of customers and production of products.

All raw materials for SDP's business are either small specialty orders for specific products (printed long lasting labels for equipment interfaces for example) from specialty manufacturers (less than 10% of inventory value) or are commoditized manufacturing supplies (screws, nuts, bolts, blank SMT boards, SMT component reels, etc.).

SDP is granted licenses by its customers to produce products under such customer's intellectual property trademarks. These licenses are non-revocable, except through contract termination.

The majority of SDP's revenue is derived from supply agreements with its customers, none of which expire within twelve months of the filing of this Circular, however, they do contain cancellation provisions, both for cause and upon notice. Among those, SDP derives a significant amount of its revenue from two principal supply agreements, namely the Richmar Supply Agreement and the DJO Supply Agreement. If either of the Supply Agreements were to be cancelled, the reduction in revenue and profitability would have a material adverse effect on SDP's business. In the event of the cancellation of a contract by a key customer, SDP anticipates that it would use any notice period to reduce payroll and costs in order to mitigate against any adverse effects of such cancellation.

Entities domiciled in the United States, such as SDP, are required to comply with federal, state and local environmental regulations. All waste is disposed of in compliance with EPA regulations. To date, SDP has never received a notice regarding violation of any environmental law or regulation. SDP is not aware of any restrictions on profit repatriation. Future political or economic conditions may affect any business, but SDP is not aware of any specific economic or political risks relevant to its products or services. SDP expects that recession or depression would adversely affect its business. Although SDP generally does not sell directly to consumers, any decision by the government to restrict or reduce public or private health insurance would be expected to reduce demand in the healthcare industry generally, including the business of SDP.

SDP leases the Clear Lake facility from an arm's length landlord, pursuant to a lease agreement dated October 19, 2018, which has an initial term expiration date of October 31, 2033 and is subject to four extensions of five years each at SDP's option, provided it is in good standing. As of the date hereof, the lease in respect of the Clear Lake facility is in good standing.

SDP employs various experts to ensure compliance with FDA regulatory matters, OSHA regulatory matters, RoHS regulatory matters, and other production and healthcare regulators. SDP also employs experienced process, design, and production engineers who have the expertise to design, plan for and actually produce compliant medical device products. At the year ended December 31, 2019, SDP had 71 employees, 59 of which were full time employees.

SDP may, from time to time, import goods or raw materials produced in other nations, and a disruption of the supply from other nations, or even other U.S.-based suppliers, could slow production and reduce revenues. As of the date hereof, SDP does not have any foreign investments.

Production Controls and Quality

The Clear Lake Facility is FDA Registered and ISO 13485:2016 certified. SDP manages all internal and external activities following the in place Quality Management System to ensure compliance with the requirements of ISO 13485:2016, current Good Manufacturing Practices (GMP), and relentlessly drives continuous improvement using lean and six sigma tools.

SDP is vertically integrated and can build many of its products from the raw material level up. The internal automation teams have automated many production processes. Much of the automation has been specifically designed by SDP engineers for their customers. This automation serves as an additional barrier to entry as it makes it very difficult for competitors to be competitive on cost and quality.

All SDP suppliers are approved by its quality and procurement teams. SDP manages the activities of the supply chain daily. SDP,s procurement team partners directly with suppliers to find new materials and processes that will improve its products and services.

SDP designs many of its own testing processes, engages in design for manufacturability activities on new and existing products and has partnerships with several design companies to help with product design.

Specialized Skill and Knowledge

Over the past 30 plus years, SDP's management and production associates have developed specialized skills in producing, servicing, repairing and refurbishing medical devices that are sold into various orthopedic and healthcare markets. Key employees are trained in surface mount and selective solder technologies, chemical and gel mixing and coating, laminating, robotics, automated optical inspection, and more. All SDP processes are RoHS compliant (Restriction of hazardous substance directive in electrical and electronic equipment) and employees are trained to IPC -A-610, 7711 and 7721 standards for printed circuit board assembly and component level troubleshooting and repair. SDP is certified and all employees are trained in accordance with the ISO 13485 :2016 and FDA GMP standards.

Over the years, SDP's employees have repaired/refurbished thousands of handheld clinical devices developing procedures that are not easily replicated. Many of the production processes have been designed and built by SDP's internal robotic automation engineers and are not easy to reproduce. All of SDP's suppliers are subject to quality approval and key incoming materials are inspected and tested for compliance before they are included in production.

All SDP employees are trained in lean and six sigma methodologies.

Customer, Professional and Technical Services

SDP works closely with each customer during New Product Introduction to define product and process requirements. The production team controls any subsequent changes through its Engineering Change Order process, obtaining customer approval as appropriate.

Additionally, SDP maintains a process for obtaining feedback from its customers. The customer service team conducts customer surveys on a regular basis and adjusts its products and services based on the feedback. Further, SDP conducts monthly Product Quality Team (PQT) meetings to monitor and analyze manufacturing issues, production test and inspection data, nonconforming material information, and post-production data such as complaints and repairs. Non-conforming material and complaints are investigated and evaluated to determine whether Corrective and Preventive Action (CAPA) is needed. SDP management informs its customers of any results or trends that could be used to improve product design. The quality team monitors all complaints, non-conforming material reports, and CAPAs and confirms that corrective actions are implemented and effective.

Service and repair data are input directly into our customers' tracking systems. Management meets monthly with key customers to review product data and repair metrics. Members of SDP's repair department also provide technical support to its customers.

Regulatory

The FDA, Health Canada, and comparable agencies in other foreign countries impose requirements upon the design, development, manufacturing, marketing, and distribution of medical devices. The applicable regulations require that the device owner obtain clearance or approval before the devices can be sold. After the applicable approvals and/or clearances are granted the regulatory agencies require companies to comply with quality system requirements, investigate complaints, report and investigate certain adverse events and device malfunctions, comply with marketing restrictions and maintain annual registrations.

SDP is registered with FDA as a contract manufacturer and as an importer of medical devices, and it maintains a quality system that is certified to ISO13485:2016. SDP's specific responsibilities are defined in written quality agreements with its customers. In general, SDP is responsible for investigating complaints and providing the results of the investigation to its Customers. The Customers are responsible for reporting adverse events to appropriate regulatory authorities.

Market

SDP services medical device companies with operations across the globe. The largest concentration of customer orders are delivered to the U.S. operating arms of customers. The US healthcare industry continues to grow rapidly as the population of 65+

individuals continues to climb. The US healthcare industry is often seen as recession proof due to the critical nature of its services. The market is currently estimated at US$156 billion and expected to grow to US$208 billion by 2023[2].

SDP strives to iterate and improve its products based on customer needs. However, SDP's products are not reliant on a single technology, process, or patent and as such is not subject to substantial obsolescence risk.

In the United States, facilities that build medical devices and the medical devices themselves must be cleared by the FDA. The level of rigor involved with this clearance process depends on the devices themselves as there are different levels of clearance. As an entity that operates within the US medical device space, SDP employs FDA regulatory experts to ensure facility and product compliance with all appropriate regulations.

Marketing Strategies

SDP sells through reputation, word of mouth and contacts known within the industry. To date, all of SDP's sales have been with arm's length customers.

Competitive Conditions

SDP offers a one stop shop for development, planning, marketing, compliance, production and fulfillment. Most competitors offer one or two of the foregoing services. SDP's ability to offer a full suite of services to its customers is one of its most competitive aspects.

SDP believes it offers a competitive advantage by combining numerous services within one offering. In the medical device industry, quality of production and product performance is critical. But companies also compete based upon price and quality of after-market service.

Future Developments

At this time, the products and services offered by SDP do not require additional development or improvement, beyond normal course iterations and improvements upon existing products based on customer needs. SDP assists its customers with developing new products on request. Similarly, the onboarding of new clients may involve process engineering development, product engineering, FDA applications and more, the costs associated with which fluctuate as they depend on the specifics of each projects. A particular contract with a customer will determine which party is responsible for those costs.

Proprietary Protection

With respect to patents and proprietary information in respect of products produced for SDP's customer, such intellectual property is that of the customer.

Before engaging in confidential discussions, SDP enters into non-disclosure agreements.

Lending

SDP has occasionally advanced loans to certain businesses, provided that such business have demonstrated historic revenue growth, a clear and short-term plan to achieve profitability, and experienced management. To date, SDP has not, at any one time, had loans outstanding which represent more than 20% of its asset base, in order to minimize credit risk. As of the date hereof, SDP no longer makes loans nor are any additional investments contemplated by it prior to Closing of the Change of Business.

[2] Source: selectusa.gov.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Selected Consolidated Financial Information

Annual Information

A summary of selected financial information of SDP for the financial years ended December 31, 2019, 2018 and 2017 and the three and nine month period ended September 30, 2020 is as follows:

	Financial Year Ended December 31, 2017 (US$)	Financial Year Ended December 31, 2018 (US$)	Financial Year Ended December 31, 2019 (US$)	Nine Month Period Ended September 30, 2020 (US$)
Total Revenue	7,407,720.50	9,307,154.00	11,971,662.00	7,248,013.00
Income From Continuing Operations	7,407,720.50	9,307,154,.00 204,392.00	11,971,662.00	7,248,013.00
Net Income (Loss)	214,890.74	10,454,183.00	(919,327.00)	(133,143.00)
Total Assets	5,627,229.99	3,187,701.00	15,526,339.00	10,645,770.00
Total Long Term Financial Liabilities	2,259,070.87	3,868,013.00	4,228,440.00	3,134,604.00
Cash Dividends Declared	-	-	-	-

Quarterly Information

A summary of selected financial information of SDP for the eight most recently completed quarters ending December 31, 2019 is as follows:

	Quarter Ended March 31, 2018 (US$)	Quarter Ended June 30, 2018 (US$)	Quarter Ended September 30, 2018 (US$)	Quarter Ended December 31, 2018 (US$)	Quarter Ended March 31, 2019 (US$)	Quarter Ended June 30, 2019 (US$)	Quarter Ended September 30, 2019 (US$)	Quarter Ended December 31, 2019 (US$)
Total Revenue	2,738,746.96	1,935,155.98	2,137,455.99	2,495,143.42	2,914,438.70	3,450,380.57	2,846,234.88	2,758,457.44
Income From Continuing Operations	2,738,746.96	1,935,155.98	2,137,455.99	2,495,143.42	2,914,438.70	3,450,380.57	2,846,234.88	2,758,457.44
Net Income (Loss)	193,325.87	154,491.91	(30,282.45)	(109,827.07)	(34,738.28)	(50,526.65)	(64,202.31)	(748,613.96)

Management's Discussion and Analysis

Management's discussion and analysis of the financial position and results of operations of SDP for the interim condensed three and nine month periods ended September 30, 2020 and 2019, and the financial years ended December 31, 2019, 2018 and 2017 are attached as Appendix "II" to Schedule "B" hereto. Such management's discussion and analysis of the financial position and results of operations should be read in conjunction with SDP's interim condensed financial statements for three and nine month periods ended September 30, 2020 and 2019 and the audited financial statements for the years ended December 31, 2019, 2018 and 2017, which are attached as Appendix "I" to Schedule "B" hereto.

Trends

The status, duration and ultimate long term effects of COVID-19 introduce material uncertainty about the future of all industry outlooks in the United States. SDP experienced a decrease in revenues as a result of the initial wave of COVID-19 related shutdowns across the United States as hospitals stopped performing elective procedures in the interest of freeing up room in their treatment areas for COVID-19 patients. Since then, revenues have greatly improved and are performing at or near previous levels. However, there is a risk of similar nationwide shutdowns occurring again as a result of COVID-19 or another global pandemic.

CONSOLIDATED CAPITALIZATION

The following table sets forth the share and loan capital of SDP, on a consolidated basis, since September 30, 2020, the date of SDP's most recently filed unaudited interim financial statements. Other than as disclosed in this Circular, since September 30, 2020 there have been no material changes in the share capital of SDP. This table should be read in conjunction with the unaudited interim financial statements of SDP and the related notes and management's discussion and analysis of financial condition and results of operations.

	Amount authorized or to be authorized	As of September 30, 2020	Outstanding as at December 31, 2020
Shareholder Equity			
SDP Shares	Unlimited	1,502	1,502
Contributed Surplus	-	$2,898,330	$2,898,330

SDP was party to a business loan agreement dated December 3, 2019 with Dacotah Bank, pursuant to which Dacotah Bank agreed to provide a revolving credit facility in favour of SDP in the aggregate principal amount of US$3,500,000, and in connection with the agreement SDP issued a promissory note in favour of Dacotah Bank for the same principal amount, which note was due on July 15, 2020 and was subsequently extended pursuant to a change in terms agreement to September 1, 2020. On August 31, 2020, SDP and Dacotah Bank entered into the Business Loan Agreement and SDP issued the Dacotah Bank Revolver Note, each in full replacement of the original business loan agreement and promissory note described above. The Dacotah Bank Revolver is secured against SDP's inventory and receivables. To date, SDP has drawn down US$2,743,680 on the Dacotah Bank Revolver, which amounts have been used for working capital, the reduction of other credit lines, inventory purchases and payroll. SDP anticipates using additional funds drawn down on the Dacotah Bank Revolver for working capital needs.

On February 1, 2019, SDP issued the Dacotah Bank Richmar Note in favour of Dacotah Bank, which note is due on January 28, 2024, in consideration for a loan advanced by Dacotah Bank to SDP in the principal amount of US$1,500,102, which amount was used by SDP to pay the cash consideration portion in respect of the acquisition of assets pursuant to the Richmar Asset Purchase Agreement, the cost of which is being amortized across the 5 year life of the supply agreement. As of September 30, 2020, US$318,275 has been repaid in respect of the Dacotah Bank Richmar Note and US$1,106,537 remains outstanding thereunder.

Except as set forth in this Circular, no other capital or loan transactions have taken place subsequent to SDP's financial year ended December 31, 2019.

As of the date hereof, there are no options outstanding to purchase securities of SDP.

SDP's balance sheet as at the end of the three and nine month period ended September 30, 2020 provides for a deficit of SDP in the amount of US$1,430,990 and its balance sheet as at the year ended December 31, 2020 provides for a deficit in the amount of US$1,297,847.

PRIOR SALES

SDP has not sold any SDP Shares or other securities There are to be no sales of securities within the 12-month period before the date of this Circular.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

During the financial year ended December 31, 2019, SDP's executive compensation program was administered by the board of directors of SDP. SDP's executive compensation program has the objective of attracting and retaining a qualified and cohesive group of executives, motivating team performance and the aligning of the interests of executives with the interests of shareholders through a package of compensation that is simple and easy to understand and implement. Compensation under the program was designed to achieve both current and longer term goals of SDP and to optimize returns to shareholders. In addition, in order to further align the interests of executives with the interests of shareholders, SDP has implemented share ownership incentives through incentive stock options. SDP's overall compensation objectives are in line with its peer group of healthcare companies.

In determining the total compensation of any member of senior management, the directors of SDP consider all elements of compensation in total rather than one element in isolation. The directors of SDP also examine the competitive positioning of total compensation and the mix of fixed, incentive and share-based compensation.

Base Salary

While there is no official set of benchmarks that SDP relies on and there is not a defined list of issuers that SDP uses as a benchmark, SDP makes itself aware of, and is cognizant of, how comparable issuers in its business compensate their executives. The base salary for each Named Executive Officer of SDP is reviewed and established by the SDP Board annually. Base salaries are established by the SDP Board, taking into consideration an Named Executive Officer's performance and seniority, comparability within industry norms, and contribution to SDP's growth and profitability. SDP believes that a competitive base salary is an imperative element of any compensation program that is designed to attract talented and experienced executives.

Group Benefits

SDP offers a group benefits plan, which includes medical benefits. SDP's benefits plan is available to all full-time employees who choose to enroll, including Named Executive Officers of SDP.

Perquisites and Personal Benefits

While SDP reimburses its Named Executive Officers for expenses incurred in the course of performing their duties as executive officers of SDP, SDP did not provide any compensation that would be considered a perquisite or personal benefit to its Named Executive Officers.

<u>Summary Compensation Table for Named Executive Officers</u>

The following table sets forth information concerning the total compensation paid to SDP's Named Executive Officers for the financial years ending December 31, 2018 and 2019 as well as the nine month period ended September 30, 2020.

					Non-equity incentive plan compensation (US$)				
Name and principal position	**Period Ended**	**Salary (US$)**	**Share-based awards (US$)**	**Option-based Awards[(1)] (US$)**	**Annual incentive plans**	**Long term incentive plans**	**Pension value (US$)**	**All other compen-sation (US$)**	**Total compen-sation (US$)**
Jim Murray *Former CFO (1)(2)*	Sept. 30, 2020	-	-	-	-	-	-	-	-
	Dec. 31, 2019	-	-	-	-	-	-	-	-
	Dec. 31, 2018	$50,000	N/A	N/A	N/A	N/A	N/A	N/A	$50,000
Luke Faulstick *CEO and director (1)*	Sept. 30, 2020	$163,184.76	N/A	N/A	N/A	N/A	N/A	N/A	$163,184.76
	Dec. 31, 2019	$228,368.07	N/A	N/A	N/A	N/A	N/A	N/A	$228,368.07
	Dec. 31, 2018	$100,001.00	N/A	N/A	N/A	N/A	N/A	N/A	$100,001.00
Ginny Conger *General Manager*	Sept. 30, 2020	$99,902.16	N/A	N/A	N/A	N/A	N/A	N/A	$99,902.16
	Dec. 31, 2019	$127,734.62	N/A	N/A	N/A	N/A	N/A	N/A	$127,734.62
	Dec. 31, 2018	$124,453.20	N/A	N/A	N/A	N/A	N/A	N/A	$124,453.20
Mike Plunkett *Director of Production and Purchasing*	Sept. 30, 2020	$87,690.44	N/A	N/A	N/A	N/A	N/A	N/A	$87,690.44
	Dec. 31, 2019	$114,205.04	N/A	N/A	N/A	N/A	N/A	N/A	$114,205.04
	Dec. 31, 2018	Nil	N/A	N/A	N/A	N/A	N/A	N/A	Nil

<u>Notes:</u>
(1) Prior to 2019, SDP paid GAP Partners Inc. a management fee for CEO and CFO services, which were supplied by Luke Faulstick and Jim Murray. GAP Partners Inc. has supplied the 2018 allocations of these fees based on their allocation.
(2) Jim Murray resigned as CFO of SDP when GAP Partners Inc. ceased operations as SDP's management company on December 31, 2018.

<u>Incentive Plan Awards</u>

As of the date of this Circular, SDP does not have any outstanding share-based or option-based awards, nor were any such awards outstanding during the year ended December 31, 2019.

Pension Plan Benefits

SDP has not implemented a pension plan.

Termination and Change of Control Benefits

As of the date of this Circular, SDP is not party to any contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of SDP or a change in a Named Executive Officer's responsibilities.

Director Compensation

As of the date hereof, the SDP Board consists of two directors, being Luke Faulstick and Steve Hollis. No compensation of any kind was paid, nor were options issued, to the directors of SDP during the years ended December 31, 2019 or 2018, nor during the three and nine months ended September 30, 2020, other than Luke Faulstick, who received compensation as a Named Executive Officer of SDP during the applicable periods.

It is anticipated that the composition of the SDP Board will remain unchanged following completion of the Change of Business.

As of the date hereof, both Luke Faulstick and Steve Hollis have provided personal guarantees (the "**Personal Guarantees**") in connection with the outstanding indebtedness of SDP. Pursuant to the Definitive Agreement, following Closing of the Change of Business, the Corporation, though Brattle Acquireco, will be required to use commercially reasonable efforts to cause the release of such Personal Guarantees, without any obligation to guarantee such obligations itself. In addition, Brattle Acquireco shall be required to elect each of Mr. Faulstick and Mr. Hollis as the only directors of the SDP Board until the earlier of: (i) the termination of the personal guarantees; (ii) the acceptance by SDP of financial assistance from the Corporation or any affiliate thereof (i.e. an equity investment, shareholder loan); (iii) the termination of Mr. Faulstick's employment with SDP for "cause" or by reason of his death, disability or incapacity, in which case Mr. Hollis shall be elected as the sole director until such time as his resignation, death, disability or incapacity. Notwithstanding anything to the contrary contained herein, it is a condition to the TSXV granting final approval in respect of the Change of Business that, to the extent any Personal Guarantees remain outstanding on Closing, the parties to the Definitive Agreement will agree that each of Mr. Faulstick and Mr. Hollis will cease to act as directors of SDP no later than the third anniversary of Closing.

MANAGEMENT CONTRACTS

There are no management functions of SDP which are to any substantial degree performed by a person or a company other than the directors or executive officers of the SDP.

NON-ARM'S LENGTH PARTY TRANSACTIONS

GAP Partners Inc., the majority securityholder of SDP, is also the majority securityholder of Precision Partners LLC, an entity that owns all of the issued and outstanding shares of StampSource, LLC, a metal fabrication business. Over the course of the financial years ended December 31, 2018 and 2019, SDP loaned US$757,104.28 to Precision Partners LLC.

SDP, from time to time, orders stamped metal products from StampSource, LLC at market rates, which products are used by SDP in the production of certain medical devices. During the last 24 months, the total consideration paid by SDP to StampSource, LLC for these products was US$ 48,675.44 in the aggregate, all of which was in 2020.

SDP paid US$400,000 to Precision Partners LLC as a success fee in connection with the successful sale of the real estate property located at 205 Hwy 22 E, Clear Lake, SD 57226 on October 26, 2018. This was a one time transaction.

LEGAL PROCEEDINGS

Legal Proceedings

There are no material legal proceedings to which SDP is a party or in respect of which any of the assets of SDP are subject, which is or will be material to SDP, and SDP is not aware of any such proceedings that are contemplated.

Regulatory Actions

There have been: (i) no penalties or sanctions imposed against SDP by a court relating to securities legislation or by a securities regulatory authority; (ii) no other penalties or sanctions imposed by a court or regulatory body against SDP; and (iii) no settlement agreements SDP entered into with a court relating to securities legislation or with a securities regulatory authority.

MATERIAL CONTRACTS

Other than the Supply Agreements, Promissory Notes and Business Loan Agreement or as otherwise disclosed in this Circular and in connection with the Change of Business, SDP is not a party to any material contracts, except contracts entered into in the ordinary course of business.

Copies of the Supply Agreements, Promissory Notes and Business Loan Agreement are available for inspection at the registered offices of SDP, 205 Hwy 22E, Clear Lake, SD 57226 USA, during ordinary business hours, until Closing of the Change of Business and for a period of thirty (30) days thereafter.

APPENDIX "I" TO SCHEDULE "B"
FINANCIAL STATEMENTS OF SOUTH DAKOTA PARTNERS, INC.

See attached.

South Dakota Partners Inc.

Financial Statements

December 31, 2019 and December 31, 2018

(Expressed in United States Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of South Dakota Partners Inc. (the "Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management, in discharging these responsibilities, maintains a system of internal controls designed to provide reasonable assurance that its assets are safeguarded, only valid and authorized transactions are executed, and accurate, timely and comprehensive financial information is prepared. However, any system of internal control over financial reporting, no matter how well designed and implemented, has inherent limitations and may not prevent or detect all misstatements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities.

[signed] "Luke Faulstick" — Chief Executive Officer

[signed] "Steve Hollis" — Director

SRCO Professional Corporation
Chartered Professional Accountants
Licensed Public Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of South Dakota Partners Inc.

Opinions

We have audited the financial statements of South Dakota Partners Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2019 and 2018, and January 1, 2018 [effective date of transition to the International Financial Reporting Standards (IFRS)], the statements of changes in shareholders' equity, operations and comprehensive loss, and cash flows for the years ended December 31, 2019 and 2018, and notes to the financial statements, including a summary of significant accounting policies.

Opinion on the Financial Positions as at December 31, 2019 and 2018 and Financial Performance and Cash Flows for the year ended December 31, 2019

In our opinion, the accompanying statement of financial position presents fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018 and the statements of changes in shareholder's equity, operations and comprehensive loss, and cash flows for the year ended December 31, 2019 in accordance with IFRS.

Qualified Opinion on the Financial Position as at January 1, 2018 and Financial Performance and Cash Flows for the year ended December 31, 2018

In our opinion, except for the possible effects of the matter described in the *Basis for Opinions, Including Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 1, 2018, and its statements of changes in shareholder's equity, operations and comprehensive loss, and cash flows for the year ended December 31, 2018 in accordance with IFRS.

Basis for Opinions, Including Basis for Qualified Opinion on the Financial Position as at January 1, 2018 and on the Financial Performance and Cash Flows for the year ended December 31, 2018

We did not observe the counting of the physical inventories and were unable to satisfy ourselves by alternative means concerning inventory quantities held at January 1, 2018. Since opening inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the loss for the year ended December 31, 2018 reported in the statements of changes in shareholder's equity, operations and comprehensive loss, and the net cash flows from operating activities reported in the statement of cash flows.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

(continued)

Independent Auditor's Report to the Shareholders of South Dakota Partners Inc. *(Continued)*

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion for the year ended December 31, 2019, the financial position as at December 31, 2018, and our qualified audit opinion on the financial position as at January 1, 2018 and the financial performance and cash flows for the year ended December 31, 2018.

Change in Accounting Principles

We draw attention to Note 24 to the financial statements, which indicates that the Company has retrospectively adopted IFRS as issued by the International Accounting Standards Board. Comparative figures, which were previously presented in accordance with United States generally accepted accounting principles (U.S. GAAP), have been adjusted as necessary.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(continued)

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Independent Auditor's Report to the Shareholders of South Dakota Partners Inc. *(Continued)*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

/s/ SRCO Professional Corporation

CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario

Richmond Hill, Ontario, Canada
January 18, 2021

South Dakota Partners Inc.
Statements of Financial Position
As at January 1, 2018, December 31, 2018 and December 31, 2019
(In US Dollars)

	Note	December 31, 2019	December 31, 2018 (Note 24)	January 1, 2018 (Note 24)
Assets				
Cash	4	$ 30,925	$ 3,360	$ 500
Accounts receivable	5	3,338,759	2,416,696	1,441,682
Inventories	8	4,450,858	2,570,957	2,049,057
Prepaid expenses and other current assets		157,614	126,279	61,618
Total current assets		7,978,156	5,117,292	3,552,857
Restricted cash	4	381,930	581,931	-
Property and equipment	10	1,377,586	565,717	1,240,522
Right-of-use asset	19	1,061,461	1,117,822	-
Intangible asset	11	1,411,617	-	-
Total assets		$ 12,210,750	$ 7,382,762	$ 4,793,379
Liabilities and shareholders' equity				
Liabilities				
Accounts payable	7	$ 1,621,343	$ 1,075,880	$ 1,414,926
Accrued expenses	7	217,376	256,162	220,279
Line of credit	13	3,063,671	902,369	1,003,072
Current portion of debt	13	450,670	87,062	20,820
Current portion of lease liability	19	60,310	53,490	-
Other liabilities	7	1,327,382	-	-
Income tax payable	21	-	219,446	-
Total current liabilities		6,740,752	2,594,409	2,659,097
Deferred tax liability	21	-	164,445	-
Covertible debentures	12	-	-	709,928
Long term portion of lease liability	19	2,068,732	2,129,042	-
Long term portion of debt	13	1,799,281	540,974	461,377
Total Liabilities		10,608,765	5,428,870	3,830,402
Shareholders' equity				
Share capital	14	1,502	1,308	1,000
Contributed surplus		2,898,330	1,898,524	119,792
Retained earnings (deficit)		(1,297,847)	54,060	842,185
Total shareholders' equity		1,601,985	1,953,892	962,977
Total liabilities and shareholders' equity		$ 12,210,750	$ 7,382,762	$ 4,793,379

Subsequent events (Note 22)

Contingencies (Note 23)

Approved on behalf of the Board

"signed"
Luke Faulstick

"signed"
Steve Hollis

South Dakota Partners Inc.
Statements of Changes in Shareholders' Equity
For the years ended December 31, 2019 and 2018
(In US Dollars)

	Common Stock		Contributed surplus	Retained earnings (deficit)	Total
	Shares	Amount			
	#	$	$	$	$
Balance, January 1, 2018	1,000	1,000	119,792	842,185	962,977
Issued	188	188	999,812	-	1,000,000
Conversion of convertible debentures	120	120	778,920	-	779,040
Net loss	-	-	-	(788,125)	(788,125)
Balance, December 31, 2018	1,308	1,308	1,898,524	54,060	1,953,892
Issued	194	194	999,806	-	1,000,000
Net loss	-	-	-	(1,351,907)	(1,351,907)
Balance, December 31, 2019	1,502	1,502	2,898,330	(1,297,847)	1,601,985

South Dakota Partners Inc.
Statements of Operations and Comprehensive Loss
For the years ended December 31, 2019 and 2018
(In US Dollars)

	Note		2019		2018
Revenue		$	11,969,662	$	9,309,154
Cost of revenue					
Direct service personnel			1,860,827		1,326,526
Rent and building costs			181,805		170,836
Direct material costs			6,834,778		4,969,806
New products infrastructure costs	**9**		774,228		-
Gross margin			2,318,024		2,841,986
Selling, general and administrative expenses	**20**		638,052		646,943
Administrative personnel			1,324,979		1,397,092
Executive compensation	**16**		304,450		271,436
Subtotal			2,267,481		2,315,471
Profit before other items			50,543		526,515
Other items:					
Amortization of intangible asset	**11**		(316,894)		-
Depreciation of property and equipment	**10**		(106,017)		(96,721)
Depreciation of right-of-use asset	**19**		(56,361)		(14,090)
Interest expense			(473,863)		(254,742)
Expected credit loss	**5**		(20,932)		-
Other expense			(23,067)		(7,092)
Impairment of loan receivable	**6**		(199,000)		(558,104)
New products infrastructure costs	**9**		(370,761)		-
Net loss before income tax			(1,516,352)		(404,234)
Current - expense			-		(219,446)
Deferred - recovery (expense)			164,445		(164,445)
Net loss and comprehensive loss		$	(1,351,907)	$	(788,125)
Net loss per share					
Basic and diluted	**18**	$	(909)	$	(689)
Weighted average shares outstanding - basic and diluted			1,487		1,144

South Dakota Partners Inc.
Statements of Cash Flows
For the years ended December 31, 2019 and 2018
(In U.S. Dollars)

Operating Activities	**December 31, 2019**	**December 31, 2018**
Net loss	$ (1,351,907)	$ (788,125)
Non-cash items:		
Amortization of intangible asset	316,894	-
Depreciation of property and equipment	106,017	96,721
Depreciation of right-of-use asset	56,361	14,090
Interest on lease liability	138,111	34,979
Expected credit loss provision	20,932	-
Impairment of loan receivable	199,000	558,104
Interest expense on convertible notes	-	72,350
	(514,592)	(11,881)
Changes in operating assets and liabilities:		
Accounts receivable	(942,995)	(975,014)
Inventories	(1,879,901)	(521,900)
Prepaid expenses and other current assets	(31,335)	(64,661)
Accounts payable	545,463	(338,135)
Accrued expenses	(38,786)	35,883
Income tax payable	(219,446)	219,446
Deferred tax liablity	(164,445)	164,445
Other liabilities	1,327,382	-
Cash flows used in operating activities	(1,918,655)	(1,491,817)
Investing Activities		
Proceeds from (purchase of) restricted cash	200,001	(581,931)
Acquisition of intangible asset	(1,728,511)	-
Advances made on loan receivable	(282,020)	(2,294,995)
Repayment received on loan receivable	83,020	1,736,891
Purchase of property and equipment	(917,886)	(12,943)
Cash flows used in investing activities	(2,645,396)	(1,152,978)
Financing Activities		
Proceeds from sale-leaseback transaction, net	-	1,641,577
Proceeds from capital stock	1,000,000	1,000,000
Proceeds from debt, net	1,889,442	200,000
Principal repayment payment of debt	(267,527)	(58,311)
Proceeds (payment) from line of credit, net	2,161,302	(100,703)
Lease payments	(191,601)	(34,908)
Cash flows provided by financing activities	4,591,616	2,647,655
Net (decrease) increase in cash	27,565	2,860
Cash, beginning of the year	3,360	500
Cash, end of the year	$ 30,925	$ 3,360

South Dakota Partners Inc.
Statements of Cash Flows
For the years ended December 31, 2019 and 2018
(In U.S. Dollars)

Supplemental Cash Flow Disclosures	**December 31, 2019**	**December 31, 2018**
Interest paid	$ 226,112	$ 47,617
Income tax paid	219,446	-
Non-cash investing and financing activities		
Common shares issued for conversion of debentures	-	120

1. Description of the business

South Dakota Partners Inc. ("SDP" or the "Company") is a privately held company. The Company signed a binding purchase agreement (the "Agreement") with Salona Global Medical Device Corp.("Salona") (formerly Brattle Street Investment Corp.) on September 8, 2020. The result of this transaction will be that Salona will acquire 100% of the stock of the Company through one of its US based wholly owned subsidiaries. The Company is in the business of the development, marketing, logistics, and manufacturing of medical device products mostly servicing the post-surgical recovery space.

SDP was incorporated on April 8, 2016. The Company's registered office is 205 HWY 22E, Clear Lake, SD 57226 USA.

2. Basis of presentation

Statement of compliance
The Company's financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the years ended December 31, 2019 and 2018.

For all periods up to and including the year ended 31 December 2018, SDP prepared its financial statements in accordance with generally accepted accounting practice in the United States of America (US GAAP). These financial statements are the first the Company has prepared in accordance with IFRS. The preparation of these financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under U.S. GAAP. The accounting polices set out below have been applied consistently to all periods presented in these financial statements. They have also been applied in preparing an opening IFRS statement of financial position as at January 1, 2018 for the purposes of the transition to IFRS, as required by IFRS 1 "First-Time adoption of International Financial Reporting Standards" ("IFRS 1"). The impact of the transition from U.S. GAAP to IFRS is explained in Note 24. The financial statements have been authorized for issuance by the Board of Directors on January 18, 2021.

Functional and presentation currency
These financial statements are expressed in United States ("U.S.") dollars. The functional currency of the Company is U.S. dollars

3. Significant accounting policies

a) Basis of measurement and preparation

The financial statements of the Company have been prepared on an historical cost basis except for certain financial instruments, if any, which are carried at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the goods purchased and services provided. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. These financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

b) Restricted cash

Cash deposits that are subject to legal or contractual restrictions on their use are classified separately as restricted cash and classified as non-current assets.

c) Accounts receivable

Accounts receivable are stated at their amortized cost and are non-interest bearing and unsecured. Management conducts a periodic review of the collectability of trade receivables. The Company records an allowance for doubtful accounts if any uncertainty exists with respect to the recoverability of certain amounts based on historical experience or economic climate.

d) Inventories

Inventories are measured at the lower of cost and net realizable value, determined using the first-in and first-out method, and comprises of raw-materials, work-in-progress and finished goods. The cost of work-in-progress includes the cost of raw materials, an applicable share of cost of labor, manufacturing overhead based on normal production rates. The cost of finished goods includes raw materials, labor, manufacturing overhead and other costs incurred in bringing the inventories to their present location and condition. The net realizable value for inventories is the selling price less selling costs in the ordinary course of business. Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable due to obsolescence, damage or declining selling prices.

3. Significant accounting policies (continued)

e) Property and equipment

Property and Equipment is stated at cost less accumulated depreciation and accumulated impairment loss, if any. Cost includes all expenditures directly attributable to the acquisition of the asset, the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. The estimated useful lives and the methods of depreciation are as follows:

Asset	Basis	Life
Building	Straight-line	25 - 30 years
Machinery and equipment	Straight-line	3 - 10 years
Computer equipment and software	Straight-line	3 -5 years
Furniture and fixtures	Straight-line	7 - 10 years
Leasehold improvements	Straight-line	Lower of 15 years or lease period

These depreciation methods most closely reflect the expected pattern of consumption of the future economic benefits embodied in the asset. Estimates of methods, useful lives and residual values are reviewed at each reporting period-end and adjusted if appropriate.

When significant parts of property and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All repair and maintenance costs except major inspections are recognized in the income statement as incurred.

Property and equipment purchased from customers are initially measured at fair value at the date on which control is obtained.

f) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3. Significant accounting policies (continued)

If a contract is assessed to contain a lease, a lease liability is recognized representing the present value of cash flows estimated to settle the contract, discounted using a discount rate which would be required if the underlying asset was acquired through a financing arrangement. The Company also recognizes a right-of-use ("ROU") asset that will generally be equal to the lease obligation at adoption. The ROU asset is subsequently depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The ROU asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee or, as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company does not recognize right-of-use assets and lease liabilities for leases of low-value assets and leases with lease terms that are less than 12 months. Lease payments associated with these arrangements are instead recognized as an expense over the term on either a straight-line basis, or another systematic basis if more representative of the pattern of benefit.

g) Sale and leaseback accounting

A sale and leaseback transaction involves the transfer of an asset to another entity and the leaseback of the same asset. A sale and leaseback is recognized as a sale when the control of the asset has been transferred to the purchaser. The Company recognizes any gain or loss related to the transfer of rights of the asset to the buyer-lessor and measures the ROU asset arising from the leaseback at the retained portion of the previous carrying amount.

3. Significant accounting policies (continued)

h) Intangible assets

Intangible assets with finite lives are stated at cost, net of accumulated amortization and impairment losses, if any. The cost of intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives. The estimated economic useful lives for intangible assets with finite lives are as follows:

Customer rights	5 years

i) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its property and equipment, right-of-use assets, and intangible assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss and required provisions. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired it is written down to a recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Any impairment loss is recognized immediately in the statement of operations and comprehensive loss. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount. However, the increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in the statement of operations and comprehensive income (loss).

3. Significant accounting policies (continued)

j) Long-term debt

Long-term debt is initially recognized at fair value, net of financing costs incurred. Debt is subsequently measured at amortized cost. Any difference between the amounts received and the redemption value of the debt is recognized in the statements of earnings (loss) over the period to maturity using the effective interest method.

k) Revenue recognition

Revenue is recognized at a point-in-time upon transfer of control of goods or services to customers, which is generally upon shipment or delivery, depending on the delivery terms set forth in the customer contract, at an amount that reflects the consideration the Company expects to receive in exchange for the goods or services.

Revenue principally comprises payment for goods and services from the Company's contracted customers related to the development, manufacturing, packaging, service, and shipping of medical devices to said customers. Revenue from sales and services are recognized as revenue when earned at delivery of goods or services. The Company does not bill insurance companies directly at this time.

Provisions for discounts, rebates and sales incentives to customers, and returns and other adjustments are provided for in the period the related sales are recorded. Sales incentives to customers are not material. Historical data is readily available and reliable, and is used for estimating the amount of the reduction in gross sales. Revenue from the launch of a new product, from an improved version of an existing product, or for shipments in excess of a customer's normal requirements are recorded when the conditions noted above are met. In those situations, management records a returns reserve for such revenue, if necessary. In certain cases, the Company participates in selling arrangements that include multiple performance obligations. The total transaction price of the contract is allocated to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation.

The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

3. Significant accounting policies (continued)

l) Income taxes

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognized through the statement of operations and comprehensive income (loss) except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting dates, and any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized per IAS 12 in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, as well as the available losses carried forward to future years for income tax purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. 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 income 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. Deferred tax liabilities are recognized in respect of taxes payable in the future based on taxable temporary differences.

Income taxes receivable and payable, and deferred tax assets and liabilities, are offset if there is a legally enforceable right of set off, they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis, or their tax assets and liabilities will be realized simultaneously.

m) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

3. Significant accounting policies (continued)

n) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. The dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. There are no options, warrants or similar instruments outstanding. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

o) Financial instruments

Financial assets

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value through profit and loss (“FVPL”) or fair value through other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Amounts receivable held for collection of contractual cash flows are measured at amortized cost.

3. Significant accounting policies (continued)

Subsequent measurement – Financial assets at FVTPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge accounting relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of comprehensive income (loss).

Subsequent measurement – Financial assets at amortized cost
Financial assets are measured at amortized cost if both the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company's only financial assets subject to impairment are accounts receivable and loan receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of debt, net of directly attributable transaction costs.

3. Significant accounting policies (continued)

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of operations.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of operations.

The following table summarizes the classifications and carrying amounts of the Company's financial instruments:

Financial assets	**IFR 9 Classification**
Cash	Amortized cost
Restricted cash	Amortized cost
Accounts receivable	Amortized cost
Loan receivable	Amortized cost
Financial liabilities	
Line of credit	Amortized cost
Accounts payables	Amortized cost
Accrued expenses	Amortized cost
Long-term debt	Amortized cost
Lease liability	Amortized cost
Other liabilities	Amortized cost

Impairment of financial assets - ECL

The Company applies an expected credit loss ("ECL") model to all debt financial assets not held at FVTPL, where credit losses that are expected to transpire in futures years are provided for, irrespective of whether a loss event has occurred or not as at the statement of financial position's date. For trade receivables, the Company has applied the simplified approach and has calculated ECLs based on lifetime expected credit losses taking into considerations historical credit loss experience and financial factors specific to the debtors and general economic conditions.

3. Significant accounting policies (continued)

Measurement of fair values

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 - quoted prices in active markets.
- Level 2 - models using observable inputs other than quoted market prices included within Level 1; and
- Level 3 - models using inputs that are not based on observable market data.

p) Provision

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Warranty provisions
SDP provides warranties for general repairs of defects that existed at the time of sale. Provisions related to these assurance-type warranties are recognized when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience.

q) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Revenue and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

r) Use of estimates and judgment

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further

3. Significant accounting policies (continued)

periods if the review affects both current and future periods. Key sources of estimation uncertainty are as follows:

Estimated useful life of long-lived assets
Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

Impairment of long-lived assets
Property and equipment and definite lived intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. For the purposes of measuring recoverable values, assets are aggregated into cash generating units ("CGUs") based on an assessment of the lowest levels for which there are separately identifiable cash flows. The determination of individual CGUs is based on management's judgement regarding shared infrastructure, geographical proximity and similar exposure to market risk. The recoverable value is the greater of an asset's fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset. An impairment loss is recognized for the value by which the asset's carrying value exceeds its recoverable value.

Business combinations
Determining whether an acquisition meets the definition of a business combination or represents an asset purchase requires judgment on a case by case basis. As outlined in IFRS 3 Business Combinations, the components of a business must include inputs, processes and outputs.

Leases
Leases requires lessees to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate.

3. Significant accounting policies (continued)

The Company generally uses the incremental borrowing rate when initially recording real estate leases as the implicit rates are not readily available as information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available. The Company determines the incremental borrowing rate as the interest rate the Company would pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Leases requires lessees to estimate the lease term. In determining the period which the Company has the right to use an underlying asset, management considers the non-cancellable period along with all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. This significant estimate could affect future results if the Company extends the lease or exercises an early termination option.

Impairment of financial assets
An expected credit loss ("ECL") model applies to financial assets measured at amortized cost. The Company's financial assets measured at amortized cost and subject to the ECL model consist primarily of accounts receivable. In determining the ECLs management makes estimates related to the probability-weighted amount of ECLs based on a ranger of outcomes, the discount rate that reflects the effective interest rate of the asset and other information available as of the reporting date relating to past events, current conditions and forecasts regarding future economic conditions.

Convertible debentures
The identification of convertible note components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Income taxes
Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

3. Significant accounting policies (continued)

s) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. As at December 31, 2019, the Company has one segment, involved in the development, marketing, packaging, and manufacturing of medical devices.

t) New accounting standards issued and effective

The Company has adopted the following new accounting standards and interpretations effective January 1, 2018, unless otherwise noted. These changes were made in accordance with the applicable transitional provisions.

IFRIC 23, Uncertainty Over Income Tax Treatments

In June 2017, the IASB issued IFRIC 23. IFRIC 23 clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 and requires an entity to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it uses or plans to use in its income tax filing. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019 and permits early adoption. The adoption of IFRIC 23 did not have a material impact on the financial statements.

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. This standard is effective for annual reporting periods on or after January 1, 2019.

Effective January 1, 2018, the Company early adopted IFRS 16 using the retrospective approach. On initial application, the Company has elected to record right-of-use assets retained through the leaseback as a proportion of the previous carrying amount of the assets plus initial direct costs incurred by the Company.

3. Significant accounting policies (continued)

When measuring the lease liabilities, the Company discounted lease payments using its incremental borrowing rate. The weighted-average rate applied is 6.5%.

The Company has elected to apply the practical expedient to grandfather the assessment of the transactions are leases on the date of initial application, as previously assessed under IAS 17 and IFRIC 4. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2018.

u) Standards, amendments, and interpretations issued but not yet adopted

Amendment to IFRS 16, COVID-19-Related Rent Concessions
In May 2020, the International Accounting Standards Board ("IASB") issued an amendment to permit lessees, as a practical expedient, not to assess whether particular rent concessions that reduce lease payments occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

The amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted. The Company does not expect these amendments to have a significant impact on its financial statements.

Amendments to IFRS 3, Business Combinations
In October 2018, the IASB issued amendments to the guidance in IFRS 3, Business Combinations, which revise the definition of a business for acquisition accounting purposes. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. To be considered a business without outputs, there will now need to be an organized workforce present. Under the new standard, the changes to the definition of a business will likely result in more acquisitions being accounted for as asset acquisitions.

The amendments to IFRS 3 are effective for business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting periods beginning on or after January 1, 2020. The Company will assess the impact of this standard on a case-by-case basis upon future acquisitions performed but does not anticipate a material impact due to the nature and structure of its historical acquisitions.

3. Significant accounting policies (continued)

Amendments to IAS 1 and IAS 8: Definition of Material
In October 2018, the IASB issued amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

These amendments are effective for annual periods beginning on or after January 1, 2020. The Company does not expect these amendments to have a significant impact on its financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Deferral of Effective Date
In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. These amendments:

- specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months.
- provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and
- clarify when a liability is considered settled.

On July 15, 2020, the IASB issued a deferral of the effective date for the new guidance by one year to annual reporting periods beginning on or after January 1, 2023 and is to be applied retrospectively. The Company has not yet determined the impact of these amendments on its financial statements.

(In U.S. Dollars)

4. Cash and restricted cash

The Company maintains both cash and restricted cash accounts. The Company's cash accounts sweep, on a daily basis, to the revolving line of credit the Company maintains with Dacotah Bank.

The Company's restricted cash is held as collateral for a line of credit extended by the Fifth Third bank to the Company's arms-length landlord as part of the lease agreement. The line of credit is for an amount of $381,930, non-interest bearing and automatically renewed annually.

	December 31, 2019		December 31, 2018		January 1, 2018	
Cash	$	30,925	$	3,360	$	500
Restricted cash		381,930		581,931		-
Total	$	412,855	$	585,291	$	500

5. Accounts receivable

The Company is exposed to credit risk on the sales receivables from its customers. As at December 31, 2019, 0.95% (2018 – 0.02%) of the sales receivable balance are more than 90 days past due, 99.05% (2018 – 99.98%) of the account receivable are between 0 – 90 days past due. The expected credit loss rate applied was 65% on the balances past 90 days.

	December 31, 2019		December 31, 2018		January 1, 2018	
Trade accounts receivable	$	3,329,626	$	2,351,861	$	1,441,682
Allowance for expected credit losses		(20,932)		-		-
Other receivables		30,065		64,835		-
Total accounts receivable	$	3,338,759	$	2,416,696	$	1,441,682

	December 31, 2019	
Opening credit loss provision	$	-
Credit loss provision recognised during the year		20,932
Total allowance for expected credit losses	$	20,932

(In U.S. Dollars)

6. Loan receivable

The Company has financed a related party, Precision Partners LLC ("PP LLC"), to help fund growth and equipment build out. The loan receivables are unsecured, non-interest bearing and have no fixed terms of repayment. As of December 31, 2019, and 2018, the outstanding balance was fully provided for due to uncertainty surrounding the ultimate collection.

Balance as of January 1, 2018	$	-
Addition		2,294,995
Repayment		(1,736,891)
Provision		(558,104)
Balance as of December 31, 2018		**-**
Addition		282,020
Repayment		(83,020)
Provision		(199,000)
Balance as of December 31, 2019	$	-

7. Accounts payable and accrued expenses

		December 31, 2019		**December 31, 2018**		**January 1, 2018**
Trade payable	$	1,621,343	$	1,075,880	$	1,414,926
Accrued expenses		217,376		256,162		220,279
Total payable and accrued expenses	$	1,838,719	$	1,332,042	$	1,635,205

As at December 31, 2019, the Company had $1,327,382 of other liabilities which were primarily composed of payables owing to Compass Richmar LLC related to the asset purchase of selected inventory assets as part of the February 9, 2019 transaction.

8. Inventories

The Company allocates inventory into three major buckets: Raw material inventory, work in progress, and finished goods.

(In U.S. Dollars)

8. Inventories (continued)

	December 31, 2019		December 31, 2018		January 1, 2018	
Raw materials	$	4,139,321	$	2,251,802	$	1,723,765
Work in process		291,694		177,631		325,292
Finished goods		19,843		141,524		-
Total	$	4,450,858	$	2,570,957	$	2,049,057

Total inventory recognized as expense during the year ended December 31, 2019 was $6,834,778 (2018 - $4,969,806). For the year ended December 31, 2019, the Company recorded an inventory obsolescence of $774,228 (Note 9) (2018 - $Nil), primarily relating to inventories purchased from Richmar LLC.

9. New product infrastructure costs

The Company undertook an expansion of capacity, staff, and equipment in advance of and in conjunction with the execution of the February 9, 2019 supply agreement with Compass Richmar LLC. This capacity expansion resulted in an enhanced work force, more functioning production capacity on site, and enables the business to easily integrate future growth depending on product specifications. The costs break down as follows:

	For the year ended December 31, 2019	
Cost of revenue		
New infrastructure testing and inventory write-off	**$**	**774,228**
Other items		
Salaries and wages	$	214,932
Legal fees		27,969
Recruiting costs		1,898
Repairs and maitenance		8,533
Travel		37,956
Other service providers		47,790
Supplies		18,821
Meals		83
Office supplies		6,825
Employee benefits		5,954
Total	**$**	**370,761**

(In U.S. Dollars)

10. Property and equipment

Cost		**December 31, 2018**		**Additions**		**Disposal**		**December 31, 2019**
Machinery and equipment	$	626,364	$	880,263	$	-	$	1,506,627
Computer equipment and software		112,841		4,900		-		117,741
Funiture and fixtures		-		10,197		-		10,197
Leasehold improvements		-		22,526		-		22,526
Total	$	739,205	$	917,886	$	-	$	1,657,091

Accumulated amortization		**December 31, 2018**		**Additions**		**Disposal**		**December 31, 2019**
Machinery and equipment	$	143,861	$	89,907	$	-	$	233,768
Computer equipment and software		29,627		14,201		-		43,828
Funiture and fixtures		-		595		-		595
Leasehold improvements		-		1,314		-		1,314
Total	$	173,488	$	106,017	$	-	$	279,505
Net Book Value	**$**	565,717					**$**	1,377,586

Cost		**January 1, 2018**		**Additions**		**Disposal related to sale leaseback**		**December 31, 2018**
Land	$	13,542	$	-	$	(13,542)	$	-
Building		636,458		-		(636,458)		-
Machinery and equipment		618,421		7,943		-		626,364
Computer equipment and software		107,841		5,000		-		112,841
Total	$	1,376,262	$	12,943	$	(650,000)	$	739,205

Accumulated amortization		**January 1, 2018**		**Additions**		**Disposal related to sale leaseback**		**December 31, 2018**
Land	$	-	$	-	$	-	$	-
Building		38,188		20,785		(58,973)		-
Machinery and equipment		81,309		62,552		-		143,861
Computer equipment and software		16,243		13,384		-		29,627
Total	$	135,740	$	96,721	$	(58,973)	$	173,488
Net Book Value	**$**	1,240,522					**$**	565,717

In addition to the supply agreement in Note 11, the Company purchased $271,489 worth of equipment from Compass Richmar, LLC.

(In U.S. Dollars)

11. Intangible asset

On February 5, 2019, the Company entered into a medical device supply agreement with Compass Richmar, LLC. Under the agreement, the Company has acquired the exclusive rights to supply to Compass Richmar, LLC for a period of five years for a cash consideration of $1,728,511. The cost to acquire the exclusive customer rights is being amortized over the term of the agreement.

The Company evaluated this acquisition to discern whether the assets met the definition of a business. The Company concluded there were not a sufficient number of key processes obtained to develop the inputs into outputs, nor could such processes be easily obtained by the Company. Accordingly, the Company accounted for this transaction as an intangible asset acquisition.

Cost	**January 1 and December 31, 2018**	**Additions**	**Disposal**	**December 31, 2019**
	$	**$**	**$**	**$**
Intangible asset - customer rights	-	1,728,511	-	1,728,511
Total	-	1,728,511	-	1,728,511

Accumulated amortization	**January 1 and December 31, 2018**	**Additions**	**Disposal**	**December 31, 2019**
	$	**$**	**$**	**$**
Intangible asset - customer rights	-	316,894	-	316,894
Total	-	316,894	-	316,894
Net Book Value	**-**	**1,411,617**	**-**	**1,411,617**

12. Convertible debentures

On May 5, 2017, the Company issued two convertible promissory notes ("Convertible notes") with an aggregate principal sum of $750,000. The convertible notes bore interest at ten percent (10%), compounded annually with maturity date of May 5, 2019. The Convertible notes were convertible into common shares of the Company at a conversion price determined in accordance with the agreed formula.

The Convertible notes are compound financial instruments. On initial recognition, the residual method was used to allocate the fair value of the debt and equity components. The fair value of the liability was calculated as $630,208 using a discount rate of 20%. The residual proceeds of $119,792 was allocated to the equity component of the convertible debentures.

On July 12, 2018, the holder of both convertible notes converted the principal and all accrued unpaid interest balances of the convertible notes into 120 common stock of the Company.

For the year ended December 31, 2018, the Company recorded accretion expense on the convertible debentures of $72,350, which is included in interest expense.

13. Line of credit and debt

Lines of Credit
In December 2016, the Company entered into one loan and security agreement with a financial institution. Pursuant to the agreement entered into by the Company and amended during May 2019, the Company may borrow up to the lesser of $3,500,000 or the total of eligible accounts receivable as defined in the agreement. Borrowing bears interest at the Prime rate (4.75% at December 31, 2019) plus 2.0%. The balance is secured by substantially all assets of the Company. As of December 31, 2019, and 2018, the balance outstanding under the agreements was $Nil and $902,369 respectively. The line of credit was paid in full and closed during 2019. The Company incurred an exit fee of approximately $100,000 in conjunction with the closure of this line of credit, which is included in selling, general and administrative expenses in the accompanying statements of operations.

In December 2019, the Company entered into an agreement with a financial institution whereby the Company may borrow up to $3,500,000. Borrowings bear interest at 5.25% and any accrued unpaid interest is due on a monthly basis. The balance is secured by substantially all assets of the Company. As of December 31, 2019, the balance outstanding under the agreement was $3,063,671. As of December 31, 2019, a total of $436,329 was available to borrow under the line of credit.

(In U.S. Dollars)

13. Line of credit and debt (continued)

Debt

	South Dakota Development Corporation	State of South Dakota Governor's Office of Economic Development	Other Notes payable	Total Debt
Balance, January 1, 2018	$ 482,197	$ -	$ -	$ 482,197
Additions	-	200,000	-	200,000
Amortized deferred financing fee	4,150	-	-	4,150
Principal repayments	(20,820)	(37,491)	-	(58,311)
Balance, December 31, 2018	465,527	162,509	-	628,036
Less: current portion	(21,237)	(65,825)	-	(87,062)
Long-term portion	$ 444,290	$ 96,684	$ -	$ 540,974
Balance December 31, 2018	$ 465,527	$ 162,509	$ -	$ 628,036
Additions	-	-	1,889,442	1,889,442
Principal repayments	(21,237)	(65,825)	(180,465)	(267,527)
Balance, December 31, 2019	444,290	96,684	1,708,977	2,249,951
Less: current portion	(21,670)	(67,820)	(361,181)	(450,670)
Long-term portion	$ 422,620	$ 28,864	$ 1,347,796	$ 1,799,281

Undiscounted Cash Flows

	December 31, 2019
Within one year	$ 549,799
One to two years	910,784
Two to three years	459,227
Three to four years	501,822
Four to five years	66,465
Total undiscounted debt	2,488,097
Interest	238,146
Total present value of minimum debt payments	2,249,951
Current portion	450,670
Long term portion	1,799,281
Total net liability	$ 2,249,951

13. Line of credit and debt (continued)

South Dakota Development Corporation

On May 13, 2016, the Company borrowed $500,000 in connection with the purchase of the assets of DJO Global Empi Division. The promissory note bears interest at 2% with monthly payments of principal and interest of $2,530 beginning in March 2017 through maturity in May 2021. Under the promissory note agreement, the Company may borrow up to $800,000 and borrowings are guaranteed by the owners of the Company. For the year ended December 31, 2019, the Company recorded interest expense of $9,116 (2018 - $9,535). As of December 31, 2019, and 2018, the balance of the note was $444,290 and $465,527, respectively. The balance as of January 1, 2018 was $482,197.

State of South Dakota Governor's Office of Economic Development

On March 6, 2018, the Company borrowed $200,000 with the State of South Dakota Governor's Office of Economic Development for the purpose of financing the growth of the Company. The debt bears interest at 3% with monthly payments of principal and interest of $5,816.24 beginning in June 2018 through maturity in May 2021. The borrowings are guaranteed by the owners of the Company. For the year ended December 31, 2019, the Company recorded interest expense of $1,975 (2018 - $3,970). As of December 31, 2019 and 2018, the balance of the note was $96,684 and $162,509, respectively.

Other Notes Payable

On February 1, 2019, the Company borrowed $1,500,120 from a financial institution in connection with the acquisition in Note 11. The debt bears interest at 5.25% with monthly principal and interest payments of $15,000 through July 2019 and $30,182 from August 2019 to maturity in January 2024. The borrowings are guaranteed by substantially all assets of the Company. For the year ended December 31, 2019, the Company recorded interest expense of $69,401. As of December 31, 2019, the balance of the note was $1,333,573.

The Company is also party to two additional notes payable for a combined principal amount of $389,322 with maturity dates of October 2023 and November 2024, with interest rates of 9.00% and 5.25%, respectively. The combined monthly payments of principal and interest of both notes payable is $8,684 until the October 2023, then reduced to $3,310 through November 2024. For the year ended December 31, 2019, the Company recorded interest expense of $5,513. As of December 31, 2019, these notes payables totaled $375,404. The borrowings are guaranteed by select assets of the Company.

(In U.S. Dollars)

14. Share capital

Authorized

25,000 voting common shares with par value of $1.00.

Issued

As at December 31, 2018 the Company had 1,308 common shares outstanding with a value of $1,899,832. During the year ended December 31, 2018, 308 shares were issued. 120 shares were issued through the conversion of convertible notes (Note 12). The notes were valued at $779,040. Additionally, the Company issued 188 shares for $1,000,000 through private placement to new investors of the Company.

As at December 31, 2019 the Company had 1,502 common shares outstanding with a value of $2,899,832. During the year ending December 31, 2019, 194 shares were issued for $1,000,000 through private placement to an existing investor.

	Number of shares		Amount
Balance, January 1, 2018	1,000	$	1,000
Issued	188		188
Conversion of convertible notes	120		120
Balance, December 31, 2018	1,308		1,308
Issued	194		194
Balance, December 31, 2019	1,502	$	1,502

15. Financial risk management

The Company is exposed to credit, concentration, liquidity and market risks related to the use of financial instruments in its operations. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify, analyze, limit, control and monitor the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in the risk environment faced by the Company.

15. Financial risk management (continued)

a. Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations. In the Company's case, credit risk arises with respect to its cash and cash equivalents, the receivable credit extended to clients and any other financial transaction with a counterparty. The Company manages credit risk in respect of cash and cash equivalents, by maintaining the cash and cash equivalents at high credit rated financial institutions. The carrying amount of these receivables represents the Company's maximum credit exposure and is the most significant measurable risk that it faces. Credit is evaluated by management and the board of directors. Credit is only extended to customers who have a demonstrated track record of paying invoices in a timely fashion. Further, the vast majority of these receivables are due from large, credit worthy businesses. The Company monitors and controls its risks and exposures through financial, credit, legal and technology-based systems and, accordingly, believes that it has procedures in place for evaluating and limiting the credit risks to which it is subject. Credit is subject to ongoing management review. Nevertheless, for a variety of reasons, there will inevitably be defaults by customers. The Company's credit exposure at December 31, 2019 relates to its gross sales receivables and other receivables. As at December 31, 2019 $31,522 (2018 - $455) in receivables were over 90 days and $302,416 (2018 - $109,070) in receivables were between 60 - 90 days overdue.

b. Concentration risk

Concentrations of risk arises as a result in the concentration of customers. During the year ended December 31, 2019, the Company had 158 customers (2018 – 21 customers) with two of those customers accounting for over 89% and 92% of revenues in 2019 and 2018 respectively, which is a material concentration of risks. The accounts receivable of the Company are exposed to a similar % concentration and comparable risk. The Company is dependent on these contracts and management expects for these relationships to persist in line with the binding supply agreements in place.

c. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's principal obligations are its accounts payable, accrued expenses, line of credit, lease payments, long term debt, and other liabilities.

(In U.S. Dollars)

15. Financial risk management (continued)

	<1 year	1-3 years	4-5 years	>5 years	Total
Accounts payable	$ 1,621,343	$ -	$ -	$ -	$ 1,621,343
Accrued expenses	217,376	-	-	-	217,376
Line of credit	3,063,671	-	-	-	3,063,671
Other liabilities	1,327,382	-	-	-	1,327,382
Debt	549,799	1,370,011	568,287	-	2,488,097
Lease liability	194,784	389,568	389,568	2,694,517	3,668,437
Balance, December 31, 2019	$ 6,974,355	$ 1,759,579	$ 957,855	$ 2,694,517	$ 12,386,306
Accounts payable	$ 1,075,880	$ -	$ -	$ -	$ 1,075,880
Accrued expenses	256,162	-	-	-	256,162
Line of credit	902,369	-	-	-	902,369
Debt	100,152	556,718	-	-	656,870
Lease liability	194,784	389,568	389,568	2,889,301	3,863,221
Income tax payable	291,008	-	-	-	291,008
Balance, December 31, 2018	$ 2,820,355	$ 946,286	$ 389,568	$ 2,889,301	$ 7,045,510
Accounts payable	$ 1,414,926	$ -	$ -	$ -	$ 1,414,926
Accrued expenses	220,279	-	-	-	220,279
Line of credit	1,003,072	-	-	-	1,003,072
Debt	30,357	60,714	427,447	-	518,518
Balance, January 1, 2018	$ 2,668,634	$ 60,714	$ 427,447	$ -	$ 3,156,795

The contractual liabilities and obligations included in the tables above include both principal and interest cash flows.

d. Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates, will affect the Company's income or the value of its financial instruments. The objective of managing market risk is to control market risk exposures within acceptable parameters, while optimizing the return on risk.

Interest rate risk - Interest rate risk pertains to the risk of increased liabilities due to the volatility of interest rates. The Company's borrowing rates are usually based on floating bank prime rates of interest and are typically variable. The Company actively manages its interest rate exposure, where possible.

15. Financial risk management (continued)

The Company's debt, including its line of credit bearing floating rate of interest is subject to interest rate risk which is regularly monitored by management.

d. Fair value of financial assets and liabilities

The Company's financial instruments consist of cash, restricted cash, accounts receivable, loan receivable, line of credit, accounts payable, accrued expenses, long-term debts, lease-liabilities and other liabilities. The carrying values of these financial instruments approximate their fair values as of December 31, 2019, December 31, 2018 and January 1, 2018.

The fair value of the Company's cash, restricted cash, accounts receivable, line of credit, accounts payable, accrued expenses and other liabilities approximate carrying value due to their short-term nature. The Company's long-term debt approximate fair value as these instruments are discounted at the effective interest rate.

(In U.S. Dollars)

16. Related party transactions

Related parties are defined as key management and principal shareholders of the Company and/or members of their immediate family and/or other companies and/or entities in which the principal shareholders, directors or senior officers is the principal owner or senior executive. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including executive directors. The total compensation of key management personnel is as follows:

For the year ended December 31	2019	2018
Salaries and benefits	$ 304,450	$ 271,436
Total	$ 304,450	$ 271,436

GAP Partners Inc., the majority securityholder of the SDP, is the major securityholder of Precision Partners LLC ("PP LLC"). During the years ended 2019 and 2018, the Company provided an unsecured and non-interest-bearing loan to PP LLC (Note 6). Additionally, the Company, from time to time, may order stamped metal products from StampSource LLC ("StampSource"), a 100% wholly owned subsidiary of PP LLC at market rates. The total amounts purchased from StampSource in 2019 and 2018 were $nil and $nil respectively. These products would be used in the production of certain medical devices on a regular basis. Further, SDP, in connection with the successful sale of the real estate property (Note 19) located at 205 Hwy 22 E, Clear Lake, SD 57226 on October 26, 2018, paid US$400,000 to PP LLC as a success fee.

For the year ended December 31, 2018, the Company paid a total of $150,000 of management fee to PP LLC prior to key management personnel being paid directly by the Company.

(In U.S. Dollars)

17. Capital management

The Company's current capital structure includes total shareholder equity. The Company's objectives when managing capital are to: (a) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (b) maintain a capital structure that allows the Company to finance its growth using internally generated cash flow and debt capacity; and (c) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk. The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of its assets. To maintain or adjust its capital structure, the Company may, change the amount of dividends paid to shareholders, return capital to shareholders by way of normal course issuer bid, issue new shares, or reduce liquid assets to repay other debt.

18. Net loss per share

For the year ended December 31		2019		2018
Net loss	$	(1,351,907)	$	(788,125)
Weighted average shares outstanding - basic and diluted		1,487		1,144
Net loss per share - basic and diluted	$	(909)	$	(689)

19. Lease

In October 2018, the Company sold its facility in Clear Lake, South Dakota for $2,182,461. In connection with the sale, the Company entered into a lease agreement for the facility with an initial lease term of 15 years for a base annual rental of $190,965, with four extension options of five years each. The base rental amount increases annually on the first day of the lease year at the lesser of 2% or 1.25 times the change in the price index, as defined. Per the lease agreement, on or prior to the effective date, the Company was to deliver a letter of credit in the amount of $381,930, which is recorded in restricted cash on the statement of financial position. The following details the right-of-use asset transactions during the year, related to the leased facility:

(In U.S. Dollars)

19. Lease (continued)

		Right-of-use assets
Balance, January 1, 2018	$	-
Adoption of IFRS 16		1,131,912
Amortization		(14,090)
Balance, December 31, 2018		1,117,822
Amortization		(56,361)
Balance, December 31, 2019	**$**	**1,061,461**

		Lease liability		Current		Long-term
Balance, January 1, 2018	$	-	$	-	$	-
Adoption of IFRS 16		2,182,461				
Interest lease expense		34,979				
Lease payments		(34,908)				
Balance, December 31, 2018		2,182,532		53,490		2,129,042
Interest lease expense		138,111				
Lease payments		(191,601)				
Balance, December 31, 2019	**$**	**2,129,042**	**$**	**60,310**	**$**	**2,068,732**

Future minium lease payments payable are as follows:

2020	**$**	194,784
2021		194,784
2022		194,784
2023		194,784
2024		194,784
2015 and thereafter		2,694,517
Total future minimum lease payments		3,668,437
Less: Interest on lease liabilities		(1,539,395)
Total present value of minimum lease payments		2,129,042
Less: current portion		60,310
Non-current portion	**$**	**2,068,732**

(In U.S. Dollars)

20. Selling, general and administrative expenses

For the year ended December 31,		2019		2018
Rent and occupancy costs	$	35,342	$	34,944
Office and administration		326,212		318,276
Professional fees		44,271		96,593
Selling, marketing and promotion		44,913		2,638
Travel and accommodation		53,474		55,535
Research and development		44,903		78,753
Repair and maintenance		88,937		60,204
Total	$	638,052	$	646,943

21. Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Deferred income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes are measured using the current or substantively enacted rates expected to apply when the differences reverse. A deferred tax asset is recognized to the extent that the recoverability of deferred income tax assets is considered probable.

The Company's provision for (recovery of) income taxes differs from the amount that is computed by applying the combined Federal and state statutory income tax rate of 21% in the United Sates to the Company's net loss before income taxes as follows:

	December 31, 2019 $	December 31, 2018 $
Net loss before income tax	(1,516,352)	(404,234)
Statutory rate	21.00%	21.00%
Expected tax recovery	(318,434)	(84,889)
Permanent differences and other	50,980	304,335
Change in deferred tax assets not recognized	267,454	-
Income tax provision	-	219,446

(In U.S. Dollars)

21. Income taxes (continued)

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. The future benefit of US non-capital losses carried forward may be limited on an annual basis and in total under Section 382 of the US Internal Revenue Code as a result of prior and future ownership changes.

The significant components of the temporary differences not recognized as at December 31, 2019 and December 31, 2018 are as follows:

	December 31, 2019 $	December 31, 2018 $
Deferred tax asset (liability):		
Net operating losses carryforward	390,345	-
Amortization of intangible assets	49,880	-
Accrued expenses	16,337	1,637
Inventory capitalization	-	26,011
Fixed assets, principally due to depreciation and amortization	(284,385)	(192,093)
Prepaid expenses	(3,809)	-
Partnership income	(9,927)	-
Lease obligations	(5,395)	-
Other	194	-
Net deferred tax asset (liability):	153,240	(164,445)

The Company has not yet recognized deferred tax assets related to these amounts as it is not yet probable that these carryforward losses and temporary differences will be utilized in the foreseeable future. Therefore, a net deferred income tax asset is not being recognized for US non-capital loss carryforwards and other available tax assets.

The Company has US non-capital loss carryforwards of approximately $1,858,785 which can be used to reduce taxable income of future years. The benefit from the non-capital loss carryforward balance has not been recorded in the financial statements. These losses expire from 2035 to 2039.

22. Subsequent events

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

Subsequent to December 31, 2019, the Company renewed its agreement with Dakotah Bank to extend the terms of their revolving line of credit for an additional year. Similarly, the Company has made modifications to some of its customer agreements to compensate for the reduced sales volume as a result of COVID-19. These modifications are designed to increase revenue for the Company during down revenue months as a result of low order volume from customers.

On April 1, 2020 the Company modified its supply agreement with Compass Richmar LLC to adjust pricing to better protect the Company's interests.

On April 17, 2020 the Company received a loan from Dakotah Bank under the United States Federal Paycheck Protection Program for $740,000. The loan accrues interest at 1% and matures on April 17, 2022. Management expects the majority of this loan to be forgiven under the most recent guidance released by the US Small Business Administration as of the date of this filing.

On May 8, 2020 the Company received an Economic Injury Disaster Loan from the U.S. Small Business Administration for a total of $150,000 accruing interest at 2.75%. Payments begin 12 months after issuance and are amortized over a thirty-year period.

On September 8, 2020 the Company entered into a binding purchase agreement with Salona Global Medical Device Corporation (formerly Brattle Street Investment Corp.) ("Salona") wherein Salona will purchase 100% of the outstanding shares of the Company in exchange for up to 26,000,000 shares of Salona subject to an earn out. The terms of the earn out require the Company to maintain cash flow positivity as measured through the increase and decrease of certain assets and liabilities as well as to maintain revenues. Salona is listed on the TSX-V a subsidiary of the Toronto Stock Exchange.

23. Contingencies

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At December 31, 2019, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

24. IFRS 1 – Transition to IFRS

The accounting policies set out in Note 2 have been consistently applied in preparing the financial statements as at December 31, 2018 and for the year ended December 31, 2018 and in the preparation of an opening IFRS statement of financial position at January 1, 2018 ("Transition Date").

In preparing its opening and comparative IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with U.S. GAAP ("U.S. GAAP"). Explanations of how the transition from U.S. GAAP to IFRS has affected the Company's equity and its comprehensive income (loss) are set out in the following reconciliations and the notes that accompany them.

The changes made to the statements of operations and comprehensive loss and the statements of financial position have resulted in reclassification of various amounts on the statements of cash flows, however as there have been no changes to the net cash flows, no reconciliations have been prepared.

Pursuant to IFRS 1, the Company has applied IFRS on a retrospective basis, subject to the following relevant mandatory exceptions and voluntary exemptions to retrospective application of IFRS.

SDP has applied the transitional provisions in IAS 23, Borrowing Costs and capitalized borrowing costs relating to all qualifying assets after the date of transition. Similarly, SDP has not restated for borrowing costs capitalized under US GAAP on qualifying assets prior to the date of transition to IFRS.

SDP has not elected to adopt the remaining voluntary exemptions under IFRS 1 or has determined that they do not apply.

(In U.S. Dollars)

24. IFRS 1 – Transition to IFRS (Continued)

Reconciliation of equity

	December 31, 2018	January 1, 2018
Equity under U.S. GAAP	3,022,193	843,185
IFRS adjustment to equity:		
Leases (Note 19)	(1,068,301)	-
Convertible debentures (Note 12)	-	119,792
Total IFRS adjustment to equity	(1,068,301)	119,792
Total equity under IFRS	1,953,892	962,977

Reconciliation of comprehensive income (loss)

	For the year ended December 31, 2018
Comprehensive income under U.S. GAAP	280,176
IFRS adjustment to comprehensive loss:	
Leases (Note 19)	(1,068,301)
Total IFRS adjustment to comprehensive loss	(1,068,301)
Total comprehensive loss under IFRS	(788,125)

Notes to the reconciliation

The following notes should be read in conjunction with the accounting policies contained in Note 2.

a) Leases

Under US GAAP, SDP adopted AS 842, Leases, using the retrospective transition approach. Under IFRS, SDP is required to recognize ROU asset and lease liability as at its transition Date.

b) Convertible instruments

Under US GAAP, SDP classified the balance of its convertible instrument as liabilities. SDP evaluated the convertible instruments under IFRS and determined that a residual amount is required to be assigned to an equity component.

South Dakota Partners Inc.

Condensed Unaudited Interim Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(In United States Dollars)

South Dakota Partners Inc.

Condensed Unaudited Interim Statements of Financial Position
As at September 30, 2020 and December 31, 2019
(In US Dollars)

	Note	September 30, 2020	December 31, 2019
Assets			
Cash	4	$ 3,263	$ 30,925
Accounts receivable	5	2,195,925	3,338,759
Inventories	7	4,398,741	4,450,858
Prepaid expenses and other current assets		217,308	157,614
Total current assets		6,815,237	7,978,156
Restricted cash	4	381,930	381,930
Property and equipment	9	1,277,077	1,377,586
Right-of-use asset	17	1,019,190	1,061,461
Intangible asset	10	1,152,336	1,411,617
Total assets		$ 10,645,770	$ 12,210,750
Liabilities and shareholders' equity			
Liabilities			
Accounts payable	6	$ 1,414,517	$ 1,621,343
Accrued expenses	6	240,519	277,376
Line of credit	11	2,535,502	3,063,671
Current portion of debt	11	1,259,565	450,670
Current portion of lease liability	17	63,266	60,310
Other liabilities		528,955	1,267,382
Total current liabilities		6,042,324	6,740,752
Long-term portion of lease liability	17	2,020,906	2,068,732
Long-term portion of debt	11	1,113,698	1,799,281
Total Liabilities		9,176,928	10,608,765
Shareholders' equity			
Share capital	12	1,502	1,502
Contributed surplus		2,898,330	2,898,330
Deficit		(1,430,990)	(1,297,847)
Total shareholders' equity		1,468,842	1,601,985
Total liabilities and shareholders' equity		$ 10,645,770	$ 12,210,750

Contingencies (Note 19)
Subsequent events (Note 20)

Approved on behalf of the Board

"signed"
Luke Faulstick

"signed"
Steve Hollis

South Dakota Partners Inc.
Condensed Unaudited Interim Statements of Changes in Shareholders' Equity
For the nine months ended September 30, 2020 and September 30, 2019
(In US Dollars)

	Common stock		Contributed		
	Shares	**Amount**	**surplus**	**Deficit**	**Total**
	#	$	$	$	$
Balance, January 1, 2020	1,502	1,502	2,898,330	(1,297,847)	1,601,985
Net loss	-	-	-	(133,143)	(133,143)
Balance, September 30, 2020	**1,502**	**1,502**	**2,898,330**	**(1,430,990)**	**1,468,842**
Balance, January 1, 2019	1,308	1,308	1,898,524	54,060	1,953,892
Issued	194	194	999,806	-	1,000,000
Net loss	-	-	-	(582,804)	(582,804)
Balance, September 30, 2019	**1,502**	**1,502**	**2,898,330**	**(528,744)**	**2,371,088**

South Dakota Partners Inc.
Condensed Unaudited Interim Statement of Operations and Comprehensive Loss
For the nine months ended September 30, 2020 and September 30, 2019

(In US Dollars)

	Note	For the three months ended September 30, 2020	For the three months ended September 30, 2019	For the nine months ended September 30, 2020	For the nine months ended September 30, 2019
Revenue		$ 2,446,928	$ 2,846,215	$ 7,248,013	$ 9,211,164
Cost of revenue					
Direct service personnel		426,095	576,872	1,346,182	1,412,495
Rent and building costs		39,423	43,222	115,670	149,331
Direct material costs		1,364,618	1,503,131	3,999,547	5,358,760
New products infrastructure costs	**8**	-	10,622	-	96,591
Gross margin		616,792	712,367	1,786,615	2,193,988
Selling, general and administrative expenses	**18**	171,726	120,122	491,249	479,387
Administrative personnel		152,361	325,730	405,590	908,213
Executive compensation		134,071	72,600	275,821	231,850
Subtotal		458,158	518,452	1,172,660	1,619,450
Profit before other items		158,634	193,916	613,956	574,538
Other items:					
Amortization of intangible asset	**10**	28,813	89,157	259,281	227,737
Depreciation of property and equipment	**9**	46,495	26,454	137,665	78,957
Depreciation of right-of-use asset	**17**	14,094	14,089	42,271	42,265
Interest expense		90,936	104,635	285,190	268,014
Expected credit loss		-	20,932	-	20,932
Other expense		-	3,098	5,565	9,872
Impairment of loan receivable		-	199,000	-	199,000
New products infrastructure costs	**8**	-	92,191	-	352,221
Net loss before income tax		(21,704)	(355,640)	(116,017)	(624,460)
Income tax (expense) recovery		(2,500)	41,656	(17,126)	41,656
Net loss and comprehensive loss		$ (24,204)	$ (313,984)	$ (133,143)	$ (582,804)
Net loss per share					
Basic and diluted	**16**	$ (16)	$ (209)	$ (89)	$ (392)
Weighted average shares outstanding - basic and diluted		1,502	1,502	1,502	1,488

South Dakota Partners Inc.
Condensed Unaudited Interim Statements of Cash Flows
For the nine months ended September 30, 2020 and September 30, 2019
(In U.S. Dollars)

		September 30, 2020		September 30, 2019
Operating Activities				
Net loss	$	(133,143)	$	(582,804)
Non-cash items:				
Amortization of intangible asset		259,281		227,737
Depreciation of property and equipment		137,665		78,957
Depreciation of right-of-use asset		42,271		42,265
Expected credit loss provision		-		20,932
Impairment of loan receivable		-		199,000
Interest on lease liability		101,218		103,908
Forgiveness of payroll protection program loan		(540,000)		-
		(132,708)		89,995
Changes in operating assets and liabilities:				
Accounts receivable		1,142,834		(342,685)
Inventories		52,118		(1,178,706)
Prepaid expenses and other current assets		(59,695)		4,997
Accounts payable		(206,826)		678,365
Accrued expenses		(36,857)		135,394
Income tax payable		-		(100,000)
Deferred tax liability		-		(164,445)
Other liabilities		(738,427)		-
Cash flows provided by (used in) operating activities		20,439		(877,085)
Investing Activities				
Proceeds from restricted cash		-		200,001
Acquisition of intangible asset		-		(1,728,511)
Advances made on loan receivable		-		(282,020)
Repayment received on loan receivable		-		83,020
Purchase of property and equipment		(37,156)		(678,668)
Cash flows used in investing activities		(37,156)		(2,406,178)
Financing Activities				
Proceeds from capital stock		-		1,000,000
Proceeds from debt, net		890,000		1,712,804
Principal repayment of debt		(226,688)		(164,317)
Proceeds (payment) from line of credit, net		(528,169)		1,056,496
Lease payments		(146,088)		(143,229)
Cash flows (used in) provided by financing activities		(10,945)		3,461,754
Net (decrease) increase in cash		(27,662)		178,491
Cash, beginning of the period		30,925		3,360
Cash, end of the period	$	3,263	$	181,851

Supplemental Cash Flow Disclosures		September 30, 2020		September 30, 2019
Supplemental disclosures:				
Interest paid	$	163,731	$	165,085
Income tax paid	$	-	$	100,000

1. Description of the business and going concern

South Dakota Partners Inc. ("SDP" or the "Company") is a privately held company. The Company signed a binding purchase agreement (the "Agreement") with Salona Global Medical Device Corp.("Salona") (formerly known as Brattle Investment Corp.) on September 8, 2020. The result of this transaction will be that Salona will acquire 100% of the stock of the Company through one of its US based wholly owned subsidiaries. The Company is in the business of the development, marketing, logistics, and manufacturing of medical device products mostly servicing the post-surgical recovery space.

These condensed unaudited interim financial statements (the "financial statements") have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

For the nine months ended September 30, 2020, the Company generated $20,439 of cash from operating activities, recorded a net loss of $133,143 and had a deficit of $1,430,990. The Company's future operations are dependent upon its ability to continue to generate product and services revenue and obtain funding and/or secure additional funds as needed. While the Company is striving to achieve the above plans, there is no assurance that such sources of funds will be available or obtained on favourable terms. The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities and commitments when due is dependent on the successful completion of the actions taken or planned, some of which are described above, which management believes will mitigate the adverse conditions and events which raise doubt about the validity of the going concern assumption used in preparing these financial statements. There is no certainty that these and other strategies will be sufficient to permit the Company to continue as a going concern.

These condensed unaudited interim financial statements do not reflect adjustments in the carrying value of the Company's assets and liabilities have been made in these financial statements should the Company no longer be able to continue as a going concern. Such adjustments could be material.

SDP was incorporated on April 8, 2016. The Company's registered office is 205 HWY 22E, Clear Lake, SD 57226 USA.

2. Basis of presentation

Statement of compliance

The Company's condensed unaudited interim financial statements have been prepared in accordance with the International Finance Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), including IAS 34, Interim Financial Reporting, effective for the Company's reporting for the periods ended September 30, 2020 and September 30, 2019. These condensed unaudited interim financial statements should be read in conjunction with the December 31, 2019 annual financial statements, which have been prepared in accordance with IFRS as issued by the IASB. These condensed unaudited interim financial statements are prepared using the same accounting policies as detailed in the Company's annual audited statements for the year ended December 31, 2019, except for the adoption of new accounting standard as described in Note 11 i.e. implementation of IAS 20, *Government Assistance*. The preparation of these financial statements is based on accounting principles and practices consistent with those used in the preparation of the December 31, 2019 annual financial statements, except as disclosed below.

The financial statements have been authorized for issuance by the Board of Directors on January 18, 2021.

Functional and presentation currency

These financial statements are expressed in United States ("U.S.") dollars. The functional currency of the Company is U.S. dollars

3. Significant accounting policies

a) Basis of measurement and preparation

The condensed unaudited interim financial statements of the Company have been prepared on an historical cost basis except for certain financial instruments, if any, which are carried at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the goods purchased and services provided. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

3. Significant accounting policies (continued)

These condensed unaudited interim financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

b) Restricted cash

Cash that are subject to legal or contractual restrictions on their use are classified separately as restricted cash and classified as non-current assets.

c) Accounts receivable

Accounts receivable are stated at their amortized cost and are non-interest bearing and unsecured. Management conducts a periodic review of the collectability of trade receivables. The Company records an allowance for doubtful accounts if any uncertainty exists with respect to the recoverability of certain amounts based on historical experience or economic climate.

d) Inventories

Inventories are measured at the lower of cost and net realizable value, determined using the first-in and first-out method, and comprises of raw-materials, work-in-progress and finished goods. The cost of work-in-progress includes the cost of raw materials, an applicable share of cost of labor, manufacturing overhead based on normal production rates. The cost of finished goods includes raw materials, labor, manufacturing overhead and other costs incurred in bringing the inventories to their present location and condition. The net realizable value for inventories is the selling price less selling costs in the ordinary course of business. Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable due to obsolescence, damage or declining selling prices.

e) Property and equipment

Property and Equipment are recorded initially and subsequently at cost less accumulated depreciation and accumulated impairment. Cost includes all expenditures directly attributable to the acquisition of the asset.

3. Significant accounting policies (continued)

The estimated useful lives and the methods of depreciation for the current and comparative periods are as follows:

Asset	Basis	Life
Building	Straight-line	25 - 30 years
Machinery and equipment	Straight-line	3 - 10 years
Computer equipment and software	Straight-line	3 -5 years
Furniture and fixtures	Straight-line	7 - 10 years
Leasehold improvements	Straight-line	Lower of 15 years or lease period

These depreciation methods most closely reflect the expected pattern of consumption of the future economic benefits embodied in the asset. Estimates of methods, useful lives and residual values are reviewed at each reporting period-end and adjusted if appropriate.

When significant parts of property and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All repair and maintenance costs except major inspections are recognised in the income statement as incurred.

Property and equipment purchased from customers are initially measured at fair value at the date on which control is obtained.

f) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

If a contract is assessed to contain a lease, a lease liability is recognized representing the present value of cash flows estimated to settle the contract, discounted using a discount rate which would be required if the underlying asset was acquired through a financing arrangement. The Company will also recognize a right-of-use (“ROU”) asset that will generally be equal to the lease obligation at adoption. The ROU asset is subsequently depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The ROU asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, adjusted for certain remeasurements of the lease liability.

3. Significant accounting policies (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made.

It is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee or, as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company does not recognize right-of-use assets and lease liabilities for leases of low-value assets and leases with lease terms that are less than 12 months. Lease payments associated with these arrangements are instead recognized as an expense over the term on either a straight-line basis, or another systematic basis if more representative of the pattern of benefit.

g) Intangible asset

Intangible assets with finite lives are stated at cost, net of accumulated amortization and impairment losses, if any. The cost of intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives.

The estimated economic useful lives for intangible assets with finite lives are as follows:

Customer rights 5 years

h) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss and required provisions. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3. Significant accounting policies (continued)

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired it is written down to a recoverable amount.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Any impairment loss is recognized immediately in the statement of operations and comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount. However, the increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in the statement of operations and comprehensive loss.

i) Long-term debt

Long-term debt is initially recognized at fair value, net of financing costs incurred. Debt is subsequently measured at amortized cost. Any difference between the amounts received and the redemption value of the debt is recognized in the statements of earnings (loss) over the period to maturity using the effective interest method.

3. Significant accounting policies (continued)

j) Revenue recognition

Revenue is recognized at a point-in-time upon transfer of control of goods or services to customers, which is generally upon shipment or delivery, depending on the delivery terms set forth in the customer contract, at an amount that reflects the consideration the Company expects to receive in exchange for the goods or services.

Revenue principally comprises payment for goods and services from the Company's contracted customers related to the development, manufacturing, packaging, service, and shipping of medical devices to said customers. Revenue from sales and services are recognized as revenue when earned at delivery of goods or services. The Company does not bill insurance companies directly at this time.

Provisions for discounts, rebates and sales incentives to customers, and returns and other adjustments are provided for in the period the related sales are recorded. Sales incentives to customers are not material. Historical data is readily available and reliable, and is used for estimating the amount of the reduction in gross sales. Revenue from the launch of a new product, from an improved version of an existing product, or for shipments in excess of a customer's normal requirements are recorded when the conditions noted above are met. In those situations, management records a returns reserve for such revenue, if necessary. In certain cases, the Company participates in selling arrangements that include multiple performance obligations. The total transaction price of the contract is allocated to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation.

The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

k) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

3. Significant accounting policies (continued)

l) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. The dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. There are no options, warrants or similar instruments outstanding. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

m) Financial instruments

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value through profit and loss (“FVPL”) or fair value through other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Amounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – Financial assets at FVTPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge accounting relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of comprehensive income (loss).

3. Significant accounting policies (continued)

Subsequent measurement – Financial assets at amortized cost

Financial assets are measured at amortized cost if both the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are accounts receivable and loan receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of debt, net of directly attributable transaction costs.

3. Significant accounting policies (continued)

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of operations.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of operations.

The following table summarizes the classifications and carrying amounts of the Company's financial instruments:

Financial assets	**IFR 9 Classification**
Cash	Amortized cost
Restricted cash	Amortized cost
Accounts receivable	Amortized cost
Financial liabilities	
Line of credit	Amortized cost
Accounts payables	Amortized cost
Accrued expenses	Amortized cost
Long-term debt	Amortized cost
Lease liability	Amortized cost
Other liabilities	Amortized cost

Impairment of financial assets – ECL

The Company applies an expected credit loss ("ECL") model to all debt financial assets not held at FVTPL, where credit losses that are expected to transpire in futures years are provided for, irrespective of whether a loss event has occurred or not as at the statement of financial position's date.

3. Significant accounting policies (continued)

For trade receivables, the Company has applied the simplified approach and has calculated ECLs based on lifetime expected credit losses taking into considerations historical credit loss experience and financial factors specific to the debtors and general economic conditions.

Measurement of fair values

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 - quoted prices in active markets.
- Level 2 - models using observable inputs other than quoted market prices included within Level 1; and
- Level 3 - models using inputs that are not based on observable market data.

n) Use of estimates and judgment

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. Key sources of estimation uncertainty are as follows:

Estimated useful life of long-lived assets

Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

3. Significant accounting policies (continued)

Impairment of long-lived assets

Property and equipment and definite lived intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. For the purposes of measuring recoverable values, assets are aggregated into cash generating units ("CGUs") based on an assessment of the lowest levels for which there are separately identifiable cash flows. The determination of individual CGUs is based on management's judgement regarding shared infrastructure, geographical proximity and similar exposure to market risk. The recoverable value is the greater of an asset's fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset. An impairment loss is recognized for the value by which the asset's carrying value exceeds its recoverable value.

Leases

Leases requires lessees to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate.

Impairment of financial assets

An expected credit loss ("ECL") model applies to financial assets measured at amortized cost. The Company's financial assets measured at amortized cost and subject to the ECL model consist primarily of accounts receivable. In determining the ECLs management makes estimates related to the probability-weighted amount of ECLs based on a ranger of outcomes, the discount rate that reflects the effective interest rate of the asset and other information available as of the reporting date relating to past events, current conditions and forecasts regarding future economic conditions.

Income taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

3. Significant accounting policies (continued)

o) New and amended standards adopted by the Company

IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance ("IAS 20")
The Company recognizes government grants when there is reasonable assurance that it will comply with the conditions attached to them and that the grants will be received. Government grants are recognized in the condensed unaudited interim operations and comprehensive loss over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Grants related to income are deducted in reporting the related expense.

p) Standards, amendments, and interpretations issued but not yet adopted

Amendment to IFRS 16, COVID-19-Related Rent Concessions
In May 2020, the International Accounting Standards Board ("IASB") issued an amendment to permit lessees, as a practical expedient, not to assess whether particular rent concessions that reduce lease payments occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted. The amendment did not have an impact on the interim financial statements.

Amendments to IFRS 3, Business Combinations
In October 2018, the IASB issued amendments to the guidance in IFRS 3, Business Combinations, which revise the definition of a business for acquisition accounting purposes. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. To be considered a business without outputs, there will now need to be an organized workforce present. Under the new standard, the changes to the definition of a business will likely result in more acquisitions being accounted for as asset acquisitions. The amendments to IFRS 3 are effective for business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting periods beginning on or after January 1, 2020. The Company will assess the impact of this standard on a case-by-case basis upon future acquisitions performed but does not anticipate a material impact due to the nature and structure of its historical acquisitions.

3. Significant accounting policies (continued)

Amendments to IAS 1 and IAS 8: Definition of Material
In October 2018, the IASB issued amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." These amendments are effective for annual periods beginning on or after January 1, 2020. The amendments to the definition of material did not have a significant impact on the interim financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Deferral of Effective Date
In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. These amendments:

- specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months.
- provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and
- clarify when a liability is considered settled.

On July 15, 2020, the IASB issued a deferral of the effective date for the new guidance by one year to annual reporting periods beginning on or after January 1, 2023 and is to be applied retrospectively. The Company has not yet determined the impact of these amendments on its financial statements.

(In U.S. Dollars)

4. Cash & restricted cash

The Company maintains both cash and restricted cash accounts. The Company's cash accounts sweep, on a daily basis, to the revolving line of credit the Company maintains with Dacotah Bank.

The Company's restricted cash is held as collateral for a line of credit extended by fifth third bank to the Company's arms-length landlord as part of the lease agreement. The line of credit is for an amount of $381,930, non-interest bearing and automatically renewed annually.

		September 30, 2020		December 31, 2019
Cash	$	3,263	$	30,925
Restricted cash		381,930		381,930
Total	$	385,193	$	412,855

5. Accounts receivable

The Company is exposed to credit risk on the sales receivables from its customers. As at September 30, 2020, 27.38% (2019 – 0.44%) of the sales receivable balance are more than 90 days past due, 22.50% (2019 – 14.86%) of the billing receivable are between 0 – 90 days past due.

		September 30, 2020		December 31, 2019
Trade accounts receivable	$	2,164,340	$	3,329,627
Allowance for expected credit losses		(20,932)		(20,932)
Other receivables		52,517		30,064
Total accounts receivable	$	2,195,925	$	3,338,759

		September 30, 2020
Opening credit loss provision	$	20,932
Credit loss provision recognised during the period		-
Total allowance for expected credit losses	$	20,932

(In U.S. Dollars)

6. Accounts payable and accrued expenses

	September 30, 2020	December 31, 2019
Trade payable	$ 1,414,517	$ 1,621,343
Accrued expenses	240,519	277,376
Total payable	$ 1,655,036	$ 1,898,719

7. Inventories

The Company allocates inventory into three major buckets: Raw material inventory, work in progress, and finished goods.

	September 30, 2020	December 31, 2019
Raw materials	$ 3,932,058	$ 4,139,321
Work in process	310,086	291,694
Finished goods	156,597	19,843
Total	$ 4,398,741	$ 4,450,858

Total inventory recognized as expense during the three and nine months ended September 30, 2020 was $1,364,618 and $3,999,547, respectively (three and nine months ended September 30, 2019 - $1,503,131 and $5,358,760, respectively). For the three and nine months ended September 30, 2020, the Company recorded an inventory obsolescence of $nil (Note 8) (three and nine months ended 2019 - $10,622 and $96,561, respectively), primarily relating to inventories purchased from Richmar LLC.

(In U.S. Dollars)

8. New products infrastructure costs

The Company undertook an expansion of capacity, staff, and equipment in advance of and in conjunction with the execution of the February 9, 2019 supply agreement with Compass Richmar LLC. This capacity expansion resulted in an enhanced work force, more functioning production capacity on site, and enables the business to easily integrate future growth depending on product specifications. The costs break down as follows for the three- and nine-month period ended December 31, 2019. There were no such associated costs in the period ended September 30, 2020.

	For the three months ended September 30, 2019	For the nine months ended September 30, 2019
Cost of revenue		
New infrastructure testing and inventory write-off	$ 10,622	$ 96,591
Other items		
Salaries and wages	$ 69,351	$ 209,168
Legal fees	-	27,969
Recruiting costs	-	1,898
Repairs and maitenance	181	8,533
Travel	4,307	36,456
Other service providers	16,536	41,790
Supplies	833	13,544
Meals	83	83
Office supplies	900	6,826
Employee benefits	-	5,954
Total	**$ 92,191**	**$ 352,221**

(In U.S. Dollars)

9. Property and equipment

Cost		**December 31, 2019**		**Additions**		**Disposal**		**September 30, 2020**
Machinery and equipment	$	1,506,627	$	7,251	$	-	$	1,513,878
Computer equipment and software		117,741		5,610		-		123,351
Funiture and fixtures		10,197		-		-		10,197
Leasehold improvements		22,526		24,295		-		46,821
Total	$	1,657,091	$	37,156	$	-	$	1,694,247

Accumulated amortization		**December 31, 2019**		**Additions**		**Disposal**		**September 30, 2020**
Machinery and equipment	$	233,768	$	122,100	$	-	$	355,868
Computer equipment and software		43,828		13,200		-		57,028
Funiture and fixtures		595		990		-		1,585
Leasehold improvements		1,314		1,375		-		2,689
Total	$	279,505	$	137,665	$	-	$	417,170

Net book value	**$**	1,377,586					**$**	1,277,077

Cost		**December 31, 2018**		**Additions**		**Disposal**		**December 31, 2019**
Machinery and equipment	$	626,364	$	880,263	$	-	$	1,506,627
Computer equipment and software		112,841		4,900		-		117,741
Funiture and fixtures		-		10,197		-		10,197
Leasehold improvements		-		22,526		-		22,526
Total	$	739,205	$	917,886	$	-	$	1,657,091

Accumulated amortization		**December 31, 2018**		**Additions**		**Disposal**		**December 31, 2019**
Machinery and equipment	$	143,861	$	89,907	$	-	$	233,768
Computer equipment and software		29,627		14,201		-		43,828
Funiture and fixtures		-		595		-		595
Leasehold improvements		-		1,314		-		1,314
Total	$	173,488	$	106,017	$	-	$	279,505

Net book value	**$**	565,717					**$**	1,377,586

In addition to the supply agreement in Note 10, during the year ended December 31, 2019, the Company purchased $271,489 worth of equipment from Compass Richmar, LLC.

(In U.S. Dollars)

10. Intangible assets

On February 5, 2019, the Company entered into a medical device supply agreement with Compass Richmar, LLC. Under the agreement, the Company has acquired the exclusive rights to supply to Compass Richmar, LLC for a period of five years for a cash consideration of $1,728,511. The cost to acquire the exclusive customer rights is being amortized over the term of the agreement.

The Company evaluated this acquisition in accordance with IFRS 3, Business Combinations to discern whether the assets met the definition of a business. The Company concluded there were not a sufficient number of key processes obtained to develop the inputs into outputs, nor could such processes be easily obtained by the Company. Accordingly, the Company accounted for this transaction as an asset acquisition.

Cost	**December 31, 2019**	**Additions**	**Disposal**	**September 30, 2020**
	$	**$**	**$**	**$**
Intangible asset - customer rights	1,728,511	-	-	1,728,511
Total	1,728,511	-	-	1,728,511

Accumulated amortization	**December 31, 2019**	**Additions**	**Disposal**	**September 30, 2020**
	$	**$**	**$**	**$**
Intangible asset - customer rights	316,894	259,281	-	576,175
Total	316,894	259,281	-	576,175

Net book value	1,411,617			1,152,336

Cost	**December 31, 2018**	**Additions**	**Disposal**	**December 31, 2019**
	$	**$**	**$**	**$**
Intangible asset - customer rights	-	1,728,511	-	1,728,511
Total	-	1,728,511	-	1,728,511

Accumulated amortization	**December 31, 2018**	**Additions**	**Disposal**	**December 31, 2019**
	$	**$**	**$**	**$**
Intangible asset - customer rights	-	316,894	-	316,894
Total	-	316,894	-	316,894

Net book value	-			1,411,617

(In U.S. Dollars)

11. Line of credit and debt

Lines of credit

In December 2019, the Company entered into an agreement with a financial institution whereby the Company may borrow up to $3,500,000. Borrowings bear interest at 5.25% and any accrued unpaid interest is due on a monthly basis. The balance is secured by substantially all assets of the Company. As of September 30, 2020, the balance outstanding under the agreement was $2,535,502 (December 31, 2019 - $3,063,671). As of December 31, 2019, approximately $440,000 was available to borrow under the line of credit.

In August of 2020, the Company renewed the above line of credit agreement. In the renewal process the interest rate was reduced to 4.50% with no substantial changes to the other terms of the agreement. As of September 30, 2020, approximately $964,498 was available to borrow under the line of credit.

Debt

	South Dakota Development Corporation	State of South Dakota Governor's Office of Economic Development	Other Notes payable	Covid-related loans	Total
Balance December 31, 2018	$ 465,527	$ 162,509	$ -	$ -	$ 628,036
Additions	-	-	1,889,442	-	1,889,442
Principal repayments	(21,237)	(65,825)	(180,465)	-	(267,527)
Balance, December 31, 2019	444,290	96,684	1,708,977	-	2,249,951
Less: current portion	(21,670)	(67,820)	(361,181)	-	(450,670)
Long-term portion	$ 422,620	$ 28,864	$ 1,347,796	$ -	$ 1,799,281
Balance December 31, 2019	$ 444,290	$ 96,684	$ 1,708,977	$ -	$ 2,249,951
Additions	-	-	-	890,000	890,000
Forgiveness of loan	-	-	-	(540,000)	(540,000)
Principal repayments	(7,284)	(33,046)	(186,358)	-	(226,688)
Balance, September 30, 2020	437,006	63,638	1,522,619	350,000	2,373,263
Less: current portion	(437,006)	(63,638)	(408,921)	(350,000)	(1,259,565)
Long-term portion	$ -	$ -	$ 1,113,698	$ - #	$ 1,113,698

South Dakota Development Corporation

On May 13, 2016, the Company borrowed $500,000 in connection with the purchase of the assets of DJO Global Empi Division. The promissory note bears interest at 2% with monthly payments of principal and interest of $2,530 beginning in March 2017 through maturity in May 2021.

11. Line of credit and debt (continued)

Under the promissory note agreement, the Company may borrow up to $800,000 and borrowings are guaranteed by the owners of the Company. For the nine months ended September 30, 2020, the Company recorded interest expense of $6,586 (September 30, 2019 - $6,883). As of September 30, 2020, and December 31, 2019, the balance of the note was $437,006 and $444,290 respectively.

State of South Dakota Governor's Office of Economic Development

On March 6, 2018, the Company borrowed $200,000 with the State of South Dakota Governor's Office of Economic Development for the purpose of financing the growth of the Company. The debt bears interest at 3% with monthly payments of principal and interest of $5,816.24 beginning in June 2018 through maturity in May 2021. The borrowings are guaranteed by the owners of the Company. For the nine months ended September 30, 2020, the Company recorded interest expense of $1,675 (September 30, 2019 - $1,845). As of September 30, 2020, and December 31, 2019, the balance of the note was $63,640 and $96,684 respectively.

Other Notes Payable

On February 1, 2019, the Company borrowed $1,500,120 from a financial institution in connection with the acquisition in Note 10. The debt bears interest at 5.25% with monthly principal and interest payments of $15,000 through July 2019 and $30,182 from August 2019 to maturity in January 2024. The borrowings are guaranteed by substantially all assets of the Company. For the nine months ended September 30, 2020, the Company recorded interest expense of $49,341 (September 30, 2019 - $51,129). As of September 30, 2020, and December 31, 2019, the balance of the note was $1,186,688 and $1,333,573 respectively.

The Company is also party to two additional notes payable for a combined principal amount of $389,322 with maturity dates of October 2023 and November 2024, with interest rates of 9.00% and 5.25%, respectively. The combined monthly payments of principal and interest of both notes' payable is $8,684 until the October 2023, then reduced to $3,310 through November 2024. For the nine months ended September 30, 2019, the Company recorded interest expense of $36,297 (September 30, 2019 - $nil). As of September 30, 2020, and December 31, 2019, these notes payables totaled $333,979 and $375,404, respectively. The borrowings are guaranteed by select assets of the Company.

COVID-19-Related Loans

On April 17, 2020, the Company borrowed $740,000 from a financial institution in connection with the United States Payroll Protection Program ("PPP"). The PPP is a fully forgivable loan issued by accredited financial institutions on behalf of the US Government.

(In U.S. Dollars)

11. Line of credit and debt (continued)

The loan bears interest at 1.00% with payments of principal and interest of $41,652 beginning on November 17, 2020. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. The Company initially recorded the proceeds of the PPP Loan of $740,000 as debt and derecognizes the liability when the loan is paid off or it believes forgiveness is reasonably certain. Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. In accordance with International Accounting Standard 20, the Company recognized the government grant over the period to match the grant with the related costs. Accordingly, the loan of $740,000 was initially recorded to debt and subsequently $540,000 forgiveness was recognized as credit against wage expenses, as all conditions were met. As of September 30, 2020, the remaining loan balance was $200,000.

On May 8, 2020 the Company borrowed $150,000 from the United States Small Business Administration (“SBA”) in connection with the Economic Injury Disaster Loan (“EIDL”) program. EIDL is designed to provide economic relief to businesses that are currently experiencing a temporary loss of revenue. EIDL proceeds can be used to cover a wide array of working capital and normal operating expenses, such as continuation to health care benefits, rent, utilities, and fixed debt payments. The debt bears interest at 2.75% per year and is not forgivable. Payments of principal and interest of $641 per month begin 12 months from inception of the loan over a 30-year period. The debt balance as at September 30, 2020 was $150,000.

12. Share capital

Authorized

25,000 voting common shares with par value of $1.00

Issued

As at December 31, 2019 the Company had 1,502 common shares outstanding with a value of $2,899,832. During the year ended December 31, 2019 194 shares were issued for $1,000,000 through private placement to an existing investor.

No additional shares were issued during the period ended September 30, 2020.

	Number of shares		Amount
Balance, January 1, 2019	1,308	$	1,838,386
Issued	194		1,000,000
Balance, December 31, 2019 and September 30, 2020	1,502	$	2,838,386

13. Financial risk management

The Company is exposed to credit, concentration, liquidity and market risks related to the use of financial instruments in its operations. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify, analyze, limit, control and monitor the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in the risk environment faced by the Company.

a. Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations. In the Company's case, credit risk arises with respect to its cash and cash equivalents, the receivable credit extended to clients and any other financial transaction with a counterparty. The Company manages credit risk in respect of cash and cash equivalents, by maintaining the majority of cash and cash equivalents at high credit rated financial institutions. The carrying amount of these receivables represents the Company's maximum credit exposure and is the most significant measurable risk that it faces. Credit is evaluated by management and the board of directors. Credit is only extended to customers who have a demonstrated track record of paying invoices in a timely fashion. Further, the vast majority of these receivables are due from large, credit worthy businesses. The Company monitors and controls its risks and exposures through financial, credit, legal and technology-based systems and, accordingly, believes that it has procedures in place for evaluating and limiting the credit risks to which it is subject. Credit is subject to ongoing management review. Nevertheless, for a variety of reasons, there will inevitably be defaults by customers. The Company's credit exposure at September 30, 2020 relates to its gross sales receivables and other receivables. As at September 31, 2020 $309,870 (December 31, 2019 - $31,522) in receivables were over 90 days and $68,763 (December 31, 2019 - $302,416) in receivables were between 60 - 90 days overdue.

b. Concentration risk

Concentrations of risk arises as a result in the concentration of customers. During the period ended September 30, 2020, SDP had over 400 customers (2019 – 158 customers) with two of those customers accounting for over 82% and 89% of revenues in 2020 to date and 2019 respectively, which is a material concentration of risks. The accounts receivable of the Company are exposed to a similar % concentration and comparable risk. The Company is dependent on these contracts and management expects for these relationships to persist in line with the binding supply agreements in place.

(In U.S. Dollars)

13. Financial risk management (continued)

c. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's principal obligations are its accounts payable, accrued expenses, line of credit, lease payments, long term debt, and other liabilities.

	<1 year	1-3 years	4-5 years	>5 years	Total
Accounts payable	$ 1,414,517	$ -	$ -	$ -	$ 1,414,517
Accrued expenses	240,519	-	-	-	240,519
Line of Credit	2,535,502	-	-	-	2,535,502
Other liabilities	528,955	-	-	-	528,955
Debt	1,317,038	932,784	172,442	-	2,422,264
Lease liability	194,784	389,568	389,568	2,548,429	3,522,349
Balance, September 30, 2020	$ 6,231,315	$ 1,322,352	$ 562,010	$ 2,548,429	$ 10,664,106
Accounts payable	$ 1,621,343	$ -	$ -	$ -	$ 1,621,343
Accrued expenses	277,376	-	-	-	277,376
Line of Credit	3,063,671	-	-	-	3,063,671
Other liabilities	1,267,382	-	-	-	1,267,382
Debt	549,799	1,370,011	568,287	-	2,488,097
Lease liability	194,784	389,568	389,568	2,694,517	3,668,437
Balance, December 31, 2019	$ 6,974,355	$ 1,759,579	$ 957,855	$ 2,694,517	$ 12,386,306

The contractual liabilities and obligations included in the tables above include both principal and interest cash flows.

d. Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates, will affect the Company's income or the value of its financial instruments. The objective of managing market risk is to control market risk exposures within acceptable parameters, while optimizing the return on risk.

13. Financial risk management (continued)

Interest rate risk - Interest rate risk pertains to the risk of increased liabilities due to the volatility of interest rates. The Company's borrowing rates are usually based on floating bank prime rates of interest and are typically variable. The Company actively manages its interest rate exposure, where possible. The Company's debt, including its line of credit, bearing floating rate of interest is subject to interest rate risk which is regularly monitored by management.

e. Fair value of financial assets and liabilities

The Company's financial instruments consist of cash, restricted cash, accounts receivable, line of credit, accounts payable, accrued expenses, long-term debts, lease liability and other liabilities. The carrying values of these financial instruments approximate their fair values as of September 30, 2020 and December 31, 2019.

The fair value of the Company's cash, restricted cash, accounts receivable, line of credit, accounts payable, accrued expenses and other payables approximate carrying value due to their short-term nature. The Company's long-term debt approximate fair value due to the instruments discounted at the effective interest rate.

(In U.S. Dollars)

14. Related party transactions

Related parties are defined as key management and principal shareholders of the Company and/or members of their immediate family and/or other companies and/or entities in which the principal shareholders, directors or senior officers is the principal owner or senior executive. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including executive directors. The total compensation of key management personnel is as follows:

		September 30, 2020		September 30, 2019
Salaries and benefits	$	275,821	$	231,850
Total	$	275,821	$	231,850

GAP Partners Inc., the majority securityholder of the SDP, is the major securityholder of Precision Partners LLC ("PP LLC"). PP LLC is the 100% shareholder of StampSource, a metal fabrication business. Additionally, SDP, from time to time, orders stamped metal products from StampSource at market rates. The total amounts purchased from StampSource for the periods ended September 30, 2020 and September 30, 2019 were $48,675 and $Nil respectively. These products are used in the production of certain medical devices on a regular basis.

15. Capital management

The Company's current capital structure includes total shareholder equity. The Company's objectives when managing capital are to: (a) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (b) maintain a capital structure that allows the Company to finance its growth using internally generated cash flow and debt capacity; and (c) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk. The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of its assets. To maintain or adjust its capital structure, the Company may, change the amount of dividends paid to shareholders, return capital to shareholders by way of normal course issuer bid, issue new shares, or reduce liquid assets to repay other debt.

(In U.S. Dollars)

16. Net loss per share

		September 30, 2020		September 30, 2019
Net loss	$	(133,143)	$	(582,804)
Basic and diluted weighted average number of common shares outstanding		1,502		1,488
Basic and diluted loss per share	$	(89)	$	(392)

17. Leases

In October 2018, the Company sold its facility in Clear Lake, South Dakota for $2,182,461. In connection with the sale, the Company entered into a lease agreement for the facility with an initial lease term of 15 years for a base annual rental of $190,965, with four extension options of five years each. The base rental amount increases annually on the first day of the lease year at the lesser of 2% or 1.25 times the change in the price index, as defined. Per the lease agreement, on or prior to the effective date, the Company was to deliver a letter of credit in the amount of $381,930, which is recorded in restricted cash on the statement of financial position. The following details the right-of-use asset transactions during the period, related to the leased facility:

		Right-of-use asset
Balance, December 31, 2018	$	1,117,822
Amortization		(56,361)
Balance, December 31, 2019		1,061,461
Amortization		(42,271)
Balance, September 30, 2020	**$**	**1,019,190**

		Lease liability		Current		Long-term
Balance, December 31, 2018	$	2,182,532	$	53,490	$	2,129,042
Interest lease expense		138,111				
Lease payments		(191,601)				
Balance, December 31, 2019		2,129,042		60,310		2,068,732
Interest lease expense		101,218				
Lease payments		(146,088)				
Balance, September 30, 2020	**$**	**2,084,172**	**$**	**63,266**	**$**	**2,020,906**

(In U.S. Dollars)

17. Leases (continued)

Future minium lease payments payable are as follows:

2020	$	194,784
2021		194,784
2022		194,784
2023		194,784
2024		194,784
2015 and thereafter		2,548,429
Total future minimum lease payments		3,522,349
Less: Interest on lease liabilities		(1,438,177)
Total present value of minimum lease payments		2,084,172
Less: current portion		63,266
Non-current portion	$	**2,020,906**

18. Selling, general and administrative expenses

		September 30, 2020		September 30, 2019
Salaries and benefits	$	9,990	$	11,256
Rent and occupancy costs		25,978		26,759
Office and administration		228,229		235,780
Professional fees		72,853		25,431
Selling, marketing and promotion		7,509		20,332
Travel and accommodation		17,343		43,538
Research and development		51,166		34,945
Repair and maintenance		78,181		81,346
Total	**$**	**491,249**	**$**	**479,387**

19. Contingencies

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At September 30, 2020, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

20. Subsequent events

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

On November 18, 2020 the Company received confirmation from the United States Small Business Administration ("SBA") that $730,000 in principal and $4,360 of interest had been forgiven on the Company's Paycheck Protection Program note. As of the date of these financial statements, $nil remains outstanding on this note.

APPENDIX "II" TO SCHEDULE "B"
MANAGEMENT'S DISCUSSION AND ANALYSIS OF SOUTH DAKOTA PARTNERS, INC.

See attached.

SOUTH DAKOTA PARTNERS INC.

Management's Discussion and Analysis

For the years ended December 31, 2019 and December 31, 2018

Non-IFRS Measures

Throughout this management discussion and analysis ("MD&A"), management of South Dakota Partners Inc. ("SDP" or the "Company") uses a number of financial measures to assess its performance and are intended to provide additional information to investors concerning the Company. This year and 2019 mean the fiscal year ended December 31, 2019. Last year and 2018 mean the fiscal year ended December 31, 2018, and 2017 means the fiscal year ended December 31, 2017. Some of these measures, including net profit (loss) from operations and Adjusted EBITDA are not calculated in accordance with Generally Accepted Accounting Principles (GAAP), which are based on International Financial Reporting Standards (IFRS), are not defined by GAAP, and do not have standardized meanings that would ensure consistency and comparability between companies using these measures. Readers are cautioned that the disclosure of these items is meant to add to, and not replace, the discussion of financial results as determined in accordance with IFRS. The primary purpose of these non-IFRS measures is to provide supplemental information that may prove useful to investors who wish to consider the impact of certain non-cash or uncontrollable items on the Company's operating performance and who wish to separate revenues and related costs associated with client acquisition that may not be ongoing.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to risks associated with: changes in law, competition, the ability to implement business strategies and pursue business opportunities, state of the capital markets, the availability of funds and resources to pursue operations, dependence on debt markets and interest rates, demand for the lending products SDP offers at interest rates higher than at which SDP can borrow, a novel business model, granting of permits and licenses in a highly regulated business, difficulty integrating new customers (Compass Richmar LLC) risks of performance by the target, new technologies,, low profit market segments, as well as general economic, market and business conditions. See "Risks and Uncertainties".

Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding business and operating strategies.

These forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made. Consequently, all forward-looking statements made in this discussion and analysis of the financial conditions and results of operations or the documents incorporated by reference, are qualified by this cautionary statement and there can be no certainty that actual results or developments the Company anticipates will be realized. For additional information with respect to certain of these risks or factors reference should be made to the "Business Risks and Uncertainties" section of the MD&A and the notes to the audited consolidated financial statements for the year ended December 31, 2019, as well as with the Company's disclosure materials filed from time to time on its website, which are available online at www.sdpartnersinc.com. SDP disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law. Caution needs to be used when taking forward-looking statements into account when evaluating the Company.

Dated: January 18, 2021

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of South Dakota Partners Inc. ("SDP" or the "Company") was prepared by management of the Company and should be read in conjunction with the Company's audited financial statements for the years ended December 31, 2019 and December 31, 2018.

The Board of Directors provides an oversight role with respect to all public financial disclosures by the Company. The Board of Directors approves the Financial Statements and MD&A after the completion of its review.

Company Overview

SDP is a private Company domiciled in the state of South Dakota.

SDP operates a leased facility in Clear Lake, South Dakota, as a packager and producer of private white label medical devices in the United States, primarily focusing on devices for pain management, cold and hot therapy, NMES, PEMF and ultrasound. The United States represents roughly 40% of the global medical device market with clear organic growth opportunities by virtue of a growing aging population. Recent threats of disruption in international trade markets, whether from trade disputes, pandemic or geopolitical factors, have made some companies seek to diversify sources of supply to include firms with operations in the United States, presenting another opportunity for organic growth. The United States is a heavily regulated market globally, and as a result, medical device businesses that operate in the United States require expertise in the fields of compliance, production, product design, packaging, marketing and more. SDP's overall strategic plan has been to position itself as a respected, reliable, and successful partner offering production, packaging, marketing and other ancillary services within the medical device industry.

SDP employs many different production techniques, including surface mount technology, soldering, injection molding, gel mixing and pouring, sew and stitch, and real time automated electrode production techniques. The services are performed by a dedicated team of engineers, specialists, and technicians on SDP's staff. The specific processes are myriad. SDP maintains an internal SOP library for the various processes with over 100 distinct and protected operation procedures for the service of customers and production of products.

All raw materials for SDP's business are either small specialty orders for specific products (printed long lasting labels for equipment interfaces for example) from specialty manufacturers (less than 10% of inventory value) or are commoditized manufacturing supplies (screws, nuts, bolts, blank SMT boards, SMT component reels, etc.).

SDP is granted licenses by its customers to produce products under such customer's intellectual property trademarks. These licenses are non-revocable, except through contract termination.

The majority of SDP's revenue is derived from supply agreements with its customers, none of which expire within twelve months of the filing of this Circular, however, they do contain cancellation provisions, both for cause and upon notice. Among those, SDP derives a significant amount of its revenue from two principal supply agreements, namely the Richmar Supply Agreement and the DJO Supply Agreement. If either of the Supply Agreements were to be cancelled, the reduction in revenue and profitability would have a material adverse effect on SDP's business. In the event of the cancellation of a contract by a key customer, SDP anticipates that it would use any notice period to reduce payroll and costs in order to mitigate against any adverse effects of such cancellation.

Entities domiciled in the United States, such as SDP, are required to comply with federal, state and local environmental regulations. All waste is disposed of in compliance with EPA regulations. To date, SDP has never received a notice regarding violation of any environmental law or regulation. SDP is not aware of any restrictions on profit repatriation. Future political or economic conditions may affect any business, but SDP is not aware of any specific economic or political risks relevant to its products or services. SDP expects that recession or depression would adversely affect its business. Although SDP generally does not sell directly to consumers, any decision by the government to restrict or reduce public or private health insurance would be expected to reduce demand in the healthcare industry generally, including the business of SDP.

SDP employs various experts to ensure compliance with FDA regulatory matters, OSHA regulatory matters, RoHS regulatory matters, and other production and healthcare regulators. SDP also employs experienced process, design, and production engineers who have the expertise to design, plan for and produce compliant medical device products. At the year ended December 31, 2019, SDP had 71 employees, 59 of which were full time employees.

(in United States Dollars)

SDP may, from time to time, import goods or raw materials produced in other nations, and a disruption of the supply from other nations, or even other U.S.-based suppliers, could slow production and reduce revenues. As of the date hereof, SDP does not have any foreign investments.

Highlights of the year ended December 31, 2019

In February of 2019, the Company entered into two binding agreements with Compass Richmar LLC. One agreement was to purchase selected equipment and assets from the Company in relation to its manufacturing operations for its electronic stimulation products. The second agreement was a binding 5 year supply agreement for the production, service, sales support, and other services associated with their electronic stimulation products. The Company expects Compass Richmar LLC to compose roughly 30% of its revenues on a go forward basis and to be a substantial source of growth in the coming years.

The Company achieved record revenues in 2019 of $11,969,662 which are up roughly 29% from the previous year's revenues of $9,309,154. The Company expects it will continue to grow aggressively in the coming years.

The Company's Adjusted EBITDA for the year ended December 31, 2019 was $824,771.

Selected Financial Information

The following information provides selected financial data about the Company and should be read in conjunction with the consolidated financial statements.

		December 31, 2019 $		December 31, 2018 $
Adjusted EBITDA	**$**	**824,771**	**$**	**526,515**
Total assets	$	12,210,750	$	7,382,762
Total liabilities	$	10,608,765	$	5,428,870
Revenue	$	11,969,662	$	9,309,154
Net earnings (loss)	$	(1,351,907)	$	(788,125)
Net earnings (loss) per share	$	(909)	$	(689)

The Company's growth will continue to add to the bottom line. Management believes that the Adjusted EBITDA measure is the best indicator of this on a go forward basis as it pulls out all non-cash expenses as well as new product infrastructure costs incurred in 2019. The Company anticipates continued generation of cash which will be used to lower outstanding short term liabilities.

(in United States Dollars)

Results of Operations

		2019		2018
Revenue	$	11,969,662	$	9,309,154
Cost of revenue				
Direct service personnel		1,860,827		1,326,526
Rent & building costs		181,805		170,836
Direct material costs		6,834,778		4,969,806
New products infrastructure costs		774,228		-
Gross margin		2,318,024		2,841,986
Selling, general and administrative expenses		638,052		646,943
Administrative personnel		1,324,979		1,397,092
Executive compensation		304,450		271,436
Subtotal		2,267,481		2,315,471
Profit before other items		50,543		526,515
Other items:				
Amortization of intangible assets		(316,894)		-
Depreciation of property and equipment		(106,017)		(96,721)
Depreciation of right-of-use asset		(56,361)		(14,090)
Interest expense		(473,863)		(254,742)
Expected credit loss		(20,932)		-
Other expense, net		(23,066)		(7,092)
Impairment of loan receivable		(199,000)		(558,104)
New products infrastructure costs		(370,761)		-
Net loss before income tax		(1,516,352)		(404,234)
Income tax (expense) recovery		164,445		(383,891)
Net loss and comprehensive loss	$	(1,351,907)	$	(788,125)

Discussion of Operations

Balances year ended December 31, 2019 have been prepared in accordance with International Finance Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), prior period amounts have not been restated in relation to these IFRS measures.

Year ended December 31, 2019 compared with the year ended December 31, 2018

Adjusted EBITDA

In addition to results reported in accordance with IFRS, the Company discloses Adjusted EBITDA as a supplemental indicator of its financial performance.

The Company defines Adjusted EBITDA as net income (loss) excluding the impact of interest and financing costs (net of interest income), income taxes, depreciation and amortization and restructuring costs. The Company believes Adjusted EBITDA is a useful measure as it provides information to management about the operating and financial performance of the Company and its ability to generate operating cash flow to fund future working capital needs, as well as fund future growth. Adjusted EBITDA may also be used by investors and analysts for the purpose of valuing the Company.

Readers are cautioned that these non-IFRS definitions are not recognized measures under IFRS, do not have standardized meanings prescribed by IFRS, and should not be construed to be alternatives to net earnings determined in accordance with IFRS or as indicators of performance or liquidity or cash flows. The Company's method of calculating these measures may differ from methods used by other entities and accordingly Nanotech's measures may not be comparable to similarly titled measures used by other entities or in other jurisdictions. The Company uses these measures because it believes they provide useful information to both management and investors with respect to the operating and financial performance of the Company.

Adjusted EBITDA for the year ended December 31, 2019 was $824,771 compared with $526,515 for the year ended December 31, 2018. The increase in Adjusted EBITDA is attributed to the increase in revenue allowing for greater efficiency in 2019. Management expects to continue to see Adjusted EBITDA increase as a percentage of revenue as revenue grows as a result of greater operational efficiency.

(in United States Dollars)

For the year ended December 31,		2019		2018
Adjusted EBITDA	$	824,771	$	526,515
Add Back				
New products infrastructure costs (cost of sales)	$	774,228		
Amortization of intangible assets		316,894		-
Depreciation of property and equipment		106,017		96,721
Depreciation of right-of-use asset		56,361		14,090
New products infrastructure costs (expenses)		370,761		-
Interest expense		473,863		254,742
Expected credit loss		20,932		-
Other expense		23,067		7,092
Impairment of note receivable		199,000		558,104
Income tax (recovery) expense	$	(164,445)		383,891
Net loss	$	(1,351,907)	$	(788,125)

Revenue

The Company's revenues increased 29% year over year from 2018. While some of this growth can be attributed to Compass Richmar LLC, Compass only accounted for 13% of revenues in 2019. While Management expects order volume to increase from Compass Richmar over the coming periods, the majority of the growth for this year came from organic growth of customers and new customers other than Compass Richmar LLC. Management expects growth to remain high over the coming years.

Selling, general and administrative

Selling, general and administrative ("SG&A") expenses relate to sales and administration and consist of salaries and related general operational expenses. There was a general decrease in all expense categories due to a operational improvements implemented by management in concert with the larger production restructuring the Company completed during 2019.

(in United States Dollars)

For the year ended December 31,		2019		2018
Rent and occupancy costs	$	35,342	$	34,944
Office and administration		326,212		318,276
Professional fees		44,271		96,593
Selling, marketing and promotion		44,913		2,638
Travel and accommodation		53,474		55,535
Research and development		44,903		78,753
Repair and maintenance		88,937		60,204
Total	$	638,052	$	646,943

Rent and occupancy costs

These costs are related to the maintenance and utilities associated with the lease holdings of the Company. These costs are expected to maintain relatively study year over year.

Office and administration

Office and administration costs relate mostly to tools, services, and payments related to the administrative functions of the business. Examples include phone expense, internet expense, banking fees and other administrative expenses.

Research and development

These costs are related to the development and prototyping of medical devices for customers. This prototyping process is part of the typical services provided to customers and does not carry any long term benefit to be amortized other than benefits already contemplated in the valuation of the long term supply agreements the Company has in place.

(in United States Dollars)

Summary of Quarterly Results and Fourth Quarter

The following table presents a summary of unaudited quarterly financial information for the last eight consecutive quarters:

	December 31 2019 $	September 30 2019 $	June 30 2019 $	March 31 2019 $
Total revenue	2,758,497	2,848,215	3,450,381	2,912,569
Net income (loss)	(769,103)	(495,363)	(51,511)	(35,930)
Net income (loss) - basic and diluted	(515.48)	(332.91)	(34.76)	(24.59)

	December 31 2018 $	September 30 2018 $	June 30 2018 $	March 31 2018 $
Total revenue	2,497,143	2,137,456	1,935,623	2,738,932
Net income (loss)	(1,074,757)	(32,013)	140,419	178,226
Net income (loss) - basic and diluted	(940.29)	(29.48)	140.42	178.23

Liquidity, Capital Resources, and Outlook

The Company's primary sources of short-term liquidity are cash, the remaining draw balance of the revolving line of credit, bank borrowings and equity funding including private placements. As at December 31, 2019, the Company had $3,806,012 of cash, draw balance and accounts receivable compared to $1,621,343 of accounts payable and other liabilities of $1,327,382.

During 2019, $1,918,655 of cash was used in operating activities. This is compared to $1,491,817 in cash used by operating activities in 2019. The increase in cash used continued operating activities is primarily due to the increase in business and associated new product infrastructure costs.

During the year ended December 31, 2019, $4,591,616 (2019 - $2,647,655) was provided by financing activities. The cash was principally provided by the issuance of securities and through debt instruments

(in United States Dollars)

The Company's primary liquidity needs include ongoing operating costs. The Company considers its current and contemplated sources of liquidity sufficient to meet requirements for the purposes of short-term and long-term operations and growth.

Off-Balance Sheet Arrangements

The Company renewed its revolving line of credit in August of 2020 subsequent to period end. The renewal was on substantially the same or better terms when compared with the line of credit previously disclosed in the financial statements.

New and Future IFRS Accounting Pronouncements

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Transactions with Related Parties

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including executive directors. The total compensation of key management personnel is as follows:

For the year ended December 31	2019	2018
Salaries and benefits	$ 304,450	$ 271,436
Total	$ 304,450	$ 271,436

Critical Accounting Estimates and Significant Accounting Policies

The significant accounting policies applied by are described in Note 3 of the Company's audited consolidated financial statements, including the changes to the accounting for financial instruments resulting from the adoption of International Financial Reporting Standards 16, Leases ("IFRS 16").

Changes in Accounting Policy

IFRIC 23, Uncertainty Over Income Tax Treatments
In June 2017, the IASB issued IFRIC 23. IFRIC 23 clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 and requires an entity to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it uses or plans to use in its income tax filing. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019 and permits early adoption. The adoption of IFRIC 23 did not have a material impact on the financial statements.

IFRS 16, Leases
In January 2016, the IASB issued IFRS 16. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. This standard is effective for annual reporting periods on or after January 1, 2019.

New and Future IFRS Accounting Pronouncements

Amendment to IFRS 16, COVID-19-Related Rent Concessions
In May 2020, the International Accounting Standards Board ("IASB") issued an amendment to permit lessees, as a practical expedient, not to assess whether particular rent concessions that reduce lease payments occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

The amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted. The amendment did not have an impact on the interim financial statements.

Amendments to IFRS 3, Business Combinations
In October 2018, the IASB issued amendments to the guidance in IFRS 3, Business Combinations, which revise the definition of a business for acquisition accounting purposes. To be considered a business, an acquisition would have to include an input

and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. To be considered a business without outputs, there will now need to be an organized workforce present. Under the new standard, the changes to the definition of a business will likely result in more acquisitions being accounted for as asset acquisitions.

The amendments to IFRS 3 are effective for business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting periods beginning on or after January 1, 2020. The Company will assess the impact of this standard on a case-by-case basis upon future acquisitions performed but does not anticipate a material impact due to the nature and structure of its historical acquisitions.

Amendments to IAS 1 and IAS 8: Definition of Material
In October 2018, the IASB issued amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

These amendments are effective for annual periods beginning on or after January 1, 2020. The amendments to the definition of material did not have a significant impact on the interim financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Deferral of Effective Date
In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. These amendments:

- specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months.
- provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and

- clarify when a liability is considered settled.

On July 15, 2020, the IASB issued a deferral of the effective date for the new guidance by one year to annual reporting periods beginning on or after January 1, 2023 and is to be applied retrospectively. The Company has not yet determined the impact of these amendments on its financial statements.

Financial Instruments and Other Instruments

The Company is exposed to credit, concentration, liquidity and market risks related to the use of financial instruments in its operations. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify, analyze, limit, control and monitor the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in the risk environment faced by the Company. The Company's financial instruments consist of cash and cash equivalents including restricted cash, accounts receivables, credit receivables, accounts payable, line of credit, long-term debts, lease liabilities, and other payables. The fair value of these financial instruments approximates their carrying values. The fair value of the Company's cash and cash equivalents, restricted cash, accounts receivable, credit receivables, line of credit, accounts payable, accrued expenses and other payables approximate carrying value due to their short-term nature. The Company's long-term debt approximate fair value due to the instruments discounted at the effective interest rate.

Financial risk management

The Company is exposed to credit, liquidity and market risks related to the use of financial instruments in its operations. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify, analyze, limit, control and monitor the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in the risk environment faced by the Company.

Credit risk

Credit risk is the risk of financial loss to the Company if a client fails to meet its contractual obligations. In the Company's case, credit risk arises with respect to its cash and cash equivalents, accounts receivable and any other financial transaction with a counterparty. The Company manages credit risk in respect of cash and cash equivalents, by maintaining cash and cash equivalents at high credit rated financial institutions. The carrying amount of these receivables represents the Company's maximum credit exposure and is the most significant measurable risk that it faces.

The Company's customers have varying payment terms depending on the size of the customer and their credit worthiness.

The Company's credit exposure at December 31, 2019 relates to its gross accounts receivables and other receivables. As at December 31, 2019 $31,521 (2018 - $455) in receivables were over 90 days and $302,416 (2019 - $109,069) in receivables were between 60 - 90 days overdue.

Concentration risk
Concentration risk arises as a result of the concentration of exposures within a single client. During the year ended December 31, 2019 two clients made up approximately 89% of revenues (2018 – 92%). Management anticipates this to continue to decrease. Year to date this figure is down to 82%.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's principal obligations are its line of credit, long term debt, leas liability, accounts payable, other liabilities.

At December 31, 2019, the Company had assets of $12,210,750 (2019– $7,382,762) which substantially exceeded its total liabilities of $10,608,765 (2019 - $5,428,870).

Market risk
Market risk is the risk that changes in market prices, such as equity prices and interest rates, will affect the Company's income or the value of its financial instruments. The objective of managing market risk is to control market risk exposures within acceptable parameters, while optimizing the return on risk.

Equity risk - The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Interest rate risk - Interest rate risk pertains to the risk of increased cost due to the volatility of interest rates. The Company's borrowing rates are usually based on floating bank prime rates of interest and are typically variable. The Company actively manages its interest rate exposure, where possible. The Company's debt, including its line of credit bearing floating rate of interest is subject to interest rate risk which is regularly monitored by management.

Product pricing risk – Product pricing risk pertains to changes in the market pricing of the products produced by the Company. Product production composes substantially all of the Company's revenues and changes to pricing would have substantial effects on income. The Company actively manages its product pricing risk through the use of binding supply agreements. Management typically structures agreements with set pricing to ensure sustainable margins. Agreements are typically 5 years in length.

Fair value of financial assets and liabilities

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, credit receivables, line of credit, accounts payable, accrued expenses, long-term debts, and other payables. The carrying values of these financial instruments approximate their fair values as of December 31, 2019, December 31, 2018 and January 1, 2018.

The fair value of the Company's cash and cash equivalents, restricted cash, accounts receivable, credit receivables, line of credit, accounts payable, accrued expenses and other payables approximate carrying value due to their short-term nature. The Company's long-term debt approximate fair value due to the instruments discounted at the effective interest rate.

Disclosure of Outstanding Share Data

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

Common shares outstanding	1,502
Fully diluted	1,502

Risks and Uncertainties

The Company has a limited history of existence. The securities of the Company should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities:

Ability to Manage Growth: Recent rapid growth in all areas of SDP's business has placed, and is expected to continue to place, a significant strain on managerial, operational and technical resources. SDP expects operating expenses and staffing levels to increase in the future. To manage such growth, SDP must expand its operational and technical capabilities and manage its employee base while effectively administering multiple relationships with various third parties. There can be no assurance that SDP will be able to manage its expanding operations effectively. Any failure to implement cohesive management and operating systems, to add resources on a cost-effective basis or to properly manage SDP's expansion could have a material adverse effect on its business and results of operations.

Capital Investment: The timing and amount of capital expenditures by SDP will be dependent upon SDP's ability to utilize credit facilities, raise new debt, generate cash from operations, meet working capital requirements and sell additional shares in order to accommodate these items. There can be no assurance that sufficient capital will be available on acceptable terms to SDP for necessary or desirable capital expenditures or that the amount required will be the same as currently estimated. Lack of these funds could limit the future growth of SDP and its subsidiaries and their respective cash flows.

Unproven Market: It is anticipated that the market for SDP's potential products will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including competition from other products and the degree of commercial viability of the potential products.

Failure to Develop Successful New Product Offerings: There can be no assurance that SDP can develop new products that are competitive with other products in the same category, that the products developed by SDP will receive widespread acceptance or that new products will yield favourable margins. Failure to develop and successfully market new products at favourable margins could have a material adverse impact on SDP's business, financial condition, results of operations and the amount of cash available for distribution to shareholders.

Competitive Environment: The industry in which SDP operates is highly competitive. SDP's success depends, in part, on its ability to be efficient in all aspects of the business and achieve the appropriate cost structure. Some of SDP's competitors have economic resources greater than those of SDP and are well established as suppliers to the markets that SDP will serve. Accordingly, such competitors may have lower cost structures allowing them to better withstand volatility within the industry and throughout the economy as a whole, while retaining significantly greater operating and financial flexibility than SDP. There can be no assurance that SDP will be able to manage costs and achieve efficiencies to allow it to compete successfully against its current or future competitors or that such competition will not have a material adverse effect on SDP's business, financial condition, results of operations and the amount of cash available for distribution to shareholders.

Foreign currency risk: The Company operates in the United States. Accordingly, a portion of its financial resources is held in currencies other than the Canadian dollar. The Company's policy is to manage financial exposure to foreign exchange fluctuations and attempt to neutralize the impact of foreign exchange movements on its operating results where possible.

Dependence upon Management: SDP's operations are dependent on the abilities, experience and efforts of its senior management. There can be no assurance that SDP would be able to find qualified replacements for the individuals who make up its senior management team if their services were no longer available. The loss of services of one or more members of its senior management could adversely affect the business of SDP.

Inability to Implement the Business Strategy: The growth and expansion of SDP's business is heavily dependent upon the successful implementation of SDP's business strategy. There can be no assurance that SDP will be successful in the implementation of its business strategy.

Economic conditions: The Company operates in the United States. Economic weakness can affect the Company's ability to attract new business as quality prospects become limited. Further, the Company's clients and their customers are often adversely affected by economic slowdowns and this can lead to increases in its provision for credit and loan losses.

Issuance of Debt: From time to time, SDP may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase SDP's debt levels above industry standards. The level of SDP's indebtedness from time to time could impair SDP's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Conflicts of Interest: Certain of the directors of SDP are also directors and officers of other companies, some of which may be in the healthcare sector, and conflicts of interest may arise between their duties as directors of SDP and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under the applicable corporate statute.

Credit risk: The Company is in the business of making asset-based loans. Operating results can be adversely affected by large bankruptcies and/or insolvencies.

Requirement for Permits and Licenses in a Highly Regulated Business: SDP will be subject to regulation from both United States federal and state authorities. Regulatory action could disrupt SDP's ability to provide services. Such regulatory action could come in the form of actions based upon SDP's operation. Regulatory action could prevent or delay reimbursement for certain services. There could also be legislative action that could adversely affect SDP's business model, including a decision by the United States government to become the exclusive provider of healthcare services at some time in the future. Conversely, budgetary problems in the United States could lead to reduced funding, substantial modification or elimination of Medicare programs, which would end reimbursement for many patients. There can be no assurance that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the business of SDP. Amendments to current laws and regulations could have a substantial adverse impact on SDP.

Risk of Third Party Claims for Infringement: A third party may claim that SDP has infringed such third party's rights or may challenge the right of SDP to its intellectual property. In such event, SDP will undertake a review to determine what, if any, action should be taken with respect to such claim. Any claim, whether or not with merit, could be time consuming to evaluate, result in costly litigation, cause delays in the operations of SDP or the development of its intellectual property or require SDP to enter into licensing arrangements that may require the payment of a licence fee or royalties to the owner of the intellectual property. Such royalty or licensing arrangements, if required, may not be available on terms acceptable to SDP.

Privacy Legislation: The *Health Insurance Portability and Accountability Act of 1996* ("**HIPAA**") required the United States Department of Health and Human Services to adopt standards to protect the privacy and security of individually identifiable health-related information. The department released regulations containing privacy standards in December 2000 and published revisions to the final regulations in August 2002. The privacy regulations extensively regulate the use and disclosure of individually identifiable health related information. The regulations also provide patients with significant new rights related to the understanding and controlling how their health information is used or disclosed. The security regulations require healthcare providers to implement administrative, physical and technical practices to protect the security of identifiable health information that is maintained or transmitted electronically.

In addition to HIPAA, there are numerous federal and state laws and regulations addressing patient and consumer privacy concerns, including unauthorized access or theft of personal information. State statutes and regulations vary from state to state. Lawsuits, including class actions and action by state attorneys general, directed at companies that have experienced a privacy or security breach can also occur.

SDP believes that the cost of compliance with HIPAA and other federal and state privacy laws will not have a material adverse effect on its business, financial condition, results of operations or cash flows. However, there can be no assurance that a breach of privacy or security will not occur. If there is a breach, SDP may be subject to various penalties and damages and may be required to incur costs to mitigate the impact of the breach on affected individuals.

<u>Strategic Relationships with Third Parties</u>: SDP anticipates that it will continue to depend on the relationships with various third parties, including distributors, independent sales representatives and medical groups.. Identifying, negotiating and documenting relationships with third parties requires significant time and resources. SDP's competitors may be effective in providing incentives to their parties to favour their solutions or may prevent SDP from developing strategic relationships with these parties. In addition, these third parties may not perform as expected under any agreement with them and SDP may have disagreements or disputes with these parties, which could negatively affect SDP's brand and reputation. It is possible that these third parties may not be able to devote the resources that SDP expects from the relationship. If SDP is unsuccessful in establishing or maintaining its relationship with these third parties, SDP's ability to compete in the marketplace or to grow its revenue could be impaired, and operating results would suffer. Even if SDP is successful, these relationships may not result in improved operating results.

<u>Information Technology Systems</u>: SDP's business depends, in part, on the continued and

uninterrupted performance of its information technology systems. Sustained system failures or interruptions could disrupt SDP's ability to operate effectively, which in turn could adversely affect its business, results of operations and financial condition. SDP's computer systems may be vulnerable to damage from a variety of sources, including physical or electronic break-ins, computer viruses and similar disruptive problems. Despite precautions taken and the extensive mitigation strategies put in place by SDP, unanticipated problems affecting the information technology systems could cause interruptions for which SDP's insurance policies may not provide adequate compensation.

General Litigation Risk: Disputes are common in the United States healthcare industry and as such, in the normal course of business, SDP might be involved in various legal actions and proceedings which arise from time to time, some of which may be substantial. There is no assurance that SDP's insurance arrangements will be sufficient to cover any particular claim or claims that may arise in the future. Furthermore, SDP is subject to the risk of claims and legal actions for various commercial and contractual matters in respect of which insurance is not available.

Internal Control over Financial Reporting and Disclosure Controls and Procedures: SDP may face risks if there are deficiencies in its internal controls over financial reporting and disclosure controls and procedures. Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external reporting purposes. Management is responsible for establishing and maintaining adequate internal controls over financial reporting appropriate to the nature and size of SDP. The board of directors is responsible for assessing the progress and sufficiency of internal controls over financial reporting and disclosure controls and procedures and will make adjustments as necessary. However, these initiatives may not be effective at remedying any deficiencies in internal control over financial reporting and disclosure controls and procedures. Any deficiencies, if uncorrected, could result in SDP's financial statements being inaccurate and in future adjustments or restatements of its financial statements, which could adversely affect the price of SDP Shares and SDP's business, financial condition and results of operations.

Political and Economic Instability: The Company may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in medicine and agriculture development or investment policies or shifts in political attitude in certain countries may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people and water use. The effect of these factors cannot be accurately predicted.

History of Operating Losses and Negative Cash Flow:
SDP continues to invest in the infrastructure to support new customers which has incurred small losses since inception and may continue to incur losses and experience negative cash flows. The Company cannot predict if or when it will operate profitably, reliably generate positive cash flows, or be able to implement its business strategy successfully. Pursuit of the business strategy may require SDP to incur significant expenditures for research and product development, marketing, and general administrative activities. As a result, there is a need to continue to grow revenues and gross margins to achieve and sustain profitability and positive operating cash flows, and the Company may need to raise additional capital.

Key Personnel: The Company is dependent upon the continued availability and commitment of its management, whose contributions to immediate and future operations are of significant importance. The loss of any such management could negatively affect the Company's business operations. From time to time, the Company will also need to identify and retain additional skilled management to efficiently operate its business. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance of its ability to attract and retain such personnel. If it is not successful in attracting and training qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

COVID-19: The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

In addition, the current pandemic and associated economic uncertainties could significantly adversely affect the ability of the Company to find and pursue new opportunities to grow its business. The Company's financial condition, liquidity and results of operations have been and will continue to be adversely impacted by these preventative actions and the disruption to our business and that of our suppliers and customers. As we cannot predict the duration or scope of the COVID-19 pandemic, the negative financial impact to our results cannot be reasonably estimated, but could be material.

SOUTH DAKOTA PARTNERS INC.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2020 and September 30, 2019

Non-IFRS Measures

Throughout this management discussion and analysis ("MD&A"), management of South Dakota Partners Inc. ("SDP" or the "Company") uses a number of financial measures to assess its performance and are intended to provide additional information to investors concerning the Company. This period means the three and nine month period ended September 30, 2020. Last year and 2019 mean the fiscal year ended December 31, 2019, and 2018 means the fiscal year ended December 31, 2018. Some of these measures, including net profit (loss) from operations and Adjusted EBITDA are not calculated in accordance with Generally Accepted Accounting Principles (GAAP), which are based on International Financial Reporting Standards (IFRS), are not defined by GAAP, and do not have standardized meanings that would ensure consistency and comparability between companies using these measures. Readers are cautioned that the disclosure of these items is meant to add to, and not replace, the discussion of financial results as determined in accordance with IFRS. The primary purpose of these non-IFRS measures is to provide supplemental information that may prove useful to investors who wish to consider the impact of certain non-cash or uncontrollable items on the Company's operating performance and who wish to separate revenues and related costs associated with client acquisition that may not be ongoing.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to risks associated with: changes in law, competition, the ability to implement business strategies and pursue business opportunities, state of the capital markets, the availability of funds and resources to pursue operations, dependence on debt markets and interest rates, demand for the lending products SDP offers at interest rates higher than at which SDP can borrow, a novel business model, granting of permits and licenses in a highly regulated business, difficulty integrating new customers (Compass Richmar LLC) risks of performance by the target, new technologies,, low profit market segments, as well as general economic, market and business conditions. See "Risks and Uncertainties".

Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding business and operating strategies.

These forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made. Consequently, all forward-looking statements made in this discussion and analysis of the financial conditions and results of operations or the documents incorporated by reference, are qualified by this cautionary statement and there can be no certainty that actual results or developments the Company anticipates will be realized. For additional information with respect to certain of these risks or factors reference should be made to the "Business Risks and Uncertainties" section of the MD&A and the notes to the audited consolidated financial statements for the period ended September 30, 2020, as well as with the Company's disclosure materials filed from time to time on its website, which are available online at www.sdpartnersinc.com. SDP disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law. Caution needs to be used when taking forward-looking statements into account when evaluating the Company.

Dated: January 18, 2021

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of South Dakota Partners Inc. ("SDP" or the "Company") was prepared by management of the Company and should be read in conjunction with the Company's financial statements for the periods ended September 30, 2020 and September 30, 2019.

The Board of Directors provides an oversight role with respect to all public financial disclosures by the Company. The Board of Directors approves the Financial Statements and MD&A after the completion of its review.

Company Overview

SDP is a private Company domiciled in the state of South Dakota.

SDP operates a leased facility in Clear Lake, South Dakota, as a packager and producer of private white label medical devices in the United States, primarily focusing on devices for pain management, cold and hot therapy, NMES, PEMF and ultrasound. The United States represents roughly 40% of the global medical device market with clear organic growth opportunities by virtue of a growing aging population. Recent threats of disruption in international trade markets, whether from trade disputes, pandemic or geopolitical factors, have made some companies seek to diversify sources of supply to include firms with operations in the United States, presenting another opportunity for organic growth. The United States is a heavily regulated market globally, and as a result, medical device businesses that operate in the United States require expertise in the fields of compliance, production, product design, packaging, marketing and more. SDP's overall strategic plan has been to position itself as a respected, reliable, and successful partner offering production, packaging, marketing and other ancillary services within the medical device industry.

SDP employs many different production techniques, including surface mount technology, soldering, injection molding, gel mixing and pouring, sew and stitch, and real time automated electrode production techniques. The services are performed by a dedicated team of engineers, specialists, and technicians on SDP's staff. The specific processes are myriad. SDP maintains an internal SOP library for the various processes with over 100 distinct and protected operation procedures for the service of customers and production of products.

All raw materials for SDP's business are either small specialty orders for specific products (printed long lasting labels for equipment interfaces for example) from specialty manufacturers (less than 10% of inventory value) or are commoditized manufacturing supplies (screws, nuts, bolts, blank SMT boards, SMT component reels, etc.).

SDP is granted licenses by its customers to produce products under such customer's intellectual property trademarks. These licenses are non-revocable, except through contract termination.

The majority of SDP's revenue is derived from supply agreements with its customers, none of which expire within twelve months of the filing of this Circular, however, they do contain cancellation provisions, both for cause and upon notice. Among those, SDP derives a significant amount of its revenue from two principal supply agreements, namely the Richmar Supply Agreement and the DJO Supply Agreement. If either of the Supply Agreements were to be cancelled, the reduction in revenue and profitability would have a material adverse effect on SDP's business. In the event of the cancellation of a contract by a key customer, SDP anticipates that it would use any notice period to reduce payroll and costs in order to mitigate against any adverse effects of such cancellation.

Entities domiciled in the United States, such as SDP, are required to comply with federal, state and local environmental regulations. All waste is disposed of in compliance with EPA regulations. To date, SDP has never received a notice regarding violation of any environmental law or regulation. SDP is not aware of any restrictions on profit repatriation. Future political or economic conditions may affect any business, but SDP is not aware of any specific economic or political risks relevant to its products or services. SDP expects that recession or depression would adversely affect its business. Although SDP generally does not sell directly to consumers, any decision by the government to restrict or reduce public or private health insurance would be expected to reduce demand in the healthcare industry generally, including the business of SDP.

SDP employs various experts to ensure compliance with FDA regulatory matters, OSHA regulatory matters, RoHS regulatory matters, and other production and healthcare regulators. SDP also employs experienced process, design, and production engineers who have the expertise to design, plan for and produce compliant medical device products. At the year ended December 31, 2019, SDP had 71 employees, 59 of which were full time employees.

(in United States Dollars)

SDP may, from time to time, import goods or raw materials produced in other nations, and a disruption of the supply from other nations, or even other U.S.-based suppliers, could slow production and reduce revenues. As of the date hereof, SDP does not have any foreign investments.

Highlights of the period ended September 30, 2020

In September of 2020, the Company entered into a binding purchase agreement to sell all outstanding shares of SDP to a wholly owned subsidiary of Brattle Street Investment Corp. (TSXV:BRTL).

The Company completed its integration of Compass Richmar LLC as a customer early in the year and has seen improvements in net margin as a result. This is indicated as even though Revenues were slightly lower year over year predominantly as a result of the COVID-19 pandemic, EBITDA held steady.

Selected Financial Information

The following information provides selected financial data about the Company and should be read in conjunction with the consolidated financial statements.

		September 30, 2020		September 30, 2019
		$		$
Adjusted EBITDA	**$**	**613,956**	**$**	**451,197**
Total assets	$	10,645,770	$	10,914,930
Total liabilities	$	9,176,928	$	8,543,842
Revenue	$	7,248,013	$	9,211,164
Net earnings (loss)	$	(133,143)	$	(582,804)
Net earnings (loss) per share	$	(89)	$	(392)

The Company's growth will continue to add to the bottom line. Management believes that the Adjusted EBITDA measure is the best indicator of this on a go forward basis as it pulls out all non-cash expenses as well as one-time costs associated with the infrastructure costs the Company incurred in 2019. The Company anticipates continued generation of cash which will be used to lower outstanding short-term liabilities.

(in United States Dollars)

Results of Operations

	For the three months ended		For the nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Revenue	$ 2,446,928	$ 2,846,215	$ 7,248,013	$ 9,211,164
Cost of revenue				
Direct service personnel	426,095	576,872	1,346,182	1,412,495
Rent and building costs	39,423	43,222	115,670	149,331
Direct material costs	1,364,618	1,503,131	3,999,547	5,358,760
New products infrastructure costs	-	10,622	-	96,591
Gross margin	616,792	712,367	1,786,615	2,193,988
Selling, general and administrative expenses	171,726	120,122	491,249	479,387
Administrative personnel	152,361	325,730	405,590	908,213
Executive compensation	134,071	72,600	275,821	231,850
Subtotal	458,158	518,452	1,172,660	1,619,450
Profit before other items	158,634	193,916	613,956	574,538
Other items:				
Amortization of intangible asset	28,813	89,157	259,281	227,737
Depreciation of property and equipment	46,495	26,454	137,665	78,957
Depreciation of right-of-use asset	14,094	14,089	42,271	42,265
Interest expense	90,936	104,635	285,190	268,014
Expected credit loss	-	20,932	-	20,932
Other expense	-	3,098	5,565	9,872
Impairment of loan receivable	-	199,000	-	199,000
New products infrastructure costs	-	92,191	-	352,221
Net loss before income tax	(21,704)	(355,640)	(116,017)	(624,460)
Income tax (expense) recovery	(2,500)	41,656	(17,126)	41,656
Net loss and comprehensive loss	$ (24,204)	$ (313,984)	$ (133,143)	$ (582,804)
Net loss per share				
Basic and diluted	$ (16)	$ (209)	$ (89)	$ (392)
Weighted average shares outstanding - basic and diluted	1,502	1,502	1,502	1,488

Discussion of Operations

Balances for the periods ended September 30, 2020 and September 30, 2019 have been prepared in accordance with International Finance Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), prior period amounts have not been restated in relation to these IFRS measures.

Period ended September 30, 2020 compared with the period ended September 30, 2019

Adjusted EBITDA

In addition to results reported in accordance with IFRS, the Company discloses Adjusted EBITDA as a supplemental indicator of its financial performance.

The Company defines Adjusted EBITDA as net income (loss) excluding the impact of interest and financing costs (net of interest income), income taxes, depreciation and amortization, restructuring costs and net income (loss) from discontinued operations, if any. The Company believes Adjusted EBITDA is a useful measure as it provides information to management about the operating and financial performance of the Company and its ability to generate operating cash flow to fund future working capital needs, as well as fund future growth. Adjusted EBITDA may also be used by investors and analysts for the purpose of valuing the Company.

Readers are cautioned that these non-IFRS definitions are not recognized measures under IFRS, do not have standardized meanings prescribed by IFRS, and should not be construed to be alternatives to net earnings determined in accordance with IFRS or as indicators of performance or liquidity or cash flows. The Company's method of calculating these measures may differ from methods used by other entities and accordingly Nanotech's measures may not be comparable to similarly titled measures used by other entities or in other jurisdictions. The Company uses these measures because it believes they provide useful information to both management and investors with respect to the operating and financial performance of the Company.

Adjusted EBITDA for the period ended September 30, 2020 was $613,956 and $451,197 for the period ended September 30, 2019. The ability for the Company to maintain Adjusted EBITDA despite reduced revenues from the COVID-19 pandemic is attributed to the enhanced efficiencies resulting from the infrastructure built in 2019. Management expects to continue to see Adjusted EBITDA increase as a percentage of revenue as revenue grows as a result of greater operational efficiency.

(in United States Dollars)

		September 30, 2020		September 30, 2019
Adjusted EBITDA	$	613,956	$	451,197
Add Back				
New products infrastructure costs (cost of sales)	$	-	$	96,591
Amortization of intangible asset	$	259,281	$	227,737
Depreciation of property and equipment	$	137,665	$	78,957
Depreciation of right-of-use asset	$	42,271	$	42,265
Interest (expense) income, net	$	285,190	$	268,014
Other expense	$	5,565	$	9,872
New products infrastructure costs (expenses)	$	-	$	352,221
Income tax expense (recovery)	$	17,126	$	(41,656)
Net loss	$	(133,143)	$	(582,804)

Revenue

The Company's revenues decreased slightly year over year as a result of reduced order volume associated with the moratorium on elective surgeries in many locations across the United States. Management expects revenues to recover to pre-covid levels by end of year assuming no further cessations in elective surgeries take place.

(in United States Dollars)

Selling, general and administrative

Selling, general and administrative ("SG&A") expenses relate to sales and administration and consist of salaries and related general operational expenses. There was a general decrease in all expense categories, excluding those with ongoing development and professional expenses due to operational improvements implemented by management in concert with the larger production restructuring the Company completed during 2019. Professional expenses increased in advanced of the transaction.

	September 30, 2020	September 30, 2019
Salaries and benefits	$ 9,990	$ 11,256
Rent and occupancy costs	25,978	26,759
Office and administration	228,229	235,780
Professional fees	72,853	25,431
Selling, marketing and promotion	7,509	20,332
Travel and accommodation	17,343	43,538
Research and development	51,166	34,945
Repair and maintenance	78,181	81,346
Total	**$ 491,249**	**$ 479,387**

Rent and occupancy costs

These costs are related to the maintenance and utilities associated with the lease holdings of the Company. These costs are expected to maintain relatively study year over year.

Office and administration

Office and administration costs relate mostly to tools, services, and payments related to the administrative functions of the business. Examples include phone expense, internet expense, banking fees and other administrative expenses.

Research and development

These costs are related to the development and prototyping of medical devices for customers. This prototyping process is part of the typical services provided to customers and does not carry any long term benefit to be amortized other than benefits already contemplated in the valuation of the long term supply agreements the Company has in place.

(in United States Dollars)

Summary of Quarterly Results

The following table presents a summary of unaudited quarterly financial information for the last eight consecutive quarters:

	September 30 2020	June 30 2020	March 31 2020	December 31 2019
	$	$	$	$
Total revenue	2,446,928	1,819,432	2,981,654	2,758,497
Net loss	(24,204)	(74,829)	(34,110)	(769,103)
Net loss - basic and diluted	(16.11)	(49.82)	(22.71)	(515.48)

	September 30 2019	June 30 2019	March 31 2019	December 31 2018
	$	$	$	$
Total revenue	2,848,215	3,450,381	2,912,569	2,497,143
Net loss	(495,363)	(51,511)	(35,930)	(1,074,757)
Net loss - basic and diluted	(332.91)	(34.76)	(24.59)	(940.29)

Liquidity, Capital Resources, and Outlook

The Company's primary sources of short-term liquidity are cash, the remaining draw balance of the revolving line of credit, bank borrowings, equity funding including private placements. As at September 30, 2020, the Company had $3,163,685 of cash, draw balance and accounts receivable compared to $1,414,517 of accounts payable and other liabilities of $528,955

During the period ended September 30, 2020, $20,439 of cash was provided by operating activities. This is compared to $877,084 in cash used by operating activities during the same period in 2019.

During the period ended September 30, 2020, $10,945 (2019 – $3,461,754 provided by) was used in financing activities. The cash was principally provided by, or used to repay, the issuance of securities and through debt instruments.

The Company's primary liquidity needs include ongoing operating costs. The Company considers its current and contemplated sources of liquidity sufficient to meet requirements for the purposes of short-term and long-term operations and growth.

(in United States Dollars)

Off-Balance Sheet Arrangements

The Company renewed its revolving line of credit in August of 2020 during the period. The renewal was on substantially the same or better terms when compared with the line of credit previously disclosed in the financial statements.

New and Future IFRS Accounting Pronouncements

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Transactions with Related Parties

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including executive directors. The total compensation of key management personnel is as follows:

		September 30, 2020	September 30, 2019
Salaries and benefits	$	275,821	231,850
Total		275,821	231,850

Critical Accounting Estimates and Significant Accounting Policies

The significant accounting policies applied by are described in Note 3 of the Company's audited consolidated financial statements, including the changes to the accounting for financial instruments resulting from the adoption of International Financial Reporting Standards 16, Leases ("IFRS 16").

Changes in Accounting Policy

IFRIC 23, Uncertainty Over Income Tax Treatments
In June 2017, the IASB issued IFRIC 23. IFRIC 23 clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 and requires an entity to consider

whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it uses or plans to use in its income tax filing. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019 and permits early adoption. The adoption of IFRIC 23 did not have a material impact on the financial statements.

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. This standard is effective for annual reporting periods on or after January 1, 2019.

New and Future IFRS Accounting Pronouncements

Amendment to IFRS 16, COVID-19-Related Rent Concessions

In May 2020, the International Accounting Standards Board ("IASB") issued an amendment to permit lessees, as a practical expedient, not to assess whether particular rent concessions that reduce lease payments occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

The amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted. The amendment did not have an impact on the interim financial statements.

Amendments to IFRS 3, Business Combinations

In October 2018, the IASB issued amendments to the guidance in IFRS 3, Business Combinations, which revise the definition of a business for acquisition accounting purposes. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. To be considered a business without outputs, there will now need to be an organized workforce present. Under the new standard, the changes to the definition of a business will likely result in more acquisitions being accounted for as asset acquisitions.

The amendments to IFRS 3 are effective for business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting periods beginning on or after January 1, 2020. The Company will assess the impact of this standard on a case-by-case basis upon future acquisitions performed but does not anticipate a material impact due to the nature and structure of its historical acquisitions.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

These amendments are effective for annual periods beginning on or after January 1, 2020. The amendments to the definition of material did not have a significant impact on the interim financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Deferral of Effective Date

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. These amendments:

- specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months.
- provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and
- clarify when a liability is considered settled.

On July 15, 2020, the IASB issued a deferral of the effective date for the new guidance by one year to annual reporting periods beginning on or after January 1, 2023 and is to be applied retrospectively. The Company has not yet determined the impact of these amendments on its financial statements.

Financial Instruments and Other Instruments

The Company is exposed to credit, concentration, liquidity and market risks related to the use of financial instruments in its operations. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify, analyze, limit, control and monitor the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in the risk environment faced by the Company. The Company's financial instruments consist of cash and cash equivalents including restricted cash, accounts receivables, credit receivables, accounts payable, line of credit, long-term debts, lease liabilities, and other payables. The fair value of these financial instruments approximates their carrying values. The fair value of the Company's cash and cash equivalents, restricted cash, accounts receivable, credit receivables, line of credit, accounts payable, accrued expenses and other payables approximate carrying value due to their short-term nature. The Company's long-term debt approximate fair value due to the instruments discounted at the effective interest rate.

Financial risk management

The Company is exposed to credit, liquidity and market risks related to the use of financial instruments in its operations. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify, analyze, limit, control and monitor the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in the risk environment faced by the Company.

Credit risk

Credit risk is the risk of financial loss to the Company if a client fails to meet its contractual obligations. In the Company's case, credit risk arises with respect to its cash and cash equivalents, accounts receivable and any other financial transaction with a counterparty. The Company manages credit risk in respect of cash and cash equivalents, by maintaining the majority of cash and cash equivalents at high credit rated financial institutions. The carrying amount of these receivables represents the Company's maximum credit exposure and is the most significant measurable risk that it faces.

No new loans are anticipated to be provided.

The Company's customers have varying payment terms depending on the size of the customer and their credit worthiness.

The Company's credit exposure at September 30, 2020 relates to its gross accounts receivables and other receivables. As at September 30, 2020 $309,870 (December 31, 2019 - $31,522) in receivables were over 90 days and $68,763 (December 31, 2019 - $140) in receivables were between 60 - 90 days overdue.

Concentration risk

Concentration risk arises as a result of the concentration of exposures within a single client. During the period ended September 30, 2020 two clients made up approximately 82% of revenues (December 31, 2019 – 89%).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's principal obligations are its line of credit, long term debt, leas liability, accounts payable, other liabilities.

At September 30, 2020, the Company had assets of $10,645,770 (December 31, 2019 – $12,210,750) which substantially exceeded its total liabilities of $9,176,928 (2019 - $10,608,765).

Market risk

Market risk is the risk that changes in market prices, such as equity prices and interest rates, will affect the Company's income or the value of its financial instruments. The objective of managing market risk is to control market risk exposures within acceptable parameters, while optimizing the return on risk.

Equity risk - The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Interest rate risk - Interest rate risk pertains to the risk of increased cost due to the volatility of interest rates. The Company's borrowing rates are usually based on floating bank prime rates of interest and are typically variable. The Company actively manages its interest rate exposure, where possible. The Company’s debt, including its line of credit, bearing floating rate of interest is subject to interest rate risk which is regularly monitored by management.

Product pricing risk – Product pricing risk pertains to changes in the market pricing of the products produced by the Company. Product production composes substantially all of the Company’s revenues and changes to pricing would have substantial effects on income. The Company actively manages its product pricing risk through the use of binding supply agreements. Management typically structures agreements with set pricing to ensure sustainable margins. Agreements are typically 5 years in length.

Fair value of financial assets and liabilities

The Company’s financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, credit receivables, line of credit, accounts payable, accrued expenses, long-term debts, and other payables. The carrying values of these financial instruments approximate their fair values as of September 30, 2020 and December 31, 2019.

The fair value of the Company’s cash and cash equivalents, restricted cash, accounts receivable, credit receivables, line of credit, accounts payable, accrued expenses and other payables approximate carrying value due to their short-term nature. The Company’s long-term debt approximate fair value due to the instruments discounted at the effective interest rate.

Disclosure of Outstanding Share Data

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

Common shares outstanding	1,502
Fully diluted	1,502

Risks and Uncertainties

The Company has a limited history of existence. The securities of the Company should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities:

Ability to Manage Growth: Recent rapid growth in all areas of SDP's business has placed, and is expected to continue to place, a significant strain on managerial, operational and technical resources. SDP expects operating expenses and staffing levels to increase in the future. To manage such growth, SDP must expand its operational and technical capabilities and manage its employee base while effectively administering multiple relationships with various third parties. There can be no assurance that SDP will be able to manage its expanding operations effectively. Any failure to implement cohesive management and operating systems, to add resources on a cost-effective basis or to properly manage SDP's expansion could have a material adverse effect on its business and results of operations.

Capital Investment: The timing and amount of capital expenditures by SDP will be dependent upon SDP's ability to utilize credit facilities, raise new debt, generate cash from operations, meet working capital requirements and sell additional shares in order to accommodate these items. There can be no assurance that sufficient capital will be available on acceptable terms to SDP for necessary or desirable capital expenditures or that the amount required will be the same as currently estimated. Lack of these funds could limit the future growth of SDP and its subsidiaries and their respective cash flows.

Unproven Market: It is anticipated that the market for SDP's potential products will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including competition from other products and the degree of commercial viability of the potential products.

Failure to Develop Successful New Product Offerings: There can be no assurance that SDP can develop new products that are competitive with other products in the same category, that the products developed by SDP will receive widespread acceptance or that new products will yield favourable margins. Failure to develop and successfully market new products at favourable margins could have a material adverse impact on SDP's business, financial condition, results of operations and the amount of cash available for distribution to shareholders.

Competitive Environment: The industry in which SDP operates is highly competitive. SDP's success depends, in part, on its ability to be efficient in all aspects of the business and achieve the appropriate cost structure. Some of SDP's competitors have economic resources greater than those of SDP and are well established as suppliers to the markets that SDP will serve.

Accordingly, such competitors may have lower cost structures allowing them to better withstand volatility within the industry and throughout the economy as a whole, while retaining significantly greater operating and financial flexibility than SDP. There can be no assurance that SDP will be able to manage costs and achieve efficiencies to allow it to compete successfully against its current or future competitors or that such competition will not have a material adverse effect on SDP's business, financial condition, results of operations and the amount of cash available for distribution to shareholders.

Foreign currency risk: The Company operates in the United States. Accordingly, a portion of its financial resources is held in currencies other than the Canadian dollar. The Company's policy is to manage financial exposure to foreign exchange fluctuations and attempt to neutralize the impact of foreign exchange movements on its operating results where possible.

Dependence upon Management: SDP's operations are dependent on the abilities, experience and efforts of its senior management. There can be no assurance that SDP would be able to find qualified replacements for the individuals who make up its senior management team if their services were no longer available. The loss of services of one or more members of its senior management could adversely affect the business of SDP.

Inability to Implement the Business Strategy: The growth and expansion of SDP's business is heavily dependent upon the successful implementation of SDP's business strategy. There can be no assurance that SDP will be successful in the implementation of its business strategy.

Economic conditions: The Company operates in the United States. Economic weakness can affect the Company's ability to attract new business as quality prospects become limited. Further, the Company's clients and their customers are often adversely affected by economic slowdowns and this can lead to increases in its provision for credit and loan losses.

Issuance of Debt: From time to time, SDP may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase SDP's debt levels above industry standards. The level of SDP's indebtedness from time to time could impair SDP's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Conflicts of Interest: Certain of the directors of SDP are also directors and officers of other companies, some of which may be in the healthcare sector, and conflicts of interest may arise between their duties as directors of SDP and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under the applicable corporate statute.

Credit risk: The Company is in the business of making asset-based loans. Operating results can be adversely affected by large bankruptcies and/or insolvencies.

Requirement for Permits and Licenses in a Highly Regulated Business: SDP will be subject to regulation from both United States federal and state authorities. Regulatory action could disrupt SDP's ability to provide services. Such regulatory action could come in the form of actions based upon SDP's operation. Regulatory action could prevent or delay reimbursement for certain services. There could also be legislative action that could adversely affect SDP's business model, including a decision by the United States government to become the exclusive provider of healthcare services at some time in the future. Conversely, budgetary problems in the United States could lead to reduced funding, substantial modification or elimination of Medicare programs, which would end reimbursement for many patients. There can be no assurance that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the business of SDP. Amendments to current laws and regulations could have a substantial adverse impact on SDP.

Risk of Third Party Claims for Infringement: A third party may claim that SDP has infringed such third party's rights or may challenge the right of SDP to its intellectual property. In such event, SDP will undertake a review to determine what, if any, action should be taken with respect to such claim. Any claim, whether or not with merit, could be time consuming to evaluate, result in costly litigation, cause delays in the operations of SDP or the development of its intellectual property or require SDP to enter into licensing arrangements that may require the payment of a licence fee or royalties to the owner of the intellectual property. Such royalty or licensing arrangements, if required, may not be available on terms acceptable to SDP.

Privacy Legislation: The *Health Insurance Portability and Accountability Act of 1996* ("**HIPAA**") required the United States Department of Health and Human Services to adopt standards to protect the privacy and security of individually identifiable health-related information. The department released regulations containing privacy standards in December 2000 and published revisions to the final regulations in August 2002. The privacy regulations extensively regulate the use and disclosure of individually identifiable health related information. The regulations also provide patients with significant new rights related to the understanding and controlling how their health information is used or disclosed. The security regulations require healthcare providers to implement administrative, physical and technical practices to protect the security of identifiable health information that is maintained or transmitted electronically.

In addition to HIPAA, there are numerous federal and state laws and regulations addressing patient and consumer privacy concerns, including unauthorized access or theft of personal information. State statutes and regulations vary from state to state. Lawsuits, including class actions and action by state attorneys general, directed at companies that have experienced a privacy or security breach can also occur.

SDP believes that the cost of compliance with HIPAA and other federal and state privacy laws will not have a material adverse effect on its business, financial condition, results of operations or cash flows. However, there can be no assurance that a breach of privacy or security will not occur. If there is a breach, SDP may be subject to various penalties and damages and may be required to incur costs to mitigate the impact of the breach on affected individuals.

<u>Strategic Relationships with Third Parties</u>: SDP anticipates that it will continue to depend on the relationships with various third parties, including distributors, independent sales representatives and medical groups.. Identifying, negotiating and documenting relationships with third parties requires significant time and resources. SDP's competitors may be effective in providing incentives to their parties to favour their solutions or may prevent SDP from developing strategic relationships with these parties. In addition, these third parties may not perform as expected under any agreement with them and SDP may have disagreements or disputes with these parties, which could negatively affect SDP's brand and reputation. It is possible that these third parties may not be able to devote the resources that SDP expects from the relationship. If SDP is unsuccessful in establishing or maintaining its relationship with these third parties, SDP's ability to compete in the marketplace or to grow its revenue could be impaired, and operating results would suffer. Even if SDP is successful, these relationships may not result in improved operating results.

<u>Information Technology Systems</u>: SDP's business depends, in part, on the continued and uninterrupted performance of its information technology systems. Sustained system failures or interruptions could disrupt SDP's ability to operate effectively, which in turn could adversely affect its business, results of operations and financial condition. SDP's computer systems may be vulnerable to damage from a variety of sources, including

physical or electronic break-ins, computer viruses and similar disruptive problems. Despite precautions taken and the extensive mitigation strategies put in place by SDP, unanticipated problems affecting the information technology systems could cause interruptions for which SDP's insurance policies may not provide adequate compensation.

General Litigation Risk: Disputes are common in the United States healthcare industry and as such, in the normal course of business, SDP might be involved in various legal actions and proceedings which arise from time to time, some of which may be substantial. There is no assurance that SDP's insurance arrangements will be sufficient to cover any particular claim or claims that may arise in the future. Furthermore, SDP is subject to the risk of claims and legal actions for various commercial and contractual matters in respect of which insurance is not available.

Internal Control over Financial Reporting and Disclosure Controls and Procedures: SDP may face risks if there are deficiencies in its internal controls over financial reporting and disclosure controls and procedures. Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external reporting purposes. Management is responsible for establishing and maintaining adequate internal controls over financial reporting appropriate to the nature and size of SDP. The board of directors is responsible for assessing the progress and sufficiency of internal controls over financial reporting and disclosure controls and procedures and will make adjustments as necessary. However, these initiatives may not be effective at remedying any deficiencies in internal control over financial reporting and disclosure controls and procedures. Any deficiencies, if uncorrected, could result in SDP's financial statements being inaccurate and in future adjustments or restatements of its financial statements, which could adversely affect the price of SDP Shares and SDP's business, financial condition and results of operations.

Political and Economic Instability: The Company may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in medicine and agriculture development or investment policies or shifts in political attitude in certain countries may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people and water use. The effect of these factors cannot be accurately predicted.

History of Operating Losses and Negative Cash Flow:
SDP continues to invest in the infrastructure to support new customers which has incurred small losses since inception and may continue to incur losses and experience negative cash flows. The Company cannot predict if or when it will operate profitably, reliably generate positive cash flows, or be able to implement its business strategy successfully. Pursuit of the business strategy may require SDP to incur significant expenditures for research and product development, marketing, and general administrative activities. As a result, there is a need to continue to grow revenues and gross margins to achieve and sustain profitability and positive operating cash flows, and the Company may need to raise additional capital.

Key Personnel: The Company is dependent upon the continued availability and commitment of its management, whose contributions to immediate and future operations are of significant importance. The loss of any such management could negatively affect the Company's business operations. From time to time, the Company will also need to identify and retain additional skilled management to efficiently operate its business. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance of its ability to attract and retain such personnel. If it is not successful in attracting and training qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

COVID-19: The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

In addition, the current pandemic and associated economic uncertainties could significantly adversely affect the ability of the Company to find and pursue new opportunities to grow its business. The Company's financial condition, liquidity and results of operations have been and will continue to be adversely impacted by these preventative actions and the disruption to our business and that of our suppliers and customers. As we cannot predict the duration or scope of the COVID-19 pandemic, the negative financial impact to our results cannot be reasonably estimated, but could be material.

SCHEDULE "C"
INFORMATION CONCERNING THE RESULTING ISSUER

The following disclosure contains forward-looking statements, including with respect to the Resulting Issuer's business objectives and milestones. Such statements involve known and unknown risks, uncertainties and other factors outside of management's control, including the risk factors set out elsewhere in this Circular that could cause results to differ materially from those described or anticipated in such forward-looking statements. See "Forward-Looking Information".

Summary of Change of Business

See "*Matters to be Acted Upon – Change of Business*".

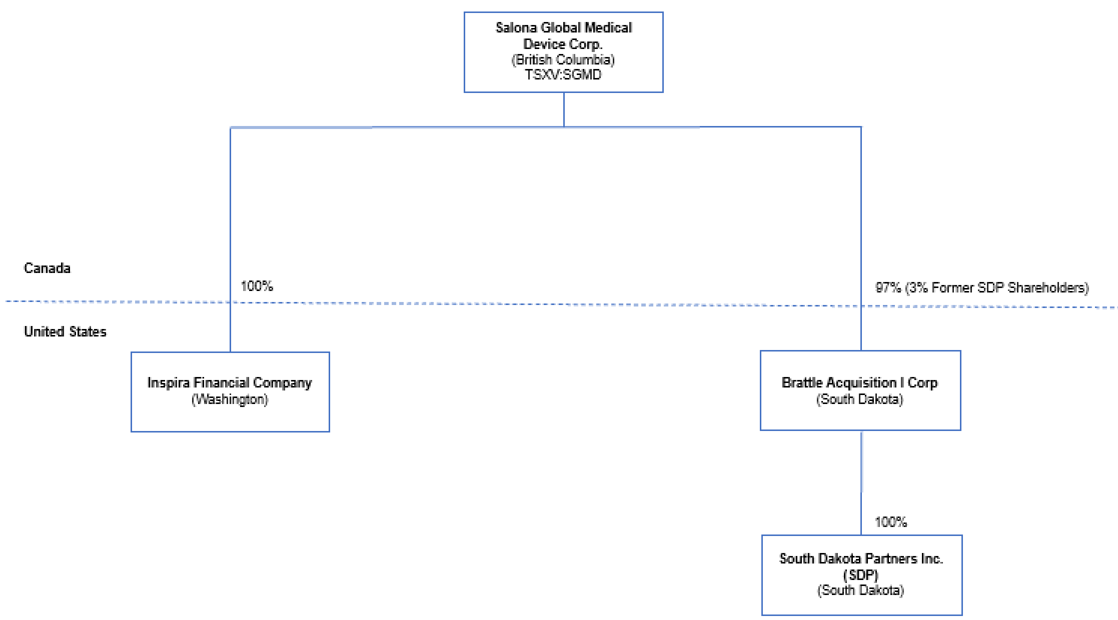
CORPORATE STRUCTURE

Name, Address and Incorporation

The Resulting Issuer will continue to be named "Salona Global Medical Device Corporation" and will continue to be governed by the BCBCA. The Resulting Issuer's registered office will remain located at 2800 Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7 and its head office will remain located at 3330 Caminito Daniella, Del Mar, California, 92014.

Intercorporate Relationships

The following chart illustrates the Resulting Issuer's corporate structure immediately following completion of the Change of Business, together with the governing law of each principal material subsidiary and the percentage of voting securities to be beneficially owned by the Resulting Issuer.



DESCRIPTION OF THE BUSINESS

Business Objectives

The primary objective of the Resulting Issuer is to become a leading supplier, producer and developer of medical device products through both acquisition and organically.

Growth Plan

Following the Change of Business, it is anticipated that the Resulting Issuer's acquisition oriented growth plan will leverage the liquid Canadian capital markets to target smaller US-based private medical device companies offering stock and cash to acquire and integrate into a large, broad-based medical device company.

The post-Closing growth strategy is to increase the Resulting Issuer's revenue and profits and therefore earnings per share by: (a) increasing revenues through international distribution, by seeking to leverage management's existing sales distribution networks in Europe, Australia and other markets to increase sales for each acquired company; (b) increasing the Resulting Issuer's product lines by developing, in-licensing or acquiring new intellectual property protected devices synergistic with the acquisitions; and (c) increasing profits through operational integration in an effort to reduce supply chain risks and increase cash flow and margin.

Acquisition Pipeline

The Resulting Issuer's management team has a deep pipeline of small, privately held, stand-alone and bolt-on medical device companies targeted for acquisition in the highly fragmented global market for injury, surgical prevention, rehabilitation and recovery for the ageing population throughout the continuum of care, which fall into one of three primary categories:

- Private smaller medical device companies struggling with sufficient capitalization and operational expertise to fully realize the value of their intellectual property;

- Niche players that succeed in developing a handful of quality products often turn to larger listed companies who do not allow ownership to participate in the upside of including their device in a larger company; and

- Smaller US listed companies lack liquidity and coverage to offer sufficient upside to vendors

It is expected that the Resulting Issuer will be well positioned to offer acquisition targets upside though stock/cash acquisitions with a liquid TSXV listing.

Advancements in negotiations with several targets in the acquisition pipeline have seemingly reduced the requirement for additional equity capital as a number of medical device targets are owned by investors that indicate a preference for receiving equity of the Resulting Issuer as consideration for the acquisition of the applicable target in lieu of a cash payout, similar to the proposed acquisition structure of SDP by the Corporation. Additionally, to date, discussions are most advanced with targets are that are operationally cash flow positive, which may enhance the ability of the Resulting Issuer to borrow for additional capital needs.

Use of Available Funds

Based on the pro forma financial statements enclosed herewith as Exhibit "F", upon completion of the Change of Business and taking into account the net proceeds raised in accordance with the Concurrent Financing, the Resulting Issuer is expected to have approximately $13,527,755 in initial pro forma working capital.

Based on information available as at November 30, 2020, upon completion of the Change of Business and taking into account the net proceeds raised in accordance with the Concurrent Financing, the Resulting Issuer is expected to have approximately $13,527,755 in initial pro forma working capital.

Based on current projections, the Resulting Issuer's working capital available for funding ongoing operations is expected to meet its expenses for a minimum period of approximately 12 months commencing immediately after the completion of the Change of Business.

Sources	Amount of Funds after the Change of Business, Concurrent Financing and Amalgamation
Estimated working capital of the Resulting Issuer	**$13,527,755**
Less: Estimated Costs in connection with the Concurrent Financing	($**500,000**)
Less: Estimated Costs of the Change of Business[(1)]	($**500,000**)
Less: Estimated Costs of the SEC S-1 Filing[(2)]	($**500,000**)
Estimated funds available to the Resulting Issuer upon Closing of the Change of Business	**$12,027,755**

Note:
(1) Includes TSXV filing fees owing for the Change of Business and estimated legal and audit fees, inclusive of taxes and disbursements.
(2) Includes SEC filing fees owing for the Registration and estimated legal and audit fees, inclusive of taxes and disbursements.

It is the Resulting Issuer's intention to use these funds for a period of 12 months after the Closing of the Change of Business as follows:

Principle Purposes of Available Funds	Amount
Ongoing acquisition operations	$2,000,000
Estimated general, regulatory and administrative costs[(1)]	$750,000
Development of international distribution	$500,000
Unallocated working capital	$8,777,755
Total	**$12,027,755**

Note:
(1) Of the general and administrative costs estimated to be incurred during the 12 months after Closing of the Change of Business, approximately: (a) $340,000 has been allocated for audit, legal and professional fees; (b) $100,000 has been allocated for transfer agent fees; (c) $5,000 per month has been allocated for accounting fees; and (d) $250,000 has been allocated for fees, salaries and/or consulting services (recognizing that any compensation to be paid by the Resulting Issuer has not been determined and is not known at this time.

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. See "*Forward Looking Information*", Schedule "C" under "*Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*" and Risk Factors set out in Exhibit "D" hereto.

Milestones

The Resulting Issuer expects to use its available working capital to finance identified and complementary acquisitions, and for general working capital. The Resulting Issuer's immediate short-term objectives will be to evaluate and acquire additional complementary medical device companies to expand the Resulting Issuer's distribution networks and product lines.

The Resulting Issuer's long-term objectives will be to:

- leverage sales distribution networks in Europe and Australia to expand its distribution channels internationally;
- increase its product lines by developing, in-licensing or acquiring new intellectual property protected devices synergistic with the identified acquisitions;
- increase profits through operational integration in an effort to reduce supply chain risks and increase cash flow and margin.

The principal milestones that must occur for the stated short-term business objectives described above to be accomplished is as follows:

Milestone	Target Date	Cost
Ongoing acquisition operations	Before the First Anniversary of Closing	$**2,000,000**
Development of international distribution channels	Before the First Anniversary of Closing	$**500,000**
Ongoing SEC regulatory filings and development	Before the First Anniversary of Closing	$**750,000**

The above objectives and milestones may change at any time depending on market conditions. See "*Forward Looking Information*" and Risk Factors set out in Exhibit "D" hereto.

Description of the Securities

For a full description of the anticipated rights and restrictions attaching to the Resulting Issuer Shares and the Consideration Shares, see "*Information Concerning the Corporation – Description of the Common Shares*" and "*Information Concerning the Corporation – Description of the Consideration Shares*", respectively, and Exhibit "C" "*Share Provisions*".

Pro Forma Consolidated Capitalization

The following table sets forth the pro forma share capital of the Resulting Issuer, on a consolidated basis, after giving effect to the Change of Business as described in the pro forma financial statements of the Resulting Issuer. See Exhibit " F" for the Pro Forma Financial Statements of the Resulting Issuer.

Designation of Security	Amount authorized	Amount outstanding after giving effect to the Change of Business
Shareholder Equity		
Resulting Issuer Shares(1)	Unlimited	44,540,543
Consideration Shares(2)	Unlimited	Nil

Notes:

(1) As of the date this Circular, the Corporation has 33,813,308 Common Shares issued and outstanding. Upon the completion of the Change of Business, the Resulting Issuer will have issued 44,540,543 Resulting Issuer Shares and no Consideration Shares outstanding,

(2) Following Closing of the Change of Business, up to 19,162,000 Consideration Shares, subject to adjustment in accordance with the Definitive Agreement, may be issued in exchange for the Exchangeable Shares pursuant to the terms of the Contribution Agreement, on the basis of 10 Consideration Shares for every one Exchangeable Share.

As at September 30, 2020, the pro forma balance sheet disclosed accumulated deficit of $30,533,459.

Fully-Diluted Share Capital

In addition to the information set out in the capitalization table above, the following table sets out the diluted share capital of the Resulting Issuer after giving effect to the Change of Business:

	Number and Percentage of Securities After Giving Effect to the Change of Business
Resulting Issuer Shares held by current Shareholders	33,813,308 (47.57%)
Resulting Issuer Shares to be issued to holders of Subscription Receipts	7,869,005 (11.07%)
Resulting Issuer Shares to be issued to holders of Finco Subscription Receipts immediately following the Amalgamation	2,121,232 (2.99%)
Resulting Issuer Shares to be issued in connection with the Shares for Debt Transaction	737,000 (1.04%)
Total Resulting Issuer Shares Outstanding	**44,540,545 (62.67%)**
Reserved for issuance pursuant to Consideration Shares(1)	**19,162,000** (26.96%)
Reserved for issuance pursuant to Resulting Issuer Options(2)(3)4)	**4,129,669** (5.81%)
Reserved for issuance pursuant to Resulting Issuer Warrants issued in exchange for Finco Warrants(5)	2,121,232 (2.99%)
Reserved for issuance pursuant to Salona Compensation Options(6)	**876,231** (1.23%)
Reserved for issuance pursuant to Exchangeable Compensation Options issued in exchange for Finco Compensation Options(7)	**243,675** (0.34%)
Total Resulting Issuer Shares Reserved for Issuance	**26,532,807 (37.33%)**
Total Number of Fully Diluted Securities	**71,073,352 (100.00%)**

Notes:

(1) Assuming 19,162,000 Consideration Shares are issued, being the maximum number of Consideration Shares that may be issued pursuant to the Definitive Agreement.
(2) See "*Options to Purchase Securities*" in this Schedule "C" for the exercise price and expiry date of the Resulting Issuer Options.
(3) 663,300 Resulting Issuer Options are expected to be granted to Luke Faulstick following his appointment as the Chief Operating Officer of the Resulting Issuer at Closing of the Change of Business.
(4) At Closing of the Change of Business, it is anticipated that the Resulting Issuer will grant 1,672,990 Resulting Issuer Options, in addition to those Resulting Issuer Options to be granted to Mr. Faulstick as indicated in Note (2) above.
(5) To be issued in exchange for the Finco Warrants in connection with the Amalgamation. Exercisable at $1.25 per share for a period of 24 months following closing of the Concurrent Finco Financing.
(6) Exercisable at $0.4749 per share for a period of 24 months following closing of the Concurrent Salona Financing.
(7) Exercisable at $0.8548 per share for a period of 24 months following closing of the Concurrent Finco Financing.

Other than as disclosed above, no other securities will be outstanding which are convertible into, or exchangeable for, Resulting Issuer Shares following the completion of the Change of Business.

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

Funds Available

The estimated consolidated working capital of the Resulting Issuer as at December 31, 2020, being the most recent month end prior to giving effect to this Circular, after giving effect to the Change of Business and the Concurrent Financing is $12,05041,422. The Resulting Issuer is expected to use the funds available to it in furtherance of its stated business objectives which are summarized in the table appearing below:

Sources of Funds	Estimated Amount
Estimated working capital of the Resulting Issuer at Closing	**$13,527,755**
Less: Estimated Costs in connection with the Concurrent Financing	**($500,000)**
Less: Estimated Costs of the Change of Business(2)	**($500,000)**
Less: Estimated Costs of the SEC S-1 Filing(3)	**($500,000)**
Estimated funds available to the Resulting Issuer upon Closing of the Change of Business	**$12,027,755**

Note:

(1) Includes TSXV filing fees owing for the Change of Business and estimated legal and audit fees, inclusive of taxes and disbursements.
(2) Includes SEC filing fees owing for the Registration and estimated legal and audit fees, inclusive of taxes and disbursements.

As of the date of this Circular, the Corporation had cash and cash equivalents (on an unaudited basis) of approximately $7,472,817 and a deficit of approximately $28,095,000. Based on current projections, the Resulting Issuer's working capital available for funding ongoing operations is expected to meet its expenses for a minimum period of 18 months commencing immediately after the completion of the Change of Business.

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult, at this time, to definitively project the total funds necessary to effect the planned activities of the Resulting Issuer. The Resulting Issuer may also require additional funds in order to fulfill its expenditure requirements to meet existing and any new business objectives and expects to either issue additional securities or incur debt to do so. There can be no assurance that additional funding required by the Resulting Issuer will be available, if required. For these reasons, management of the Resulting Issuer considers it to be in the best interests of the Resulting Issuer and its Shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates and are based on the information available to the Resulting Issuer as of the date of this Circular. See "*Forward Looking Information*" and the Risk Factors set out in Exhibit "D" hereto.

Based on current projections, the Resulting Issuer's working capital available for funding ongoing operations is expected to meet its expenses for a minimum period of 18 months commencing immediately after the completion of the Change of Business.

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult, at this time, to definitively project the total funds necessary to effect the planned activities of the Resulting Issuer. For these reasons, management of the Resulting Issuer considers it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates. See "*Forward-Looking Information*".

Principal Purposes of Funds

Upon completion of the Change of Business, the Resulting Issuer expects to have approximately $12,027,755 available for the principal purposes of supporting acquisitions activities, capital expenditures and general corporate purposes. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve its objectives. The Resulting Issuer may also require additional funds in order to fulfill its expenditure requirements to meet existing and any new business objectives and expects to either issue additional securities or incur debt to do so. There can be no assurance that additional funding required by the Resulting Issuer will be available, if required. It is anticipated that the available funds will be sufficient to satisfy the Resulting Issuer's objectives for the forthcoming 18-month period.

The following table sets out the principal purposes, using approximate amounts, for which the Resulting Issuer currently intends to use the estimated funds available to the Resulting Issuer upon Completion of the Change of Business in the 18 months following. The amounts shown in the table below are estimates only and are based on the information available to the Resulting Issuer as of the date of this Circular.

Expected Funds Available to the Resulting Issuer(1)	$13,527,555 (2)
Costs associated with the Change of Business	$(500,000)
Costs associated with the Concurrent Financing	$(500,000)
Costs associated with the SEC S-1 Registration	$(500,000)
General, Regulatory and Administrative Expenses	$(1,125,000)
Acquisitions	$(2,000,000)
Development of International Distribution	$(750,000)
Excess Funds Available to the Resulting Issuer for General Working Capital	**$8,152,755**

Note:
(1) The Resulting Issuer expects to have positive cash from operations over the next 18 months to contribute to funding its ongoing operations.
(2) This figure does not include proceeds that may be available to the Resulting Issuer through exercise of Resulting Issuer Options.

The Resulting Issuer intends to spend the funds available to it upon completion of the Change of Business to further its stated business objectives as set forth in the table above. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Resulting Issuer to achieve its stated business objectives.

Dividends

The Resulting Issuer does not currently intend to declare any dividends payable to the holders of the Resulting Issuer Shares. The Resulting Issuer has no restrictions on paying dividends, but if the Resulting Issuer generates earnings in the foreseeable future, it expects that they will be retained to finance growth, if any. The Resulting Issuer Board will determine if and when dividends should be declared and paid in the future based upon the Resulting Issuer's financial position at the relevant time. All of the Resulting Issuer Shares will be entitled to an equal share in any dividends declared and paid.

PRINCIPAL SECURITYHOLDERS

To the knowledge of the Corporation's directors and senior officers, upon completion of the Change of Business, there is no Person anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over, Resulting Issuer Shares carrying more than 10% of all voting rights attached to the outstanding Resulting Issuer Shares.

DIRECTORS AND EXECUTIVE OFFICERS

Directors: Leslie Cross (Chairman), Jane Kiernan (Vice-Chairwoman) (ind), Dr. Ken Kashkin (ind), Kyle Wilks (ind).

Officers: Leslie Cross (Interim Chief Executive Officer), Kyle Appleby (Interim Chief Financial Officer), Luke Faulstick (Chief Operating Officer).

The following table sets out the name, municipality and province of residence, proposed position with the Resulting Issuer, current principal occupation, period during which served as a director or officer, and the number and percentage of Resulting Issuer Shares which will be beneficially owned, directly or indirectly, or over which control or direction is proposed to be exercised, by each of the Resulting Issuer's directors and officers following completion of the Change of Business.

Name, Position and Municipality of Residence	Principal Occupation for Previous Five Years	Date Appointed as Director	Number and Percentage of Securities Beneficially Owned, Controlled or Directed, Directly or Indirectly(1)(2)
***Leslie Cross**, Chairman of the Board, Interim Chief Executive Officer and Corporate Secretary* (3)(4) Del Mar, California	Consultant and director for private companies in the medical device space. Chairman of the Board of Alphatec Spine Inc. (NASDAQ:ATEC) from 2011 to 2017.	September 16, 2020	737,000 Resulting Issuer Shares(7)(8) 1.65%
***Jane Kiernan**, Vice Chairwoman of the Board*(3)(6) Chicago, Illinois	CEO and non-voting director of Salter Labs, a private, mid-cap global medical device company. Co-founder of K2Biotechnology Ventures, a startup, focused on partnering with University and Academic Medical Centers to finance and progress their internal discoveries, innovation and startup companies to drive innovative products to patient care and generate a return for investors.	September 16, 2020	Nil N/A
***Dr. Ken Kashkin**, Director*(3)(5) Sparta, New Jersey	CEO Catholic Health Initiatives Institute for Research and Innovation, COO Chromocell Corporation, Founder/Chairman K2 Biotechnology Ventures	September 16, 2020	Nil N/A
***Kyle Wilks**, Director*(4)(5)(6) Huntington Beach, California	Senior Manager, Rare Disease Therapies Division, Shire.	September 16, 2020	Nil N/A
***Kyle Appleby**, Interim Chief Financial Officer* Toronto, Ontario	President and Chief Executive Officer of CFO Advantage, Inc. and CFO of several reporting issuers	N/A	Nil N/A
***Luke Faulstick**, Chief Operating Officer* Clear Lake, South Dakota	President and Chief Executive Officer of SDP.	N/A	Nil(9) N/A

Notes:

(1) The information as to the Municipality of residence, principal occupation and Resulting Issuer Shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective directors or officers individually as of January 26, 2021.

(2) Based on 44,540,543 Resulting Issuer Shares being outstanding on completion of the Change of Business.

(3) Member of the Audit Committee.

(4) Member of the Compensation Committee.

(5) Member of the CG&N Committee

(6) Member of the F&A Committee.

(7) Assuming approval by Shareholders of the Shares for Debt Transaction at the Meeting and the issuance of 737,000 Resulting Issuer Shares to Mr. Cross pursuant to the Debt Conversion Agreement.

(8) Upon completion of the transactions contemplated by the Definitive Agreement and Closing of the Definitive Agreement, Mr. Cross will be issued 84,200 Exchangeable Shares in consideration for such SDP Shares held by it, which Exchangeable Shares will be exchangeable into Consideration Shares on the basis of 10 Consideration Shares for each Exchangeable Share, all in accordance with the terms of the Contribution Agreement, which Consideration Shares may be further converted into Resulting Issuer Shares from time to time in accordance with their terms.

(9) Upon completion of the transactions contemplated by the Definitive Agreement and Closing of the Definitive Agreement, GAP Partners Inc., an entity in which Mr. Faulstick has a 50% interest, will be issued 1,148,189 Exchangeable Shares in consideration for such SDP Shares held by it, which Exchangeable Shares will be exchangeable into Consideration Shares on the basis of 10 Consideration Shares for each Exchangeable Share, all in accordance with the terms of the Contribution Agreement, which Consideration Shares may be further converted into Resulting Issuer Shares from time to time in accordance with their terms.

Upon the completion of the Change of Business, it is anticipated that the directors and officers of the Resulting Issuer as a group will beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 737,000 Resulting Issuer Shares, representing 1.65% of the issued and outstanding Resulting Issuer Shares (on an undiluted basis). Each director's term of office will expire at the next annual meeting of the Shareholders unless re-elected at such meeting.

See Schedule "A" "*Information Concerning The Corporation - Directors And Executive Officers*" for additional biographic information about the directors and officers of the Resulting Issuer.

As of the date hereof, the SDP Board consists of two directors, being Luke Faulstick and Steve Hollis. It is anticipated that the composition of the SDP Board will remain unchanged following completion of the Change of Business.

Management

None of the proposed management of the Resulting Issuer has entered into a non-competition or non-disclosure agreement with the Corporation, SDP or the Resulting Issuer, other than Luke Faulstick who has entered into a non-competition agreement in connection with his continued employment with SDP following completion of the Change of Business. All of the executive officers of the Resulting Issuer upon completion of the Change of Business are expected to independent contractors of the Resulting Issuer, except for Leslie Cross, who is an employee of the Corporation. The following sets out details respecting the proposed management and directors of the Resulting Issuer:

Leslie Cross - Age: 70 - Chairman of the Board, Interim Chief Executive Officer and Corporate Secretary

Mr. Cross is currently the interim Chief Executive Officer and Corporate Secretary of the Corporation and Chairman of the Board. Mr. Cross is the former President and Chief Executive Officer of DJO Global, Inc. (NYSE:DJO), a manufacturer and worldwide distributor of electrotherapy products for pain therapy and rehabilitation, clinical devices for the treatment of patients in physical therapy clinics, knee, hip and shoulder implant products, and orthopedic rehabilitation products, including rigid knee bracing, orthopedic soft goods, cold therapy systems, vascular systems and bone growth stimulation devices. Mr. Cross is also the former chairman of the board of directors and former Chief Executive Officer of Alphatec Spine Inc. (NASDAQ:ATEC), a medical device company that provides physician-inspired solutions for patients with spinal disorders. Mr. Cross is also on the board of directors of Prosomnus Sleep Technologies, providing sleep apnea solutions to dental practices in the United States and Canada. Mr. Cross will devote such time as is required in connection with the management of the Resulting Issuer.

Jane Kiernan - Age: 59 - Vice Chairwoman of the Board

From 2001 through to 2010, Ms. Kiernan held executive and general management positions with Baxter Healthcare Corporation. Prior to 2001, Ms. Kiernan held senior level roles in finance and operations for Allegiance Healthcare. Ms. Kiernan started her professional career with American Hospital Supply. In 2010, Ms. Kiernan was appointed as a board member and as the Chief Executive Officer and President of Salter Labs, a manufacturer of specialty respiratory, airway management and anesthesia single-use, disposable products for hospitals, home, and other patient-care facilities. Since then, Ms. Kiernan joined the board of directors of Axonics Modulation Technologies, Inc. (NASDAQ: AXNX), which is based in Irvine, California, and is focused on the development and commercialization of a novel implantable SNM system for patients with urinary and bowel dysfunction. In 2006, Ms. Kiernan was selected to serve on the board of directors of American Medical Systems, a Minneapolis-based medical device company. Ms. Kiernan is a co-founder of K2 Biotechnology Ventures, engaged in developing and commercializing portfolios of university and medical center innovations in partnership with venture capital, health care corporations and philanthropic health care foundation partners. As a director of the Resulting Issuer, Ms. Kiernan will devote his time to the Resulting Issuer on an as needed basis.

Dr. Ken Kashkin - Age:70 - Director

Kenneth Kashkin. M.D. trained and served on the faculties of the University of California, Los Angeles (UCLA) and Yale University Schools of Medicine followed by a career as a healthcare business senior executive and biotechnology investor. Dr. Kashkin, a recognized leader in the financing and management of research, development and commercialization organizations, has led divisions of Bayer, Abbott, Knoll/BASF Pharma, Ferring, and Baxter, and was the former chief executive officer and president of Catholic Health Initiatives Institute for Research and Innovation. Dr. Kashkin has led management teams at several biotech companies, including Nova, Genaissance, and Chromocell. In addition, Dr. Kashkin co-founded K2 Biotechnology Ventures, engaged in developing and commercializing portfolios of university and medical center innovations in partnership with venture capital, health care corporations and philanthropic health care foundation partners. As a director of the Resulting Issuer, Dr. Kashkin will devote his time to the Resulting Issuer on an as needed basis.

Kyle Wilks - Age: 44 - Director

Mr. Kyle L. Wilks graduated from the United States Naval Academy, Annapolis, MD with a Bachelor's of Science Degree in Mathematics. Mr. Wilks spent seven years as a naval officer with multiple combat tours, eventually ending his time in uniform as a professor of leadership and naval science at the U.S. Naval Academy. Post military, Mr. Wilks worked as an Executive Director for a private equity group focusing on mid-market healthcare companies prior to his senior manager roles within Baxter and Shire. At Baxter he headed numerous fractionation divisions and eventual oversaw the manufacturing of numerous plasma-derived rare disease therapies at Shire. As a director of the Resulting Issuer, Mr. Wilks will devote his time to the Resulting Issuer on an as needed basis.

Kyle Appleby - Age 46 - Interim Chief Financial Officer

Mr. Appleby, CPA, CA, is a graduate of York University and the Founder and Chief Executive of CFO Advantage Inc., a company that provides chief financial officer, and other financial accounting, reporting and compliance services to companies in various industries including healthcare, technology, junior mining, cannabis, agriculture, manufacturing and distribution. Mr. Appleby is currently the financial officer and director of a number of other reporting issuers, and is a member in good standing of the Chartered Professional Accountants of Canada and Ontario. Mr. Appleby lives in Toronto, Canada.

Luke Faulstick - Age 57- Chief Operating Officer of the Resulting Issuer and President, Chief Executive Officer and Director of SDP

Mr. Faulstick, the current President, Chief Executive Officer and a director of SDP. Following completion of the Change of Business, Mr. Faulstick is anticipated to be appointed as the Chief Operating Officer of the Resulting Issuer and continue in his management and board role with SDP. Mr. Faulstick studied at both Michigan State University and Rochester Institute of Technology and currently serves as the Chief Executive Officer of SDP. In his executive career, Mr. Faulstick has held leadership positions at DJO Global Inc. (EVP/COO); Tyco Healthcare (General Manager); Graphic Controls (General Manager); Mitsubishi Consumer Electronics (Plant Manager); and Eastman Kodak. He previously served on the boards of Alphatec Spine (NASDAQ:ATEC) and Orthofix (NASDAQ:OFIX).

Steve Hollis - Age 57 - *Director of SDP*
Mr. Hollis studied at Southern Technical college, Kennesaw State College and University and Georgia College and State University. In his executive career, Mr. Hollis has held leadership positions at Georgia-Pacific (Sales and Plant Manager); Change Partners, LLC(Principal); Power Partners, Inc. (CEO/EVP/Chairman); Precision Partners, LLC (Sole Manager) and Gap Partners, Inc. (Chairman/President). He previously served and/or is currently serving on the Boards of Athens Technical College, Jeannette Rankin Foundation, Next Generation Manufacturing, United Way of Northeast Georgia, Great Promise Partnership and Global Samaritans.

Penalties or Sanctions

To the knowledge of the Corporation no director nor officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, is, or within 10 years before the date of this Circular, has been, a director or officer of any other issuer that, while that person was acting in that capacity, has:

(i) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

(ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Cease Trade Orders or Bankruptcies

Other than as set out below, to the knowledge of the Corporation, no director nor officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, is, or within 10 years before the date of this Circular, has been, a director or officer of any other issuer that, while that person was acting in that capacity:

(i) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days;

(ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the Corporation being the subject of a cease trade or similar order or an order that denied the relevant Corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days;

(iii) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(iv) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Ms. Kiernan was appointed to the board of directors of Endologix, Inc. effective March 12, 2020. Endologix Inc.'s common stock ceased trading on Nasdaq and all other mediums. On August 11, 2020, Nasdaq filed a Form 25 (Notification of Removal from Listing and/or Registration under Section 12(b) of the U.S. Exchange Act) with the Securities and Exchange Commission striking Endologix, Inc.'s common stock from listing. On September 16, 2020, the United States Bankruptcy Court for the Northern District of Texas entered an order confirming the *Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* Docket No. 390 of Endologix, Inc. and certain of its affiliates thereof. On October 1, 2020, the plan became effective in accordance with its terms and Endologix, Inc. and certain of its affiliates emerged from Chapter 11 protection, at which time all agreements, instruments and other documents evidencing any equity interest of Endologix Inc., including outstanding shares of then existing equity interests, and any rights of any holders thereof were deemed canceled, discharged and of no further force or effect.

Mr. Appleby, was a director of Captor Capital on August 6, 2019, on which date the Ontario Securities Commission issued a failure-to-file cease trade order against Captor Capital, ordering that all trading in the securities of Captor Capital cease until the company filed (i) its audited annual financial statements for the financial year ended March 31, 2019, (ii) its management's discussion and analysis for the financial year ended March 31, 2019, and (iii) the certification of the foregoing filings as required by Applicable Securities Laws. The failure-to-file cease trade order against Captor Capital was revoked in full on November 6, 2019.

Mr. Appleby was also the Chief Financial Officer of Tantalex on August 19, 2020, on which date the Ontario Securities Commission issued a failure-to-file cease trade order against Tantalex, ordering that all trading in the securities of Tantalex cease until the company filed (i) its audited annual financial statements for the financial year ended February 29, 2020, (ii) its management's discussion and analysis for the financial year ended February 29, 2020, and (iii) the certification of the foregoing filings as required by Applicable Securities Laws. The failure-to-file cease trade order against Tantalex was revoked in full on November 13, 2020.

Personal Bankruptcies

Excluding those listed below, no director nor officer of the Corporation, nor a shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, or a personal holding Corporation of any such persons, has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

In February 2011, Kyle Wilks sought relief under Chapter 7 of the Bankruptcy Code given financial business hardships incurred by him as a result of the collapse of housing prices and the demand for rental properties, such as those in which Mr. Wilks then had an interest, following the 2008 recession. In June, 2011, Mr. Wilks emerged from Chapter 7 bankruptcy and, as of the date hereof, is in good standing with any and all of his creditors, as applicable.

Conflicts of Interest

There are potential conflicts of interest to which the directors and executive officers of the Corporation may be subject in connection with the operations of the Corporation. In particular, certain of the directors and executive officers may be involved in managerial or director positions with issuers or businesses whose operations may, from time to time, be in direct competition with those of the Corporation or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of the Corporation.

Leslie Cross, who did not join the Board until after the negotiation, approval and execution of the Definitive Agreement, owns 4.4% of the shares of SDP. He is not an officer or director of SDP, and will comply with all rules regarding conflicts in connection with decisions to close the transactions contemplated thereby. Notwithstanding the foregoing, any Common Shares held by Mr. Cross will not be voted in respect of the Change of Business Resolution.

GAP Partners, Inc., the majority shareholder of SDP, continues to be the majority shareholder of StampSource, LLC. SDP may continue to order products from StampSource LLC. The Definitive Agreement provides that any such purchases will be made at or below market prices. The Resulting Issuer intends to have independent parties review any such transactions, and report to the Audit Committee of the Board.

Following Closing of the Change of Business, a determination must be made about the final number of Consideration Shares that the SDP Sellers will receive in exchange for the Exchangeable Shares, which number will depend upon the financial performance of SDP during the Measurement Period. Leslie Cross will not participate in the decision regarding the adjustment to the number of Consideration Shares to be issued, the calculation of financial performance of SDP during the Measurement Period, or any dispute between SDP and the Resulting Issuer regarding such determinations required to be made pursuant to the Definitive Agreement.

Conflicts, if any, will be subject to the procedures and remedies available under the BCBCA. The BCBCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the BCBCA.

Other Reporting Issuer Experience

The following table sets out the directors and officers of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name of other Reporting Issuer	Position	To - From (Date)
Jane Kiernan	Endologix Inc. (NASDAQ:ELGXQ	Director	March 2020 – September 2020
	Axonics Modulation Technologies Inc. (NASDAQ:AXNX)	Director	April 2019 – Present
Leslie Cross	Alphatec Spine Inc. (NASDAQ:ATEC)	Chairman of the Board of Directors	August 2011 – June 2017
Kyle Appleby	Red Light Holland Corp. (CSE:TRIP)	CFO	May 2020 – Present
	Tarku Resources Ltd (TSXV: TKU)	Director and CFO	September 2020 – Present
	GBLT Corp. (TSXV: GBLT)	CFO	June 2020 – Present
	Tantalex Resources Corporation (CSE:TTX)	CFO	March 2015 - Present
	DigiCrypts Blockchain Solutions Inc. (CSE:DIGI)	CFO	December 2019 - Present
	Spacefy Inc. (CSE:SPFY)	CFO	March 2018 – Present
	Cadillac Ventures Inc. (TSXV:CDC)	CFO	July 2018 – Present
	Intrinsic4D Inc. (TSXV: MUST)	CFO	June 2015 – June 2019
	Bee Vectoring Technologies (TSXV:BEE)	CFO	June 2015 – Present
	Renforth Resources Inc. (CSE:RFR)	CFO	February 2007 – Present
	Xylitol Canada Inc. (TSXV:XYL)	CFO	November 2014 – May 2018
	Mercom Oilsands PLC (AIM:MMO)	CFO	April 2012 – December 2016
	Prospect Park Capital Corp (TSXV:PPK)	CFO	October 2014 – Present
	Epcylon Technologies Inc. (OTC:PRFC)	CFO	February 2014 – May 2016
	Captor Capital Corp. (TSXV:GAME)	Director	July 2014 – Present
	Nuinsco Resources Limited (OTC: NWIFF)	CFO	May 2015 – Present
	Adya Inc. (TSXV:ADYA)	CFO	November 2016 – Present
	Hut 8 Mining Corp. (TSXV:HUT)	CFO	October 2019 - November 2020
	Nurcapital Corp (TSXV:NCL.H)	CFO	September 2019 – Present
	URU Metals Limited (AIM:URU)	Director	March 2018 – Present
	Quantgate Systems (OTC:QGSI)	CFO	August 2020 - Present
	Empower Clinics Inc. (CNSX: CBDT)	CFO	October 2020 - Present

EXECUTIVE COMPENSATION

Executive Compensation

As of the date of this Circular, and other than as disclosed below and under *"Options to Purchase Securities"*, the anticipated compensation for each of the Resulting Issuer's three most highly compensated executive officers, in addition to the proposed Chief Executive Officer and Chief Financial Officer for the 12 month period after giving effect to the Change of Business is not known.

SDP has entered into an employment letter with Luke Faulstick, who is expected to serve as Chief Operating Officer of the Resulting Issuer upon completion of the Change of Business, to outline his continued at-will employment with SDP following the

Change of Business, which employment letter provides that Mr. Faulstick will receive an annual salary of US$200,000, which may be increased, in his discretion, to an amount not exceeding $US300,000 at any time during the 12 month period immediately following Closing.

Option Based Awards

The Resulting Issuer has not currently decided to grant any share-based awards or option-based awards to its Named Executive Officers and/or directors upon completion of the Change of Business, except 663,300 Resulting Issuer Options to be granted to Luke Faulstick following his appointment as the Chief Operating Officer of the Resulting Issuer upon completion of the Change of Business. However, the Resulting Issuer may decide to grant option-based awards to its officers during the 12 month period following completion of the Change of Business. Details of such grants will be announced by the Resulting Issuer in the event such a determination is made.

A copy of the 2015 Option Plan is available under the Corporation's profile on SEDAR at www.sedar.com. A copy of the proposed 2021 Option Plan is attached hereto as Exhibit "D".

Pension Plan Benefits

The Resulting Issuer does not plan to have a pension plan, defined benefit plan, defined contribution plan or deferred compensation plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

Termination of Employment, Change in Responsibilities and Employment Contracts

Except as set forth in this Circular, the Resulting Issuer does not expect to have any employment or consulting agreements with any Named Executive Officers upon completion of the Change of Business. The Resulting Issuer may enter into employment or consulting agreements with any Named Executive Officers in the 12 months following completion of the Change of Business, which agreements may agreements may include terms with respect to: (a) the resignation, retirement or other termination of employment of the Named Executive Officer; (b) a change in control of the Resulting Issuer; or (c) a change in the Named Executive Officer's responsibilities following a change in control of the Resulting Issuer.

Mr. Faulstick's employment agreement with the Corporation provides that, in the event Mr. Faulstick is terminated without "cause", he will be entitled to a termination payment in the amount of US$75,000.

Directors Compensation

The Resulting Issuer may compensate directors by paying fees for their services, however, the amounts of such fees will be determined in the discretion of the Board of the Resulting Issuer following completion of the Change of Business.

It is also expected that the Resulting Issuer will grant stock options to directors in recognition of the time and effort that such directors devote to the Resulting Issuer. The timing, amounts, exercise price of these future option-based awards are not yet determined.

Pension Plan Benefits for Directors

The Resulting Issuer does not plan to have a pension plan, defined benefit plan, defined contribution plan or deferred compensation plan that provides for payments or benefits to the directors, other than Named Executive Officers, at, following, or in connection with retirement.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No individual who: (a) is a director or officer of the Resulting Issuer; (b) at any time during the most recently completed financial year of the Corporation, was a director or officer of the Corporation; or (c) is an associate of any of the foregoing, is either: (i) indebted to the Corporation or any of its subsidiaries; or (ii) indebted to another entity with such indebtedness being the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

DIRECTOR AND OFFICER INSURANCE

Effective upon completion of the Change of Business, the Resulting Issuer anticipates carrying a directors' and officers' liability insurance policy, which provides US$1,000,000 The retention is US$1,000,000. The aggregate premium paid for the coverage was US$120,000.

INVESTOR RELATIONS ARRANGEMENTS

No written or oral agreement has been reached with any person to provide promotional or investor relations activities for the Resulting Issuer.

OPTIONS TO PURCHASE SECURITIES

There are 2,793,379 Options that are outstanding as of the date of this Circular. On completion of the Change of Business, the following Resulting Issuer Options will be outstanding:

Group / Other Optionee	Expiry Date	Number of Options	Exercise Price
Randy Berholtz	09/16/2021	337,851	$0.19
	09/16/2021	229,206	$0.19
Jaime Gerber	06/08/2021	44,220	$0.69
	09/23/2024	56,309	$0.19
Michael Dalsin	05/28/2025	442,200	$0.27
	08/18/2030	313,225	$0.19
Roger Greene	05/28/2025	442,200	$0.27
	08/18/2030	294,800	$0.19
Luke Faulstick(1)	At Closing of the Change of Business.	663,300	The closing price of the Resulting Issuer Shares on the TSXV on the fifth trading day after resumption of trading of the Resulting Issuer Shares on the TSXV following Closing of the Change of Business.
Leslie Cross(2)	At Closing of the Change of Business.	921,250	$0.855
Jane Kiernan(2)	At Closing of the Change of Business.	228,470	$0.855
Ken Kashkin(2)	At Closing of the Change of Business.	228,470	$0.855
Kyle Wilks(2)	At Closing of the Change of Business.	294,800	$0.855
Employees	05/28/2025	73,700	$0.27
	08/18/2030	73,700	$0.19
	02/27/2022	25,247	$0.45
	At Closing of the Change of Business.	250,000(3)	$0.855
Consultants	03/28/2024	5,102	$2.12
	06/30/2021	343,934	$0.41
	06/30/2021	171,966	$0.41
TOTAL			5,439,950

Note:

(1) 663,300 Resulting Issuer Options are expected to be granted to Luke Faulstick following his appointment as the Chief Operating Officer of the Resulting Issuer at Closing of the Change of Business.

(2) 1,672,990 Resulting Issuer Options in the aggregate are expected to be granted to each of Leslie Cross, Jane Kiernan, Ken Sashkin and Kyle Wilks at Closing of the Change of Business.

(3) 250,000 Resulting Issuer Options in the aggregate are expected to be granted to an employee of the Corporation at Closing of the Change of Business.

The Resulting Issuer reserves the right to grant Resulting Issuer Options to directors, officers, employees consultants and charities subsequent to completion of the Change of Business, with the exercise price and amount to be determined by the Board.

There are no assurances that the Resulting Issuer Options described above will be exercised in whole or in part.

There are no options outstanding or being granted to insiders other than as detailed above.

Stock Option Plan

Following the Closing, subject to approval of the Shareholders at the Meeting and approval of the TSXV, 2021 Option Plan will replace the 2015 Option Plan. See *"Matters to be Acted Upon at Meeting - 2021 Option Plan"* and Schedule "A" "*Information Concerning the Corporation - Stock Option Plan*" for a description of the 2021 Option Plan.

ESCROWED SECURITIES

Pursuant to the Resulting Issuer Escrow Agreements, 12,218,890 Resulting Issuer Shares will be subject to escrow pursuant to the Resulting Issuer Escrow Agreements, with Computershare Trust Company of Canada as escrow agent.

The following table lists the names of the Persons who will hold Resulting Issuer Escrow Shares or securities convertible into Resulting Issuer Shares following the completion of the Change of Business and the Shares for Debt Transaction, as applicable, which shares will be subject to Surplus Escrow (as that term is defined in the policies of the TSXV).

Number of Securities Held in Escrow (Percentage of Class)					
		Resulting Issuer Shares Prior to Giving Effect to the Change of Business(1)		Resulting Issuer Shares After Giving Effect to the Change of Business	
Name and Municipality of Residence of Securityholder	Designation of Class	Number of Securities Held in Escrow	Percentage of Class (on a Partially Diluted Basis)	Number of Securities Held in Escrow	Percentage of Class (on a Partially Diluted Basis)
Gap Partners Inc.	Common Shares	Nil	N/A	Nil(2)	N/A
Leslie Cross	Common Shares	737,000(3)	2.18%(4)	737,000	1.65%(5)

Notes:

(1) None of the securities held by these individuals are presently subject to escrow.
(2) GAP Partners Inc. holds 900 SDP Shares. Upon completion of the transactions contemplated by the Definitive Agreement and Closing of the Definitive Agreement, GAP Partners Inc., an entity equally owned by Mr. Faulstick and Mr. Hollis, will be issued 1,148,189 Exchangeable Shares in consideration for such SDP Shares held by it, which Exchangeable Shares will be exchangeable into Consideration Shares in accordance with the terms of the Contribution Agreement for up to 11,481,890 Consideration Shares, which Consideration Shares may be further converted into Resulting Issuer Shares from time to time in accordance with their terms, subject to the Beneficial Ownership Limitation. Any Resulting Issuer Shares ultimately issued on conversion of the Consideration Shares held by Gap Partners Inc. will be subject to the Surplus Escrow.
(3) Subject to approval by Shareholders of the Shares for Debt Transaction at the Meeting.
(4) Assuming 33,813,308 Common Shares outstanding immediately prior to completion of the Change of Business.
(5) Assuming 44,540,543 Resulting Issuer Shares outstanding upon completion of the Change of Business.

The schedule of release of the Resulting Issuer Escrow Shares that are Tier 1 - Surplus Securities (as that term is defined in the policies of the TSXV) is as follows:

Release Dates	Percentage of Total Tier 1 - Resulting Issuer Escrow Shares to be Released
at the time of the Final TSXV Bulletin	10%
6 months after the Final TSXV Bulletin	20%
12 months after the Final TSXV Bulletin	30%
18 months after the Final TSXV Bulletin	40%

Transfer of Resulting Issuer Escrow Shares

Where shares subject to escrow are to be held by a company or trust, such company or trust will be required to agree not to carry out, while its shares are in escrow, any transaction that would result in the change of control of the Resulting Issuer. Any such company will be required to further undertake to the TSXV that, to the extent reasonably possible, it will not permit or authorize any issuance or transfer of securities which could reasonably result in a change of control of the Resulting Issuer.

All holders of Resulting Issuer Escrow Shares must obtain TSXV consent to transfer such shares, other than in specified circumstances set out in the Resulting Issuer Escrow Agreements.

Pooling Arrangements

There are no Resulting Issuer Shares are subject to a pooling arrangement.

SEED SHARE RESALE RESTRICTIONS

The Seed Share Resale Restrictions ("**SSRRs**") are TSXV hold periods of various lengths which apply where Seed Shares (as defined in TSXV Policy 5.4) are issued by private companies in connection with an initial public offering, reverse takeover, change of business or qualifying transaction.

The following are covered by SSRRs:

		Prior to giving effect to the Concurrent Financing and Change of Business		After to giving effect to the Concurrent Financing and Change of Business		
Security holders	**Designation of class**	**Number of Common Shares held in SSRR**	**Percentage of Class**	**Number of Resulting Issuer Shares to be held in SSRR**	**Percentage of class of Resulting Issuer Shares**	**Applicable SSRR Resale Rule**
Subscribers under Concurrent Salona Financing	Subscription Receipts	Nil	Nil	7,869,005	17.67%(1)	4 month hold with 20 % released each month with first release on closing of the Change of Business
Registered dealers in connection with the Concurrent Salona Financing	Salona Compensation Options	Nil	Nil	Nil(2)	Nil	4 month hold with 20 % released each month with first release on closing of the Change of Business

Notes:
(1) Assuming 44,540,543 Resulting Issuer Shares outstanding upon completion of the Change of Business.
(2) On the Escrow Release Date, the Resulting Issuer will issue 876,231 Salona Compensation Options, each of which shall be exercisable to purchase one Resulting Issuer Shares at a price of $0.4749 per share for a period of 24 months from the closing of the Concurrent Salona Financing.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Auditor

Upon Completion of the Change of Business, it is intended that the Resulting Issuer's auditors will continue to be SRCO Professional Corporation, Chartered Professional Accountants, Park Place Corporate Centre, 15 Wertheim Court, Suite 409, Richmond Hill, Ontario L4B 3H7.

Transfer Agent and Registrar

Upon completion of the Change of Business, it is intended that the transfer agent and registrar for the Resulting Issuer will be Computershare Trust Company of Canada, 3rd Floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9.

GENERAL MATTERS

Sponsorship

Pursuant to Policy 2.2 of the TSXV, sponsorship is generally required in conjunction with a Change of Business. The Corporation has applied for and obtained a waiver from the sponsorship requirement.

Experts

The following is a list of Persons whose profession or business gives authority to a statement made by a Person named in this Circular as having prepared or certified a part of that document or report described in the Circular:

(a) SRCO Professional Corporation, Chartered Accountant, the auditor of the Corporation and SDP; and
(b) DNTW Toronto LLP, the former auditor of the Corporation.

Interest of Experts

To the knowledge of management of the Corporation, as of the date hereof, no expert, nor any Associate or Affiliate of such Person has any beneficial interest, direct or indirect, in the securities or property of the Corporation. Each of SRCO Professional Corporation and DNTW Toronto LLP reports that it is, or was at the time it was the auditor of the Corporation, as applicable, independent of the Corporation in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario.
No person, or a director, officer or employee of a Person referred to in the preceding paragraph is or is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer or of any associate or affiliate of the Resulting Issuer.

Other Material Facts

To management's knowledge, there are no other material facts relating to the Change of Business that are not otherwise disclosed in this Circular or are necessary for the Circular to contain full, true and plain disclosure of all material facts relating to the Change of Business.

Board Approval

The Board has approved the contents of this Circular.

SCHEDULE "D"
RISK FACTORS

The following are certain factors relating to the business of the Corporation and Resulting Issuer assuming Completion of the Change of Business, which factors investors should carefully consider when making an investment decision concerning the Shares. These risks and uncertainties are not the only ones facing the Resulting Issuer. Additional risks and uncertainties not presently known to the Corporation, or that the Corporation currently deems immaterial, may also impair the operations of the Resulting Issuer. If any such risks actually occur, the financial condition, liquidity and results of operations of the Resulting Issuer could be materially adversely affected and the ability of the Resulting Issuer to implement its growth plans could be adversely affected.

An investment in the Resulting Issuer is speculative. An investment in the Resulting Issuer will be subject to certain material risks and investors should not invest in securities of the Resulting Issuer unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the business of the Resulting Issuer.

Risks Relating to the Business

Proposed Change of Business Not Approved

There can be no assurance that the Change of Business will be accepted by the TSXV. There can be no assurance that all the necessary approvals, including the approval of the majority of the Shareholders, will be obtained. If the Change of Business is not accepted by the TSXV and the Change of Business does not complete, the Corporation will continue to search for other opportunities; however, it will have incurred significant costs associated with the proposed Change of Business.

Limited Business History

The likelihood of success of the Resulting Issuer must be considered in light of the problems, expenses, difficulties, complication and delays frequently encountered in connection with the establishment of any business. The Resulting Issuer has limited financial resources and there is no assurance that additional funding will be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Resulting Issuer can generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its business plans.

Health Epidemics and Other Outbreaks of Communicable Diseases

In December 2019, a novel strain of the coronavirus (COVID-19) emerged in China and the virus has spread and infections have been reported globally. The extent to which the coronavirus impacts the ability of the Corporation to obtain the necessary third party approvals, including the approval by the Shareholders, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak.

The current coronavirus (COVID-19) global health pandemic is significantly impacting the global economy and commodity and financial markets. The full extent and impact of the coronavirus (COVID-19) pandemic is unknown and to date has included extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices and has raised the prospect of an extended global recession. The current coronavirus (COVID-19) outbreak could potentially disrupt the Resulting Issuer's supply chain, or interfere with normal business operations due to the loss of employee availability. The broader impact of coronavirus (COVID-19) pandemic on investors, businesses, the global economy or financial and commodity markets may also have a material adverse impact on the Corporation's results of operations, financial conditions and the trading price of the Corporation's securities.

Capital Requirements and Liquidity

Additional funds for the establishment of the Resulting Issuer's proposed business and growth plans may be required. No assurances can be given that the Resulting Issuer will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. To meet such funding requirements, the Resulting Issuer may be required to undertake additional equity financing, which would be dilutive to Shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Resulting Issuer or at all. If the Resulting Issuer is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and pursue only activities or acquire targets that can be funded through cash flows generated from its existing operations, if any.

Regulatory, Permit and License Requirements

Upon completion of the Change of Business, the Resulting Issuer will be operating in an industry that is subject to extensive federal and state regulation. Failure to comply with applicable regulations, could result in severe criminal or civil sanctions or require the Resulting Issuer to make significant changes to the Resulting Issuer's operations that could adversely affect its business, financial condition and operating results.

The Resulting Issuer's operations will also be subject to state laws governing, among other things, distribution of medical equipment and certain types of health activities, and the Resulting Issuer may be required to obtain and maintain licenses in each state to act as an equipment supplier. Additionally, accreditation is required by many payors. If the Resulting Issuer fails to obtain or maintain any required accreditation, it could have an impact on the Resulting Issuer's business.

Regulatory Burdens

Increasing regulatory burdens, including premarketing approval delays, may result in significant loss of revenue, unpredictable costs and loss of management focus on developing and marketing products that improve the quality of healthcare. Medical device companies are increasingly burdened with bureaucratic and underqualified regulator demands that are not reasonably related to assuring the safety or effectiveness of the devices that they provide. Premarketing submission administrative burdens, and substantial "user fees" or notified body review fees, represent a significant non-clinical and/or non-scientific barrier to new product introduction, resulting in lack of investment or delays to revenues from new or improved devices. The risks associated with such circumstances relate not only to substantial out-of-pocket costs, including potential litigation, but also loss of business and a diversion of attention of key employees for an extended period of time from managing their normal responsibilities, particularly in new product development and routine quality assurance activities.

Healthcare Reform Legislation

Healthcare reform laws significantly affect the US healthcare services industry. In recent years, many legislative proposals have been introduced or proposed in Congress and in some state legislatures that would affect major changes in the healthcare system, either nationally or at the state level. The ultimate content, timing or effect of any healthcare reform legislation and the impact of potential legislation on the Resulting Issuer is uncertain and difficult, if not impossible, to predict. That impact may be material to the Resulting Issuer's business, financial condition or results of operations.

Legislative or executive order healthcare reform in the United States, particularly as suggested by leading candidates in a presidential election year, have the potential to render the US medical device marketplace unpredictable. A fully government-run healthcare system might expand demand for healthcare services to new uninsured populations, but may also reduce or eliminate healthcare consumer choice as well as commercial incentives for innovation. Although SDP does not collect revenue by billing insurance providers, changes in reimbursement by public or private insurance could reduce the profitability of providing physical therapy services, and indirectly decrease demand for products produced by SDP or other acquisition targets.

Competition

The healthcare and medical device industry is highly competitive and dynamic and may become more competitive as new players enter the market. Certain competitors will be subsidiaries or divisions of larger, much better capitalized companies. Certain competitors will have vertically integrated production and services sectors of the market. The Resulting Issuer may have less capital and may encounter greater operational challenges in serving the market.

Better capitalized competitors may be able to borrow money or raise debt to purchase equipment more easily than the Resulting Issuer. Potential competitors could have significantly greater financial, research and development, production, and sales and marketing resources than the Resulting Issuer have and could utilize their greater resources to acquire or develop new technologies or products that could effectively compete with those of the Resulting Issuer. Additionally, demand for the Resulting Issuer's products could be diminished by equivalent or superior products developed by competitors.

Competing in these markets could result in price-cutting, reduced profit margins and loss of market share, any of which would harm the Resulting Issuer's business, financial condition and results of operations. The Resulting Issuer's ability to compete effectively depends upon its ability to distinguish the Resulting Issuer from its competitors and their products, on such factors as safety and effectiveness, product pricing, compelling clinical data and quality of customer support.

Ability to Identify and Complete Acquisitions

The Resulting Issuer may or may not successfully identify and complete corporate transactions on favorable terms or achieve anticipated synergies relating to any acquisitions, and such acquisitions could result in unforeseen operating difficulties and expenditures, or require significant management resources and significant charges.

As a part of the anticipated growth strategy of the Resulting Issuer, it will be regularly exploring potential acquisitions of complementary businesses, technologies, services or products. The Resulting Issuer may be unable to find suitable acquisition candidates. Even if the Resulting Issuer identifies appropriate acquisition candidates, it may be unable to complete the acquisitions on favorable terms, if at all, as a result of changes in tax laws, regulations, financial market, or other economic or market conditions. Acquisition activities can be thwarted by overtures from competitors for the targeted candidates, government regulation and replacement product developments within the industry in which the Resulting Issuer is expected to operate. Competition may intensify due to the ongoing consolidation in the healthcare industry, which may increase the Resulting Issuer's acquisition costs. In addition, the process of integrating an acquired business, technology, service or product into existing operations could result in unforeseen difficulties and expenditures. Integrating completed acquisitions into existing operations involves numerous short-term and long-term risks, including diversion of management's attention, failure to retain key personnel, long-term value of acquired intangible assets and acquisition expenses. In addition, the Resulting Issuer may be required to comply with laws, rules and regulations that may differ from those of the states in which its operations will be conducted upon completion of the Change of Business. Moreover, the Resulting Issuer may not realize the anticipated financial or other benefits of an acquisition.

Future acquisitions could also involve the issuance of equity securities, the incurrence of debt, contingent liabilities or amortization of expenses related to other intangible assets, any of which could adversely impact the Resulting Issuer's financial condition or results of operations. The issuance of shares for an acquisition may result in dilution to the Resulting Issuer's shareholders and, depending on the number of shares that may be issued, the resale of such shares could affect the trading price of the Resulting Issuer Shares. In addition, equity or debt financing required for such acquisitions may not be available.

Any corporate transaction will be accompanied by certain risks including but not limited to: exposure to unknown liabilities of acquired companies and the unknown issues with any associated technologies or research; certain acquired businesses may have business models with lower operating margins, which could affect the Resulting Issuer's overall operating results in future periods; higher than anticipated acquisition costs and expenses; the difficulty and expense of integrating operations, systems, and personnel of acquired companies; disruption of ongoing business; uncertainty that an acquired business will continue to maintain its pre-acquisition revenue and growth rates, or be profitable; inability to retain key customers, vendors, and other business partners of the acquired company; diversion of management's time and attention; the realization of financial and operating risks not fully anticipated; and potential challenges under antitrust laws, either before or after an acquisition is consummated, which could involve substantial legal costs and result in the Resulting Issuer having to abandon the transaction or make a divestiture.

The Resulting Issuer may not be able to successfully overcome these risks and other problems associated with acquisitions and this may adversely affect the Resulting Issuer's business, financial condition or results of operations.

Ability to Achieve Growth Strategy

The Resulting Issuer may have difficulty identifying or acquiring suitable acquisition targets and in achieving organic growth, which is a significant aspect of the proposed business model of the Resulting Issuer. In the event that the Resulting Issuer is successful in consummating acquisitions in the future, such acquisitions may negatively impact its business, financial condition, results of operations, cash flows and prospects due to a variety of factors, including the acquired company's business not achieving the anticipated revenue, earnings or cash flows, assumption of liabilities or risks beyond the Resulting Issuer's estimates or the diversion of the attention of management from its then existing business. If the Resulting Issuer is unable to continue to grow or manage its growth for any of these reasons, it may be unable to achieve its proposed expansion strategy, which could adversely impact its earnings, revenue and profits.

International Expansion

A component of the Resulting Issuer's proposed growth strategy is to expand its operations and sales internationally. There can be no assurance that the Resulting Issuer will be able to identify any targets in foreign jurisdictions, successfully market, distribute, sell and deliver its products in foreign markets, or otherwise be able to successfully expand its international sales. New trade or tariff policies and geopolitical tensions and disputes could make international markets less accessible or profitable. Compliance with various regulations and laws of foreign nations may be costly, and require scale to be financially attractive. Global operations could cause the Resulting Issuer to be subject to unexpected, uncontrollable and rapidly changing risks, events and circumstances.

Ability to Manage Growth

The success of the Resulting Issuer's business strategy depends, in part, on its ability to expand its operations in the future. Its anticipated growth strategy is expected to place demands on management, operational and financial information systems, and other resources. Expansion of the Resulting Issuer's operations may require substantial financial resources and management attention. To accommodate anticipated future growth, and to compete effectively, the Resulting Issuer may need to improve its management, implement operational and financial information systems, and expand, train, manage, and motivate its workforce. The Resulting Issuer's personnel, systems, procedures, or controls may not be adequate to support its operations in the future. Further, focusing financial resources and diverting management's attention to the expansion of its operations may negatively impact the Resulting Issuer's financial results. Any failure to improve the Resulting Issuer's management, to implement operational and financial information systems, or expand, train, manage, or motivate its workforce, as required, may reduce or prevent its growth plans.

Dependence on Key Distributors

The Resulting Issuer's reliance on third party distributors in some markets may result in less predictable revenues. Distributors may have varying expertise in marketing and selling specialty medical devices and may also sell other devices that could result in less focus on the Resulting Issuer's products.

Dependence on Key Customers, Markets and Products

Following completion of the Change of Business, the Resulting Issuer is expected to produce a limited number of products and have a concentration of orders from key customers, primarily in the U.S. market, from which it is expected to derive a substantial portion of its revenue. The Richmar Supply Agreement contributed 13% of SDP's total revenue in 2019, and the DJO Supply Agreement contributed 75% of SDP's total revenue in 2019 and 92% of its total revenue in 2018. Each of these Supply Agreements may be terminated by either party from time to time. Customers may cancel or choose not to renew their contracts. Changes in economic conditions could influence future actions of SDP's partners or other customers. To the extent that any significant agreement or agreements with SDP's customers are canceled, including, without limitation, either Supply Agreement, or are not renewed or replaced with other arrangements having at least as favorable terms, the Resulting Issuer's business, financial condition and results of operations could be materially adversely affected. The Resulting Issuer seeks to expand its product offerings, increase the number of customers and expand its markets, but there is no assurance that this plan will succeed.

Changes in Economic Conditions

Immediately following completion of the Change of Business, the Resulting Issuer's business is expected to be concentrated in the U.S. market. Changes in the economic conditions in the U.S. may have a substantial impact on the Resulting Issuer's financial performance, business, financial condition or results of operations.

Failure to Successfully Market Products and Services

The Resulting Issuer may not be successful in marketing its products and services. In order to sustain and increase revenues, the Resulting Issuer's products and services must achieve a significant degree of market acceptance. If the Resulting Issuer is unable to promote, market and sell its products and services or secure relationships with customers, the Resulting Issuer's business, financial condition and results of operations would be materially adversely affected.

Levels of market acceptance for products and services could be impacted by several factors, many of which are not within the Resulting Issuer's control, including but not limited to: safety, efficacy, convenience and cost-effectiveness of its products and services; scope of approved uses and marketing approval; difficulty in, or excessive costs to, manufacturing; infringement or alleged infringement of the patents or intellectual property rights of others; maintenance of business arrangements with healthcare providers; availability of alternative products or services from competitors; and acceptance of the price of products and services.

If the Resulting Issuer's competitors are able to develop and market products that are preferred over those offered by the Resulting Issuer, are able to grow service businesses that are preferred over its services or other businesses preferred over other products and services that may be developed, the Resulting Issuer may not be able to generate sufficient revenues to continue its operations.

The Resulting Issuer may not be able to contend successfully with competitors. The medical device industry is highly competitive and subject to significant and rapid technological changes as new technologies, services and treatments are developed.

Failure to Keep Pace with Technological Changes

The market for some of the Resulting Issuer's products may be characterized by rapid change and technological improvements. Failure to respond in a timely and cost-effective way to these technological developments could result in serious harm to the Resulting Issuer's business and operating results. SDP has derived, and it is expected that the Resulting Issuer will continue to derive, a substantial portion of revenues from the development and sale of products in the medical device industry. As a result, the Resulting Issuer's success will depend, in part, on its ability to develop and market product offerings that respond in a timely manner to the technological advances of its competitors, evolving industry standards and changing patient preferences. There is no assurance that the Resulting Issuer will keep up with technological improvements.

Operations through Subsidiaries

Upon completion of the Change of Business, it is expected that the Resulting Issuer will conduct its operations through its subsidiaries. Therefore, to the extent of these holdings, the Resulting Issuer (directly and indirectly) will be dependent on the cash flows of these subsidiaries to meet its obligations. The ability of such subsidiaries to make payments to their parent companies may be constrained by a variety of factors, including, the level of taxation, particularly corporate profits and withholding taxes, in the jurisdiction in which each subsidiary operates, and the introduction of exchange controls or repatriation restrictions or the availability of hard currency to be repatriated.

Reliance on Management and Dependence on Key Personnel

The success of the Resulting Issuer will be largely dependent upon the performance of its directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Resulting Issuer's business and prospects. The Resulting Issuer will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Resulting Issuer can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Resulting Issuer and its prospects.

Conflicts of Interest

Certain of the directors and officers of the Resulting Issuer will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers may become subject to conflicts of interest. GAP Partners, Inc., the majority shareholder of SDP, continues to be the majority shareholder of StampSource, LLC. SDP may continue to order products from StampSource LLC. The Definitive Agreement provides that any such purchases will be made at or below market prices. The Resulting Issuer intends to have independent parties review any such transactions, and report to the Audit Committee of the Board.

The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to an issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Constraints on Control of SDP

Luke Faulstick and Steve Hollis, the current members of the SDP Board, have made Personal Guarantees in respect of certain of SDP's obligations, which the Corporation, through Brattle Acqurieco, will be required to use commercially reasonable efforts to have released pursuant to the Definitive Agreement. The Corporation, through Brattle Acquireco, has agreed that it will vote to elect each of Mr. Faulstick and Mr. Hollis as the sole members of the SDP Board until the earlier of: (i) the termination of the Personal Guarantees; (ii) the acceptance by SDP of financial assistance from the Corporation or any affiliate thereof; and (iii) the termination of Mr. Faulstick's employment with SDP for "cause" or by reason of his death, disability or incapacity, in which case Mr. Hollis shall be elected as the sole director until such time as his resignation, death, disability or incapacity. While the Corporation is currently exploring its options to have the Personal Guarantees released, there is no guarantee that such efforts will be successful or the Personal Guarantees will be released. Failure to discharge the Personal Guarantees will place limitations on the Corporation's control over SDP and the SDP Board.

Litigation

The Resulting Issuer and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit. The Resulting Issuer's devices may be used in inherently risky situations to help physicians achieve a more positive outcome than what might otherwise be the case. In any lawsuit where an individual plaintiff suffered permanent physical injury, the possibility of a large award for damages exists whether or not a causal relationship exists.

Maintaining Insurance Coverage

The marketing and sale of medical device products creates an inherent risk of claims for product liability. As a result, the Resulting Issuer will carry product liability insurance that it considers adequate to protect it from claims. There can be no assurance that the Resulting Issuer will have resources sufficient to satisfy liability claims in excess of policy limits if required to do so. Also, if the Resulting Issuer is subject to such liability claims, there is no assurance that its insurance provider will continue to insure the Resulting Issuer or that its insurance rates will not substantially rise, resulting in increased costs to the Resulting Issuer or forcing it to either pay higher premiums or reduce its coverage amounts, which would result in increased liability to claims.

Intellectual Property Rights

It is anticipated that the Resulting Issuer's trademarks, trade secrets and other intellectual property will be an integral component of its success. Effective trademark, trade secret and intellectual property protection may not be available to the Resulting Issuer in every jurisdiction in which its products may be available. In addition, if any third-party confidentiality agreements in favour of the Resulting Issuer are breached, there may not be an adequate remedy available to it. If the Resulting Issuer's trade secrets become publicly known, it may cause the Resulting Issuer to lose competitive advantages.

Infringement

Other companies, including the Resulting Issuer's competitors, may obtain patents or other proprietary rights that would limit, interfere with, or otherwise circumscribe the Resulting Issuer's ability to make, use, or sell products. Should there be a successful claim of infringement against the Resulting Issuer and if the Resulting Issuer could not license the alleged infringed technology at a reasonable cost, the Resulting Issuer's business and operating results could be adversely affected. There has been substantial litigation regarding patent and other intellectual property rights in the medical device industry. The validity and breadth of claims covered in medical technology patents involve complex legal and factual questions for which important legal principles remain unresolved. Any litigation claims against the Resulting Issuer, independent of their validity, may result in substantial costs and the diversion of resources with no assurance of success.

Product Recalls

The Resulting Issuer's products may be subject to recall even after receiving FDA or foreign clearance or approval, which would harm its reputation and business. The FDA and similar governmental authorities in other countries have the authority to require the recall of medical device products in the event of material deficiencies or defects in design or manufacturing. A government mandated or voluntary recall by the Resulting Issuer could occur as a result of component failures, manufacturing errors or design defects, including defects in labeling. Any recall would divert managerial and financial resources and could harm the Resulting Issuer's reputation with customers. There can be no assurance that the Resulting Issuer will not have product recalls in the future or that such recalls would not have a material adverse effect on its business.

Privacy and Security Matters

Increased sophistication and activities of perpetrators of cyber-attacks have resulted in an increase in information security risks in recent years. Hackers develop and deploy viruses, worms, and other malicious software programs that attack products and services and gain access to networks and data centers. If the Resulting Issuer were to experience difficulties maintaining existing systems or implementing new systems, it could incur significant losses due to disruptions in its operations. Additionally, these systems may contain valuable proprietary and confidential information and personal customer data. A security breach could result in disruptions of the Resulting Issuer's internal systems and business applications, harm to its competitive position from the compromise of confidential business information, or subject it to liability under laws that protect personal data. As cyber threats continue to evolve, the Resulting Issuer may be required to expend additional resources to continue to enhance its information security measures and/or to investigate and remediate any information security vulnerabilities. Any of these consequences would adversely affect the Resulting Issuer's revenue and margins.

Antitrust Laws

The U.S. healthcare industry is subject to close antitrust scrutiny. In recent years, U.S. regulatory authorities have taken increasing steps to review and, in some cases, take enforcement action against business conduct and acquisitions in the healthcare industry. Violations of antitrust laws may be punishable by substantial penalties including treble damages, significant monetary fines, civil penalties, criminal sanctions, and consent decrees and injunctions prohibiting certain activities or requiring divestiture or discontinuance of business operations. Any of these penalties could have material adverse effects on the Resulting Issuer's business' financial condition and results of operations.

Debt Instruments and Restrictive Covenants

SDP is subject to various restrictive covenants and events of default under the Business Loan Agreements, including payment of interest and principal when due.

If there is an event of default under any of the Business Loan Agreements, the principal amount owing thereunder, plus accrued and unpaid interest, may be declared immediately due and payable. If such an event occurs, it could have a material negative impact on SDP financially as well as the Resulting Issuer. Any extended default under the Business Loan Agreements, could result in the loss of SDP's entire business and, correspondingly, that of the Resulting Issuer.

In addition, the Business Loan Agreements include various conditions and covenants that require SDP to obtain consents prior to carrying out certain activities and entering into certain transactions. The inability to meet these conditions and covenants or obtain lenders' consent to carry out restricted activities could materially and adversely affect the business and results of operations of SDP and the Resulting Issuer.

Risks Relating to the Common Shares and Resulting Issuer Shares

Financing Risks and Dilution to Shareholders

It is anticipated that Resulting Issuer may have significant ongoing capital expenditure requirements. If the Resulting Issuer is unable to obtain necessary capital on favorable terms or at all, it may not be able to execute on its proposed business plans and its business, financial condition, results of operations, cash flows and prospects may be adversely affected.

The development of the Resulting Issuer's business (including acquisitions) may require additional financing, which may involve high transaction costs, dilution to Shareholders, high interest rates or unfavorable terms and conditions. Failure to obtain sufficient financing may result in the delay or indefinite postponement of the Resulting Issuer's business plans and its business, financial condition, results of operations and prospects may be adversely affected. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Resulting Issuer.

Dividends

Because there is no near term plans for the Resulting Issuer to pay cash dividends on the Resulting Issuer Shares, investors must look solely to share appreciation for a return on their investment. It is anticipated that the Resulting Issuer will retain all available funds and any future earnings for use in the operation and expansion of its business and there is no expectation that the Resulting Issuer will declare or pay any cash dividends on the Resulting Issuer Shares in the near term. Any future determination as to the declaration and payment of cash dividends will be at the discretion of the Board and will depend on then existing conditions, including the Resulting Issuer's financial condition, results of operations, contractual restrictions, capital requirements, business prospects, and other factors that the Board considers relevant. Accordingly, investors will only see a return on their investment if the value of the Resulting Issuer Shares appreciates.

Certain holders of Common Shares may be subject to withholding on dividends paid to them, because the Corporation is treated as inverted under Section 7874 of the U.S. Internal Revenue Code of 1986, as amended, and therefore, treated as a U.S. corporation for U.S. federal income tax purposes. Shareholders should consult with their own tax advisors for the specific treatment of ownership of, dividend payments with respect to and disposition of the Common Shares.

Loss of Foreign Private Issuer Status

As of March 1, 2020, the Corporation ceased to meet the definition of a "foreign private issuer" set out in Rule 405 of the U.S. Securities Act. As a result, equity securities of the Corporation will be deemed to be "restricted securities" as such term is defined in Rule 144 of the U.S. Securities Act. Any such securities issued by the Corporation must be registered with the SEC or be issued on an exempt basis and carry resale restrictions. As a result of the loss of foreign private issuer status, the Corporation intends to file a registration statement in the United States on Form S-1 to register securities issued in connection with the Concurrent Financing and related financings. This will result in the Corporation becoming subject to SEC rules and regulations regarding disclosure and will require the Corporation to file Forms 10-K, 10-Q and 8-K on a periodic basis. These obligations significant financial and management resources. The Corporation will also become subject to liability under the U.S. Securities Act and Securities Exchange Act of 1934, as amended. Liability under these acts can lead to monetary fines, limitations on future financings and, if imposed, may impede the Corporation's ability to finance its business.

Limitations on Resale of Securities Pursuant to Rule 144

Since the Corporation was at one time a "junior capital pool company" as defined in the policies of the former Alberta Stock Exchange (a predecessor stock exchange of the TSXV), it was formerly a "shell company" as defined in Rule 405 under the U.S. Securities Act – that is, a company with no or nominal operations, and no or nominal assets (other than cash or/or cash equivalents and/or other nominal assets) (a "**Shell Company**"). Consequently, by operation of Rule 144(i) under the U.S. Securities Act, holders of Common Shares or Resulting Issuer Shares, as applicable, that are subject to any U.S. resale restrictions will not be permitted to rely upon Rule 144 under the U.S. Securities Act to resell such securities in the United States except in strict compliance with the following requirements (as set forth in certain administrative no-action relief granted by the United States Securities and Exchange Commission, all of which must be met at the time of the resale transaction, the Corporation or Resulting Issuer, as applicable, must: (a) continue to be organized under the laws of a Canadian jurisdiction; (b) never again become a Shell Company at any time before the resale transaction; (c) continue to be a "reporting issuer" under the laws of at least one Canadian province and continue to file its continuous disclosure documents on SEDAR; (d) have filed on SEDAR all reports and other materials required to be filed by it during the preceding 12 months; (e) have filed an Annual Information Form, prepared in accordance with Canadian Securities Laws, on SEDAR during the preceding 16 months; and (f) have filed on SEDAR at least one year prior to the resale transaction: (i) an Annual Information Form prepared in accordance with Canadian securities laws; (ii) audited annual financial statements, prepared in accordance with IFRS as issued by the IASB; (iii) Management's Discussion and Analysis relating to its audited annual financial statements, prepared in compliance with Canadian securities laws; and (iv) a Management Information Circular/Proxy Statement prepared by it in connection with an annual or special meeting of its shareholders.

CERTIFICATE OF SALONA GLOBAL MEDICAL DEVICE CORPORATION

Date: January 26, 2021

The foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities of Salona Global Medical Device Corporation assuming completion of the Change of Business.

(signed) "*Leslie Cross*"
Leslie Cross
Interim Chief Executive Officer

(signed) "*Kyle Appleby*"
Kyle Appleby
Interim Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF SALONA GLOBAL MEDICAL DEVICE CORPORATION

(signed) "*Jane Kiernan*"
Jane Kiernan

(signed) "*Kyle Wilks*"
Kyle Wilks

CERTIFICATE OF SOUTH DAKOTA PARTNERS, INC.

Date: January 26, 2021

The foregoing document as it relates to South Dakota Partners, Inc. constitutes full, true and plain disclosure of all material facts relating to the securities of South Dakota Partners, Inc.

(signed) "*Luke Faulstick*"
Luke Faulstick
President and Chief Executive Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF SOUTH DAKOTA PARTNERS, INC.

(signed) "*Luke Faulstick*"
Luke Faulstick

(signed) "*Steve Hollis*"
Steve Hollis

ACKNOWLEDGEMENT - PERSONAL INFORMATION

"**Personal Information**" means any information about an identifiable individual, and includes information contained in any Items in the attached filing statement/information circular that are analogous to Items 4.2, 11, 13.1, 16, 18.2, 19.2, 24, 25, 27, 32.3, 33, 34, 35, 36, 37, 38, 39, 41 and 42 of TSXV Form 3B1/3B2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by the undersigned to the TSXV (as defined in Appendix 6B) pursuant to TSXV Form 3B1/3B2; and

(b) the collection, use and disclosure of Personal Information by the TSXV for the purposes described in Appendix 6B or as otherwise identified by the TSXV, from time to time.

Date: January 26, 2021

SALONA GLOBAL MEDICAL DEVICE CORPORATION

(signed) "*Leslie Cross*"
Leslie Cross
Interim Chief Executive Officer

EXHIBIT "A"
MNP LLP REPORTING PACKAGE

See attached.

INSPIRA FINANCIAL INC.

NOTICE OF CHANGE OF AUDITOR

Inspira Financial Inc. (the "**Corporation**") hereby provides notice pursuant to National Instrument 51-102 - *Continuous Disclosure Obligations* ("**NI 51-102**"), the change of auditor from MNP LLP, Chartered Accountants, to DNTW Toronto LLP.

On the recommendation of its Audit Committee, the Board of Directors of the Corporation decided to replace the auditor of the Corporation, MNP LLP, with DNTW Toronto LLP. The Corporation will ask that the shareholders of the Corporation to ratify the appointment of DNTW Toronto LLP at the next annual meeting of the shareholders of the Corporation.

MNP LLP did not have any reservations in the auditor's reports for the relevant period (as defined in NI 51-102), and in the Corporation's opinion there have been no reportable events (as defined in NI 51-102) on any of the Corporation's financial statements relating to the relevant period.

Dated as of this 4th day of February, 2019.

INSPIRA FINANCIAL INC.

Per: signed "*Rodrigo Mera*"
Rodrigo Mera
Chief Financial Officer

March 12, 2019

Ontario Securities Commission
British Columbia Securities Commission
Alberta Securities Commission

Dear Sirs/Mesdames

Re: Notice of Change of Auditor (the "Notice") – Inspira Financial Inc.

We have read the Notice dated February 4, 2019 from Inspira Financial Inc., delivered to us in accordance with National Instrument 51-102 and, based on our knowledge of the information at this time, we agree with each statement contained in the Notice.

Yours truly,

Chartered Professional Accountants
Licensed Public Accountants

DNTW Toronto LLP
Chartered Professional Accountants
Licensed Public Accountants

45 Sheppard Avenue East, Suite 703
Toronto, ON M2N 5W9
main 416 924-4900
fax 416 924-9377
www.dntwtoronto.com

February 11, 2019

Alberta Securities Commission
British Columbia Securities Commission
Ontario Securities Commission

Dear Sirs/Mesdames:

Re: Notice of Change of Auditor of Inspira Financial Inc. (the "Corporation")

We acknowledge receipt of a Notice of Change of Auditor (the "Notice") dated February 7, 2019 delivered to us by the Corporation in respect of the change of auditor of the Coproration.

Pursuant to National Instrument 51-102 — *Continuous Disclosure Obligations* of the Canadian Securities Administrators, please accept this letter as confirmation that we have reviewed the Notice and, based on our knowledge as the time of receipt of the Notice, we agree with each of the statements therein.

Yours truly,

DNTW Toronto LLP

Chartered Professional Accountants
Licensed Public Accountants

EXHIBIT "B"
DNTW TORONTO LLP REPORTING PACKAGE

See attached.

BRATTLE STREET INVESTMENT CORP.

NOTICE OF CHANGE OF AUDITOR

Brattle Street Investment Corp. (the "**Corporation**") hereby provides notice pursuant to National Instrument 51-102 - *Continuous Disclosure Obligations* ("**NI 51-102**"), the change of auditor from DNTW Toronto LLP, to SRCO Professional Corporation, Chartered Accountant.

On the recommendation of its Audit Committee, the Board of Directors of the Corporation decided to replace the auditor of the Corporation, DNTW Toronto LLP, with SRCO Professional Corporation, Chartered Accountant. The Corporation will ask that the shareholders of the Corporation to ratify the appointment of SRCO Professional Corporation, Chartered Accountant at the next annual meeting of the shareholders of the Corporation.

DNTW Toronto LLP did not have any reservations in the auditor's reports for the relevant period (as defined in NI 51-102), and in the Corporation's opinion there have been no reportable events (as defined in NI 51-102) on any of the Corporation's financial statements relating to the relevant period.

Dated as of this 29th day of October, 2020.

BRATTLE STREET INVESTMENT CORP.

Per: signed "*Leslie Cross*"
Leslie Cross
Chief Executive Officer

DNTW Toronto LLP
Chartered Professional Accountants
Licensed Public Accountants

45 Sheppard Avenue East, Suite 703
Toronto, ON M2N 5W9
main 416 924-4900
fax 416 924-9377
www.dntwtoronto.com

October 30, 2020

To: Alberta Securities Commission
British Columbia Securities Commission
Ontario Securities Commission

Dear Sirs/Mesdames:

Re: Notice of Change of Auditor of Brattle Street Investment Corp.

We have reviewed the information contained in the Change of Auditor Notice of Brattle Street Investment Corp. dated October 29, 2020 (the "Notice"), delivered to us pursuant to National Instrument 51-102 — *Continuous Disclosure Obligations*.

Based on our knowledge as of the date hereof, we agree with the statements contained in the Notice, as they pertain to our firm.

Yours very truly,

DNTW Toronto LLP

Chartered Professional Accountants
Licensed Public Accountants

SRCO Professional Corporation
Chartered Professional Accountants
Licensed Public Accountants
Park Place Corporate Centre
15 Wertheim Court, Suite 409
Richmond Hill, ON L4B 3H7
Tel: 905 882 9500 & 416 671 7292
Fax: 905 882 9580
Email: info@srco.ca
www.srco.ca

October 30, 2020

British Columbia Securities Commission
701 West Georgia Street
P.O. Box 10142, Pacific Centre, 12th Floor
Vancouver, BC V7Y 1L2 (Fax: 1-416-593-8122)

Alberta Securities Commission
250 – 5th St. SW, 5th Floor
Calgary, AB T2P 0R4 (Fax: 1-403-297-6156)

Ontario Securities Commission
20 Queen Street West
20th Floor, Toronto ON M5H 3S8 (Fax: 1-416-593-8122)

Dear Sirs,

Re: Brattle Street Investment Corp. (the "Company") Notice of Change of Auditor

Please be advised that, in connection with National Instrument 51-102, a copy of the Notice of Change of Auditor (the "Notice") dated October 29, 2020 in respect of the above captioned change of auditor has been delivered to us. We have reviewed the Notice and, based on our knowledge at this time, we hereby notify to the Commissions that:

1. We agree with the statement that on the recommendation of the Audit Committee, the Company engaged SRCO Professional Corporation (the "Successor Auditor") as the auditor.

2. We agree with the statement that the Predecessor Auditor did not have any reservation in their auditor's reports for the consolidated financial statements of the Company for the most recently completed fiscal year or for any subsequent period thereto for which an audit report was issued and preceding the termination of the Predecessor Auditor.

3. In respect of the Company's opinion that there have been no reportable events within the most recently completed fiscal year or for any period subsequent thereto for which an audit report was issued we hereby state as follows:

   - We agree with the statement that there have been no consultations as defined by National Instrument 51-102.
   - We have no basis to agree or disagree with the statement that there have been no disagreements or unresolved issues as defined by National Instrument 51-102.

Yours very truly,

SRCO Professional Corporation

CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario

cc: Brattle Street Investment Corp.

EXHIBIT “C”
SHARE PROVISIONS

EXHIBIT A

RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS

ATTACHING TO THE COMPANY SHARES

1. **COMMON SHARES**

Subject to the rights of any class of shares that are expressed to rank prior to them, the common shares (the "**Common Shares**") will have the following rights, privileges, restrictions and conditions:

(a) *Voting*. The holders of the Common Shares will be entitled to receive notice of, attend and vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote. Each Common Share will entitle its holder to one (1) vote.

(b) *Dividends*. The holders of Common Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared thereon by the directors from time to time. The directors may declare no dividend payable in cash or property on the Common Shares unless the directors simultaneously declare a dividend payable in cash or property on the Class "A" Shares, in an amount per Class "A" Share equal to the amount of the dividend declared per Common Share.

(c) *Liquidation*. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purposes of winding up its affairs, the holders of the Common Shares shall be entitled to participate *pari passu* with the holders of Class "A" non-voting Common Shares, with the amount of such distribution per Common Share equal to the amount of such distribution per Class "A" Share.

(d) *Subdivision or Consolidation*. The Common Shares shall not be consolidated or subdivided unless the Class "A" Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

2. **CLASS "A" NON-VOTING COMMON SHARES**

Subject to the rights of any class of shares that are expressed to rank prior to them, the Class "A" non-voting common shares (the "**Class "A" Shares**") will have the following rights, privileges, restrictions and conditions:

(a) *Voting*. Except as required under the Act, the holders of the Class "A" Shares will not be entitled to receive notice of nor to attend meetings of the Company's shareholders and will have no voting rights. The holders of the Class "A" Shares shall, however, be entitled to notice of meetings of the shareholders called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof.

(b) *Dividends*. The holders of Class "A" Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared thereon by the directors from time to time. The directors may declare no dividend payable in cash or property on the Class "A" Shares unless the directors simultaneously declare a dividend payable in cash or property on the Common Shares, in an amount per Common Share equal to the amount of the dividend declared per Class "A" Shares.

(c) *Liquidation*. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purposes of winding up its affairs, the holders of the Class "A" Share shall be entitled to participate *pari passu* with the holders of Common Shares, with the amount of such distribution per Class "A" Share equal to the amount of such distribution per Common Share.

(d) *Subdivision or Consolidation*. The Class "A" Shares shall not be consolidated or subdivided unless the Common Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

(e) *Transfer*. No Class “A” Share may be sold, transferred, assigned, pledged or otherwise disposed of, other than: (i) in connection with the conversion of Class “A” Shares into Common Shares; (ii) to an immediate family member of the holder; or (iii) a transfer for purposes of estate or tax planning to a company or person that is wholly beneficially owned by the holder or immediate family members of the holder or which the holder or immediate family members of the holder are the sole beneficiaries thereof.

(f) *Voluntary Conversion*. Subject to the Beneficial Ownership Limitation (as defined below) set forth in herein, holders of Class “A” Shares shall have the following rights of conversion (the “**Share Conversion Right**”):

(i) <u>Right to Convert</u>. Subject to the Beneficial Ownership Limitation, each Class “A” Share shall be convertible at the option of the holder into such number of Common Shares as is determined by multiplying the number of Class “A” Shares in respect of which the Share Conversion Right is exercised by one.

(ii) <u>Beneficial Ownership Limitation</u>. A holder of the Class “A” Shares shall not have the right to convert any Class “A” Share, to the extent that, after giving effect to such conversion, the holder (together with such holder’s affiliates, and any other persons acting as a group together with the holder or any of the holder’s affiliates (such persons, “**Attribution Parties**”)), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of Common Shares beneficially owned by the holder of the Class “A” Shares and his, her or its affiliates and Attribution Parties shall include the number of Common Shares issuable upon conversion of a Class “A” Share with respect to which such determination is being made, but shall exclude the number of Common Shares that would be issuable upon (i) conversion of the remaining, non-converted portion of a Class “A” Shares beneficially owned by the holder or any of his, her or its affiliates or Attribution Parties, and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company, subject to a limitation on conversion or exercise analogous to the limitation contained herein, beneficially owned by the holder or any of his, her or its affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 2(f)(ii), beneficial ownership shall be calculated in accordance with each of National Instrument 55-104 - *Insider Reporting Requirements and Exemptions* and 62-104 - *Take-Over Bids and Issuer Bids*, it being acknowledged by the holder of the Class “A” Shares that the Company is not representing to the holder that any such calculation is in compliance with such instruments. To the extent that the limitation contained in this Section 2(f)(ii) applies, the determination of whether a Class “A” Share of a holder is convertible (in relation to other securities owned by the holder together with any affiliates and Attribution Parties) and of which number of Class “A” Shares is convertible shall be in the sole discretion and at the sole responsibility of the holder, and the submission of a Conversion Notice (as defined below) shall be deemed to be the holder’s determination of whether a Class “A” Share is convertible (in relation to other securities owned by the holder together with any affiliates and Attribution Parties) and of which number of Class “A” Shares is convertible, in each case subject to the Beneficial Ownership Limitation, and the Company shall not have any obligation to verify or confirm the accuracy of such determination. For purposes of this Section 2(f)(ii), in determining the number of outstanding Common Shares, a holder of Class “A” Shares may rely on the number of outstanding Common Shares as reflected in (A) the Company’s most recent interim report or annual financial statements filed on SEDAR, as the case may be, (B) a more recent public announcement by the Company, or (C) a more recent written notice by the Company or the Company’s transfer agent setting forth the number of Common Shares outstanding. Upon the written request of a holder of Class “A” Shares, the Company shall, within two business days, confirm orally and in writing to the holder the number of Common Shares then outstanding. In any case, the number of outstanding Common Shares shall be determined after giving effect to the conversion or exercise of securities of the Company, including the Class “A” Shares being converted, by the Class “A” holder or his, her or its affiliates or Attribution Parties since the date as of which such number of outstanding Common Shares was reported. The “**Beneficial Ownership Limitation**” shall be 9.99% of the number of Common Shares outstanding immediately after giving effect to the issuance of Common Shares issuable upon conversion of the Class “A” Shares in question.

(iii) <u>Mechanics of Conversion</u>. Before any holder of Class “A” Shares shall be entitled to voluntarily convert Class “A” Shares into Common Shares in accordance with the terms hereof, the holder shall surrender the certificate or certificates representing the Class “A” Shares to be converted at the head office of the Company, or the office of any transfer agent for the Class “A” Shares, and shall give written notice to the Company at its head office of his or her election to convert such Class “A” Shares and shall state therein the name or names in which the certificate or certificates representing the Common Shares are to be issued (a "**Conversion Notice**"). The Company shall (or shall cause its transfer agent to) as soon as practicable thereafter, issue to such holder or his or her nominee, a certificate or certificates or direct registration statement representing the number of Common Shares to which such holder is entitled upon conversion. Such conversion shall be deemed to have taken place immediately prior to the close of business on the day on which the certificate or certificates representing the Class "A" Shares to be converted is surrendered and the Conversion Notice is delivered, and the person or persons entitled to receive the Common Shares issuable upon such conversion shall be treated for all purposes as the holder or holders of record of such Common Shares as of such date.

(g) *Mandatory Conversion*. Notwithstanding anything to the contrary contained herein, upon the occurrence of a Change of Control Event, each issued and outstanding Class "A" Share shall be automatically converted into such number of Common Shares as is determined by multiplying the number of Class "A" Shares by one.

For the purposes of the Class "A" Share rights:

(a) "**Change of Control Event**" means:

(i) a take over bid is made in respect of the shares in the Company and both of the following have occurred:

A. the holders of at least 50% of the shares in respect of which the Take over bid is made that are not subject to escrow have accepted the offer made under the Take over bid; and

B. the Take over bid becomes unconditional;

(ii) an Arrangement is proposed in respect of the Company and both of the following have occurred:

A. the Arrangement has become unconditional; and

B. the Arrangement has been approved by the court for implementation.

(iii) the acquisition of voting securities of the Company or any reorganization, amalgamation, merger, consolidation or share exchange in a single transaction (or series of related transactions) as a result of which the holders of the voting securities of the Company prior to the transaction (or series of related transactions) hold, immediately after such transaction (or series of related transactions), directly or indirectly, securities to which are attached 50% or less of the voting power with respect to the Company; or

(iv) a single transaction (or series of related transactions) resulting in the acquisition of the Company by another entity that results in the sale of all or substantially all of the assets of the Company.

(b) "**Arrangement**" means an arrangement under the *Business Corporations Act* (British Columbia) pursuant to which a person and its associates will acquire 50% or more of the issued and outstanding capital of the Company.

(c) "**take over bid**" has the meaning ascribed thereto in the *Securities Act* (British Columbia).

EXHIBIT "D"
2021 OPTION PLAN

See attached.

2021 AMENDED AND RESTATED STOCK OPTION PLAN OF SALONA GLOBAL MEDICAL DEVICE CORPORATION

(●, 2021)[1]

PART 1 - INTRODUCTION

1.01 Background and Effective Date

The Corporation, one of its wholly-owned subsidiaries, SDP, and certain other parties, as sellers, are party to a definitive agreement dated September 8, 2020 (the "Definitive Agreement"), pursuant to which the Corporation, through its subsidiary, has agreed to purchase, and the sellers have agreed to sell, the issued and outstanding shares in the capital of SDP, subject to the terms and conditions set forth therein. The consummation of the transactions contemplated by the Definitive Agreement will result in a Change of Business. The Board has authorized the adoption of this Plan effective the date hereof, subject to the approval of the Corporation's shareholders and the completion of the Change of Business.

1.02 Purpose

The purpose of the Plan is to secure for the Corporation and its shareholders the benefits of incentive inherent in share ownership by the directors, officers, key employees and, subject to the terms and conditions herein, consultants of the Corporation and its Affiliates who, in the judgment of the Board, will be largely responsible for its future growth and success.

1.03 Definitions

(a) "Affiliate" has the meaning ascribed thereto in the *Business Corporations Act* (British Columbia) as amended from time to time.

(b) "Associate" has the meaning ascribed to such term in the *Securities Act* (British Columbia).

(c) "Blackout Period" means a period during which the Corporation prohibits Optionees from exercising their Options.

(d) "Board" means the board of directors of the Corporation.

(e) "Change of Business" means the indirect acquisition of SDP by the Corporation in accordance with the terms of the Definitive Agreement and related transactions which will constitute a Change of Business, as such term is defined in Policy 5.2 of the Exchange.

(f) "Code" means the U.S. Internal Revenue Code of 1986, as amended.

(g) "Consultant" has the meaning ascribed to such term in Policy 4.4 and is a natural person that provides *bona fide* services to the Corporation, its parents, its majority-owned subsidiaries or majority-owned subsidiaries of the Corporation's parent and such services are not in connection with the offer or sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the Corporation's securities (which for greater certainty, includes any persons providing investor relations activities).

(h) "Corporation" means Salona Global Medical Device Corporation, a corporation existing under the laws of the Province of British Columbia, and its Affiliates, if any, and includes any successor or assignee entity or entities into which the Corporation may be merged, changed, or consolidated; any entity for whose securities the securities of the Corporation shall be exchanged; and any assignee of or successor to substantially all of the assets of the Corporation.

(i) "Definitive Agreement" has the meaning ascribed to such term in Section 1.01 hereof.

(j) "Market Price" has the meaning ascribed to such term in Policy 1.1.

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[1] Note: Plan to become effective upon completion of the Change of Business.

(k) “Disability” or “Disabled” means permanent and total disability as defined in Section 22(e)(3) of the Code.

(l) “Eligible Person” shall mean an officer or director of the Corporation (“**Executive**”) or an employee of the Corporation (“**Employee**”) or a Management Company Employee or a Consultant.

(m) “Exchange” means the TSX Venture Exchange.

(n) “Exercise Notice” means the notice respecting the exercise of an Option, substantially in the form attached to the Option Certificate, duly executed by the Optionee.

(o) “Exercise Price” means the price at which an Option may be exercised as determined in accordance with section 2.03.

(p) “Fair Market Value” means, if the Shares are listed on any national securities exchange within the meaning of Section 409A of the Code, the closing sales price, if any, on the largest such exchange on the valuation date, or, if none, on the most recent trade date immediately prior to the valuation date provided such trade date is no more than thirty (30) days prior to the valuation date. If the Shares are not then listed on any such exchange, or there has been no trade date within such thirty (30) day period, the fair market value shall be determined in good faith by the Board.

(q) “Insider” means (i) an insider as defined in the *Securities Act* (British Columbia), other than a person who falls within the definition solely by virtue of being a director or senior officer of a subsidiary of the Corporation, and (ii) an Associate of any person who is an insider by virtue of the preceding sub-clause (i).

(r) “Investor Relations Activities” has the meaning ascribed to such term in Policy 1.1.

(s) “Nonqualified Stock Option” means an Option that is not a Section 422 Stock Option.

(t) “Management Company Employee” has the meaning ascribed to such term in Policy 4.4.

(u) “Material Information” has the meaning ascribed to such term in Policy 1.1.

(v) “Option” shall mean an option granted under the terms of the Plan.

(w) “Option Certificate” means the certificate, substantially in the form set out as Schedule “A” hereto, evidencing an Option.

(x) “Option Period” shall mean the period during which an option may be exercised.

(y) “Optionee” shall mean an Eligible Person to whom an Option has been granted under the terms of the Plan.

(z) “Outstanding Issue” means the number of Shares outstanding on a non-diluted basis.

(aa) “Plan” means this 2021 amended and restated stock option plan established and operated pursuant to Part 2 hereof.

(bb) “Policy 1.1” means the Exchange’s Policy 1.1 entitled “Interpretation” as amended from time to time.

(cc) “Policy 4.4” means the Exchange’s Policy 4.4 entitled “Incentive Stock Options” as amended from time to time.

(dd) “SDP” means South Dakota Partners, Inc., a South Dakota corporation.

(ee) “SEC” means the United States Securities and Exchange Commission.

(ff) “Section 422 Stock Option” means an Option which is intended to qualify as an incentive stock option under Section 422 of the Code.

(gg) “Shares” shall mean the common shares of the Corporation.

(hh) “United States” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia

(ii) "U.S. Optionee" shall mean an Optionee who is a citizen of the United States or a resident of the United States, in each case as defined in section 7701(a)(30)(A) and section 7701(b)(1) of the Code, and such other Optionees to the extent their Options awarded under the Plan are subject to U.S. federal income tax under the Code.

(jj) "U.S. Securities Act" means the United States Securities Act of 1933, as amended and the rules and regulations promulgated thereunder.

PART 2 - SHARE OPTION PLAN

2.01 Participation

Options shall be granted only to Eligible Persons. Section 422 Stock Options shall be granted only to employees of the Corporation, or employees of a subsidiary of the Corporation (as defined under Code Section 424(f)).

2.02 Determination of Option Recipients

The Board shall make all necessary or desirable determinations regarding the granting of Options to Eligible Persons and may take into consideration the present and potential contributions of a particular Eligible Person to the success of the Corporation and any other factors which it may deem proper and relevant.

2.03 Price

The price at which an Optionee may purchase a Share upon the exercise of an Option shall be determined from time to time by the Board and shall be as set forth in the Option Certificate issued in respect of such Option but, in any event, shall not be less than the Market Price, and in the case of an Eligible Person who is a U.S. Optionee, shall not be less than the greater of (i) Market Price, and (ii) Fair Market Value on the date of grant. If the Optionee owns directly or by reason of the applicable attribution rules more than 10% of the total combined voting power of all classes of stock of the Corporation, the Option price per share of the Shares covered by each Option which is intended to be a Section 422 Stock Option shall be not less than the greater of (i) Market Price, and (ii) one hundred ten percent (110%) of the Fair Market Value on the date of the grant. Notwithstanding the foregoing, the Board may designate an exercise price below the exercise price otherwise determined under this Section 2.03 if (i) the Option is granted in substitution for a stock option previously granted by an entity that is acquired by or merged with the Corporation or an Affiliated Entity, provided that the number of Shares covered by the Stock Option and the exercise price are proportionately adjusted in a manner that complies with Policy 4.4 of the Exchange, the Treasury Regulations issued under Code Section 409A, and Code Section 424 to the extent it is applicable, or (ii) the Option otherwise qualifies for exemption under Code Section 409A.

2.04 Grant of Options

The Board may at any time authorize the granting of Options to such Eligible Persons as it may select for the number of Shares that it shall designate, subject to the provisions of the Plan. The date of each grant of Options shall be determined by the Board when the grant is authorized.

In the event that Options are granted to Employees, Management Company Employees or Consultants, the Corporation represents that such Optionees shall be bona fide Employees, Management Company Employees or Consultants, as the case may be.

The Corporation may at the time of granting options hereunder provide for additional terms and conditions which are not inconsistent with Part 2 hereof including, without limitation, terms and conditions deferring or delaying the date at which an Option may be exercised in whole or in part. Such additional terms and conditions shall be as set forth in the Option Certificate issued in respect of such Option.

The Option Certificate of any Option which is intended to qualify as an Section 422 Stock Option shall contain such limitations and restrictions upon the exercise of the Option as shall be necessary in order that such Option qualifies as an "incentive stock option" within the meaning of Section 422 of the Code. Further, the Option Certificate authorized under the Plan shall be subject to such other terms and conditions including, without limitation, restrictions upon the exercise of the Option, as the Board shall deem advisable and which are not inconsistent with the requirements of Section 422 of the Code.

Notwithstanding any of the foregoing provisions, except with respect to Options intended to qualify as Section 422 Stock Options, the Board may authorize the grant of an Option to a person not then in the employ of the Corporation or of an Affiliate, conditioned upon such person becoming eligible to become an Eligible Person at or prior to the execution of the Option

Certificate evidencing the actual grant of such Option. A prospective employee can be granted an option intended to qualify as a Section 422 Stock Option conditioned upon such person becoming an employee of the Corporation or a subsidiary of the Corporation (as defined in Code Section 424(f)), but in such case the Option is deemed granted on the date employment commences, and the date of grant Section 422 requirements are tested as of the date employment commences.

2.05 Term of Options

Unless otherwise expired pursuant to the terms of the Plan, all Options granted to an Optionee pursuant to this Plan shall expire at the close of business ten (10) years from the date of grant or such earlier date as the Board shall decide when the Option is granted, subject to earlier termination as herein provided; provided, however, that if the Option price is required under section 2.03 to be at least 110% of Fair Market Value, each such Option shall terminate not more than five (5) years from the date of the grant thereof, and shall be subject to earlier termination as herein provided.

Upon the expiration of the Option Period, the Options granted shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the Shares in respect of which the Option hereby granted has not then been exercised.

Notwithstanding the foregoing, if the expiration of the Option Period falls within a Blackout Period, except with respect to Options intended to qualify as Section 422 Stock Options the expiration of the Option Period shall be automatically extended for ten (10) business days after the expiry of the Blackout Period on the condition that (i) the Blackout Period was formally imposed by the Corporation pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information, (ii) the Blackout Period must be deemed to have expired upon the general disclosure of the undisclosed Material Information, and (iii) the automatic extension of an Optionee’s options will not be permitted where the Optionee or the Corporation is subject to a cease trade order (or similar order under applicable securities laws) in respect of the Corporation’s securities.

No Optionee or his or her legal representative, legatees or distributees will be, or will be deemed to be, a holder of any Shares subject to an Option, unless and until certificates for such Shares are issued to him, her or them or a securities intermediary with whom the Optionee (or his or her legal representative, legatees or distributees) has an account, is recorded as the owner of such Shares in a book-entry system under the terms of the Plan.

2.06 Exercise of Options

Except as set forth in section 2.10, no Option may be exercised unless the Optionee is at the time of such exercise;

(a) in the case of an Employee, in the employ of the Corporation or any Affiliate and shall have been continuously so employed since the grant of his or her Option, or have been a Consultant of the Corporation during such time thereafter, but absence on leave, having the approval of the Corporation or such Affiliate, shall not be considered an interruption of employment for any purpose of the Plan;

(b) in the case of a Consultant, under contract with the Corporation or any Affiliate and shall have been continuously so contracted since the grant of the Option; or

(c) in the case of an Executive, a director or officer of the Corporation or any Affiliate and shall have been such a director or officer continuously since the grant of his or her Option.

No Option may be exercised by an Optionee until the Plan has been approved by the shareholders of the Corporation.

The exercise of any Option will be contingent upon receipt by the Corporation of cash payment of the full Exercise Price of the Shares being purchased by 5:00 p.m. (EST) on the last day of the Option Period by delivering to the Corporation an Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Option.

In order to retain its status and treatment as a Section 422 Stock Option, except in the case of the Optionee’s termination of employment as a result of Disability or death, such an Option must be exercised by the employee of the Corporation or of a Subsidiary of the Corporation (as defined in Code Section 424(f)) by the earlier of the date that is three (3) months after the date of cessation of employment or the expiration of the term of the Option (the “Exercise Limitation Period”). For purposes of the Exercise Limitation Period, the Optionee’s employment will not be considered interrupted or terminated upon sick leave, military leave or any other leave of absence approved by the Corporation that does not exceed ninety (90) days, or a longer period if the Optionee’s reemployment rights are guaranteed by law or contract. If a Section 422 Stock Option by its terms permits exercise beyond the Exercise Limitation Period, such Option will cease to qualify as a Section 422 Stock Option if the Option is not exercised within the Exercise Limitation Period, and such Option automatically will be converted to a Nonqualified Stock Option.

2.07 Vesting of Options

Executives, Employees, Management Company Employees and Consultants

All Options granted to an Eligible Person, other than Optionees performing Investor Relations Activities, pursuant to this Plan shall vest and become fully exercisable as determined by the Board when the Option is granted.

Optionees performing Investor Relations Activities

All Options granted to Optionees performing Investor Relations Activities, pursuant to this Plan shall vest and become full exercisable as follows or as determined by the Board when the Option is granted, but in any event such Options shall not vest any sooner:

(a) one quarter (1/4) of the Options on the date which is three (3) months from the date said Options are granted;

(b) one quarter (1/4) of the Options on the date which is six (6) months from the date said Options are granted;

(c) one quarter (1/4) of the Options on the date which is nine (9) months from the date said Options are granted; and

(d) the final one quarter (1/4) of the Options on the date which is twelve (12) months from the date said Options are granted.

2.08 Restrictions on Grant of Options

The granting of Options shall be subject to the following conditions:

(a) not more than two (2%) percent of the Outstanding Issue may be granted to any one Consultant in any 12 month period;

(b) not more than an aggregate of two (2%) percent of the Outstanding Issue may be granted in aggregate to Eligible Persons conducting Investor Relations Activities in any 12 month period;

(c) unless the Corporation has obtained disinterested shareholder approval, not more than five (5%) percent of the Outstanding Issue may be issued to any one individual in any 12 month period;

(d) unless the Corporation has obtained disinterested shareholder approval, not more than an aggregate of ten (10%) percent of the Outstanding Issue may be issued to Insiders in any 12 month period; and

(e) unless the Corporation has obtained disinterested shareholder approval, the Corporation shall not decrease the Exercise Price of Options previously granted to Insiders.

No Options shall be granted after the expiration of ten (10) years from the earlier of the date of the adoption of the Plan by the Corporation or the approval of the Plan by the stockholders of the Corporation, and provided further, that to the extent that the fair market value of the Shares (determined at the time the Option is granted) as to which Options designated as Section 422 Stock Options are exercisable for the first time by any Eligible Person during any single calendar year (under the Plan and under any other incentive stock option plan of the Corporation or an Affiliate) exceeds US$100,000, such excess shall be deemed to be a Nonqualified Stock Option.

If disinterested shareholder approval is required, the proposed grant(s) or plan must be approved by a majority of the votes cast by all shareholders at the shareholders' meeting excluding votes attaching to shares beneficially owned by (i) Insiders to whom options may be granted under the stock option plan; and (ii) Associates of such Insiders. Holders of non-voting and subordinate voting shares must be given full voting rights on a resolution that requires disinterested shareholder approval. In the event the Plan is not approved by shareholders in accordance with the requirements of Code Section 422 within twelve (12) months before or after the date on which the Plan is adopted by the Board, any Section 422 Stock Option granted under this Plan automatically will be deemed to be a Nonqualified Stock Option.

No Options shall be granted to residents on the United States unless such Options and the Shares issuable upon exercise of such Options are registered under the U.S. Securities Act or are issued in compliance with an available exemption from the registration requirements of the U.S. Securities Act.

2.09 Lapsed Options

If Options are surrendered, terminated or expire without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such lapsed Options.

2.10 Effect of Termination of Employment, Death or Disability

(a) If an Optionee shall die while employed or retained by the Corporation, or while an Executive, any Options held by the Optionee at the date of death, which have vested pursuant to section 2.07, shall become exercisable, in whole or in part, but only by the persons or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or the laws of descent and distribution (the "**Successor Optionee**"). All such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of his or her death and only for one (1) year after the date of death or prior to the expiration of the Option Period in respect thereof, whichever is sooner, except that in the event the expiration of the Option Period is earlier than one (1) year after the date of death, with the consent of the Exchange, the Options (other than Section 422 Stock Options) shall be exercisable for up to one (1) year after the date of death of the Optionee as determined by the Board. Notwithstanding the foregoing, the Board, in its discretion, may resolve that up to all of the Options held by an Optionee at the date of death which have not yet vested shall vest immediately upon death.

(b) If the employment or engagement of an Optionee shall terminate with the Corporation due to Disability while the Optionee is employed or retained by the Corporation, any Option held by the Optionee on the date the employment or engagement of the Optionee is terminated due to Disability, which have vested pursuant to section 2.07, shall become exercisable, in whole or in part. All such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of his or her termination due to Disability and only for one (1) year after the date of termination or prior to the expiration of the Option Period in respect thereof, whichever is sooner, provided that Options that become exercisable due to Disability shall only be exercisable by the person or persons who have the legal authority to act on behalf of the Optionee in connection with the rights of the Optionee to the Options. Notwithstanding the foregoing, the Board, in its discretion, may resolve that up to all of the Options held by an Optionee on the date the employment or engagement of the Optionee is terminated due to disability which have not yet vested shall vest immediately upon such date.

(c) Subject to section 2.10 (d), if an Optionee ceases to be an Eligible Person (other than as provided in section 2.10 (a) or (b)), any Options held by the Optionee on the date such Optionee ceased to be an Eligible Person, which have vested pursuant to section 2.07, shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date such Optionee ceased to be an Eligible Person and only for ninety (90) days after the date such Optionee ceased to be an Eligible Person, subject to the Board's discretion to extend such period for up to one (1) year provided that with respect to U.S. Optionees such extension is permitted under Code Section 409A, or prior to the expiration of the Option Period in respect thereof, whichever is sooner. Notwithstanding the foregoing, the Board, in its discretion, may resolve that up to all of the Options held by an Optionee on the date the Optionee ceased to be an Eligible Person which have not yet vested shall vest immediately upon such date.

(d) If the employment of an Employee or Consultant is terminated for cause (as determined by the Board) no Option held by such Optionee may be exercised following the date upon which Termination occurred.

To the extent required by law, the Corporation shall make adjustments to, and interpret, the Options as required by the U.S. Uniformed Services Employment and Reemployment Rights Act.

2.11 Effect of Offer or Sale

If at any time when the Option hereby granted remains unexercised with respect to any Shares, (a) a general offer to purchase all of the issued shares of the Corporation is made by a third party or (b) the Corporation proposes to sell all or substantially all of its assets and undertaking or to merge, amalgamate or be absorbed by or into any other company (save and except for a subsidiary or subsidiaries of the Corporation) under any circumstances which involve or may involve or require the liquidation of the Corporation, a distribution of its assets among its shareholders, or the termination of its corporate existence, the Corporation shall use its reasonable best efforts to provide notice of such offer or proposal to the Optionee as soon as practicable and (i) the Corporation may, at its option, permit the Option hereby granted to be exercised, as to all or any of the Optioned Shares in respect of which such Option has not previously been exercised by the Optionee at any time up to and including (but not after) a date twenty (20) days following the date of notice of such offer, sale or other similar transaction or prior to the close of business on the expiration date of the Option Period, whichever is the later; and (ii) the Corporation may, at its option, determine that upon the expiration of such twenty (20) day period, all rights to exercise the Option shall terminate and cease to have any further force or effect.

The Corporation may, in its sole discretion and without the consent of Optionees, provide for one or more of the following:

(i) the assumption of the Plan and outstanding Options by the surviving entity or its parent; (ii) the substitution by the surviving entity or its parent of Options with substantially the same terms for such outstanding Options, and with respect to U.S. Optionees, in a manner that complies with Code Section 409A; (iii) immediate exercisability of such outstanding Options followed by cancellation of such Options; and (iv) settlement of the intrinsic value of the outstanding vested Options in cash or cash equivalents or equity followed by the cancellation of all Options (whether or not then vested or exercisable).

2.12 Effect of Amalgamation, Consolidation or Merger

If the Corporation amalgamates, consolidates with or merges with or into another corporation, upon the exercise of an Option following such amalgamation, consolidation or merger, the Optionee shall be entitled to receive, and shall accept, in lieu of Shares, the securities, property or cash which the Optionee would have received upon such amalgamation, consolidation or merger if the Optionee had exercised his Option and held Shares immediately prior to the effective date of such amalgamation, consolidation or merger, and the number of Shares and the option price shall be adjusted appropriately by the directors of the Corporation and such adjustment shall be binding for all purposes herein, and with respect to U.S. Optionees, in a manner that complies with Code Section 409A.

2.13 Adjustment in Shares Subject to the Plan

If there is any change in the Shares through or by means of a declaration of stock dividends of Shares or consolidations, subdivisions or reclassification of Shares, or otherwise, the number of Shares available under the Plan, the Shares subject to any Option, and the Exercise Price thereof shall be adjusted appropriately by the Board and such adjustment shall be effective and binding for all purposes of the Plan. No such adjustment shall be made under the Plan which shall, within the meaning of Sections 424 and 409A of the Code, constitute such a modification, extension, or renewal of an Option as to cause the adjustment to be considered as the grant of a new Option if such action would result in adverse tax consequences under Code Section 409A.

2.14 Hold Period

All Options and any Shares issued on the exercise of Options may be subject to and legended with a four month hold period commencing on the date the Options were granted pursuant to the rules of the Exchange and applicable securities laws. Any Shares issued on the exercise of Options may be subject resale restrictions contained in National Instrument 45-102 – *Resale of Securities* which would apply to the first trade of the Shares.

2.15 Notification of Grant of Option

Following the granting of an Option by the Board, the Corporation shall notify the Optionee in writing of the Option and shall enclose with such notice the Option Certificate representing the Option so granted. Each Optionee, concurrently with the notice of the grant of an Option, shall be provided with a copy of the Plan.

2.16 Disclosure of Personal Information

By acceptance of an Option Certificate representing the grant of an Option, the Optionee is deemed to consent to (a) the disclosure of Personal Information by the Corporation to the Exchange (as defined in Appendix 6A of the Exchange) pursuant to Form 4G *Summary Form – Incentive Stock Options* ("**Form 4G**") of the Exchange, and (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6A of the Exchange or as otherwise identified by the Exchange, from time to time. "Personal Information" means any information about an identifiable individual, and includes the information contained in the tables, as applicable, found in Form 4G.

2.17 Options Granted To Corporations

Except in relation to a Consultant that is a corporation, Options may only be granted to an individual or a corporation that is wholly-owned by an Eligible Person. If a corporation is an Optionee, it must provide the Exchange with a completed Form 4F – *Certification and Undertaking Required from a Corporation Granted an Incentive Stock Option*. The corporation must agree not to effect or permit any transfer of ownership or option of shares of the corporation nor to issue further shares of any class in the corporation to any other individual or entity as long as the Option remains outstanding, except with the written consent of the Exchange.

2.18 U.S. Securities Restrictions

(a) Unless the Options and the Shares are registered under the U.S. Securities Act, the Options and the Shares granted hereunder will be considered "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act). Accordingly, any Options or Shares issued prior to an effective registration statement filed with the SEC may not be transferred, sold, assigned, pledged, hypothecated or otherwise disposed by the Optionee, directly or indirectly, without registration under the U.S. Securities Act and applicable state securities laws or unless in compliance with an available exemption therefrom. Certificate(s) representing the Options and the Shares issued prior to an effective registration statement filed with the SEC, and all certificate(s) issued in exchange therefor or in substitution thereof, will be endorsed with the following or a similar legend until such time as it is no longer required under the applicable requirements of the U.S. Securities Act:

> "THE SECURITIES REPRESENTED HEREBY [*for Options add*: AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF] HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT EFFECTIVE UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER. HEDGING TRANSACTIONS INVOLVING SUCH SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE U.S. SECURITIES ACT."

(b) Notwithstanding any provisions contained in the Plan to the contrary and to the extent required by applicable U.S. state corporate laws, U.S. federal and state securities laws, the Code, and the applicable laws of any jurisdiction in which Options are granted under the Plan, the following terms shall apply to all such Options granted to residents of the State of California, until such time as the Board amends this Section 2.18(b) or the Board otherwise provides:

(i) The term of each Option shall be stated in an Option Certificate issued to the Eligible Person and the Corporation, provided, however, that the term shall be no more than ten years from the date of grant thereof.

(ii) Unless determined otherwise by the Board, Options may not be sold, pledged, assigned, hypothecated, or otherwise transferred in any manner other than by will or by the laws of descent and distribution, and may be exercised, during the lifetime of the Eligible Person, only by the Eligible Person. If the Board makes an Option transferable, such Option may only be transferred (A) by will, (B) by the laws of descent and distribution, or (C) as permitted by Rule 701 of the U.S. Securities Act.

(iii) Unless a California Optionee's employment is terminated for cause as defined by applicable law, the terms of the Plan or the Option Certificate, the right to exercise an Option awarded under the Plan in the event of termination of employment continues until the earlier of: (1) the expiration date set forth in the applicable Option Certificate, or (2) (A) if termination was caused by death or Permanent Disability, at least six months from the date of termination, and (B) if termination was caused other than by death or Permanent Disability, at least thirty days from the date of termination. For purposes of this Section 2.18(iii), "Permanent Disability" shall mean the inability of the California Optionee, in the opinion of a qualified physician acceptable to the Corporation, to perform the major duties of the California Optionee's position with the Corporation because of the sickness or injury of the California Optionee.

(iv) No Option shall be granted to a resident of California more than ten years after the earlier of the date of adoption of the Plan or the date the Plan is approved by the shareholders of the Corporation.

(v) In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spinoff, combination, repurchase, or exchange of Shares or other securities of the Corporation, or other change in the corporate structure of the Corporation affecting the Shares occurs, the Board, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will adjust the number and class of Shares that may be delivered under the Plan and/or the number, class, and price of Shares covered by each outstanding vested Option; provided, however, that the Board will make such adjustments to an Option required by Section 25102(o) of the California Corporations Code to the extent the Corporation is relying upon the exemption afforded thereby with respect to the Option.

(vi) The Corporation shall furnish summary financial information (audited or unaudited) of the Corporation's financial condition and results of operations, consistent with the requirements of applicable law, at least annually to each Eligible Person in California during the period such Eligible Person has one or more Option outstanding, and in the case of an individual who acquired Shares pursuant to the Plan, during the period such Eligible Person owns such Shares; provided, however, the Corporation shall not be required to provide such information if (i) the issuance is limited to key Persons whose duties in connection with the Corporation assure their access to equivalent information or (ii) the Plan or any agreement complies with all conditions of Rule 701 of the U.S. Securities Act; provided that for purposes of determining such compliance, any registered domestic partner shall be considered a "family member" as that term is defined in Rule 701 of the U.S. Securities Act.

PART 3 - GENERAL

3.01 Number of Shares

The aggregate number of Shares that may be reserved for issuance, at any time, under the Plan and under any other share compensation arrangement adopted by the Corporation, shall not exceed ●.[2]

Any Shares subject to an Option which has been granted under the Plan and which is cancelled or terminated in accordance with the terms of the Plan without being exercised as provided for in this Plan shall again be available under the Plan.

3.02 Transferability

All benefits, rights and options accruing to any Optionee in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein. A Section 422 Stock Option may not be transferred, assigned, pledged, hypothecated or otherwise disposed of by the U.S. Optionee other than by will or that laws of descent and distribution. During the lifetime of an Optionee, all benefits, rights and options may only be exercised by the Optionee.

3.03 Employment

Nothing contained in any Plan shall confer upon any Optionee any right with respect to employment or continuance of employment with the Corporation or any Affiliate, or interfere in any way with the right of the Corporation or any Affiliate to terminate the Optionee's employment at any time. Participation in any Plan by an Optionee is voluntary.

3.04 Approval of Plan

Options issued under the Plan shall only become exercisable after the Plan has been approved by the shareholders of the Corporation; provided, however:

(a) unless consistent with the terms contained herein and approved by the Board, nothing contained herein shall in any way affect Options previously granted by the Corporation and currently outstanding;

(b) in the event the Plan is amended to become a 10% rolling plan, it will have to be approved yearly, at the Corporation's annual general meeting.

The obligation of the Corporation to sell and deliver Shares in accordance with the Plan is subject to the approval of any governmental authority having jurisdiction or any stock exchanges on which the Shares are listed for trading which may be required in connection with the authorization, issuance or sale of such Shares by the Corporation. If any Shares cannot be issued to any Optionee for any reason including, without limitation, the failure to obtain such approval, then the obligation of the Corporation to issue such Shares shall terminate and any Optionee's option price paid to the Corporation shall be returned to the Optionee.

3.05 Administration of the Plan

The Board is authorized to interpret the Plan from time to time and to adopt, amend and rescind rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Corporation and all costs in

[2] Note: To insert number that is equal to 20% of the total Outstanding Issue as at the time immediately following completion of the Change of Business.

respect thereof shall be paid by the Corporation.

3.06 Income Taxes

As a condition of and prior to participation in the Plan, if requested by the Board, a Optionee shall authorize the Corporation in written form to withhold from any remuneration otherwise payable to such Optionee any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of such participation in the Plan.

In addition, if the Corporation is required under the *Income Tax Act* (Canada) or any other applicable law to make source deductions in respect of employee stock option benefits to the Optionee and to remit to the applicable governmental authority an amount on account of tax on the value of the taxable benefit associated with the issuance of Shares on exercise of Options, then the Optionee shall (i) pay to the Corporation, in addition to the Exercise Price for the Options, sufficient cash as is reasonably determined by the Corporation to be the amount necessary to permit the required tax remittance, (ii) authorize the Corporation, on behalf of the Optionee, to sell in the market on such terms and at such time or times as the Corporation determines a portion of the Shares being issued upon exercise of the Options to realize cash proceeds to be used to satisfy the required tax remittance, or (iii) make other arrangements acceptable to the Corporation to fund the required tax remittance.

3.07 Amendments to the Plan

The Board reserves the right to amend, modify or terminate the Plan at any time if and when it is advisable in the absolute discretion of the Board. However, any amendments of the Plan which could result, at any time, in:

(a) a material increase in the benefits under the Plan; or

(b) an increase in the number of Shares which would be issued under the Plan (except any increase resulting automatically from an increase in the total Outstanding Issue); or

(c) a material modification in the requirement as to eligibility for participation in the Plan;

shall be effective only upon the approval of the shareholders of the Corporation. Any amendment to any provision of the Plan shall be subject to approval, if required, by any regulatory body having jurisdiction over the securities of the Corporation.

3.08 No Representation or Warranty

The Corporation makes no representation or warranty as the future market value of any Shares issued in accordance with the provisions of the Plan.

3.09 Interpretation

The Plan will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

3.10 Savings Clause

This Plan is intended to comply in all respects with applicable law and regulations, including Section 409A of the Code. In case any one or more provisions of this Plan shall be held invalid, illegal, or unenforceable in any respect under applicable law and regulation (including Section 409A of the Code), the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal, or unenforceable provision shall be deemed null and void; however, to the extent permitted by law, any provision that could be deemed null and void shall first be construed, interpreted, or revised retroactively to permit this Plan to be construed in compliance with all applicable law (including Section 409A of the Code) so as to foster the intent of this Plan.

3.11 Compliance with Applicable Law, etc.

If any provision of the Plan or of any Option Certificate delivered pursuant to the Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Corporation or the Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

SCHEDULE "A"

SALONA GLOBAL MEDICAL DEVICE CORPORATION
STOCK OPTION PLAN

If issued prior to an effective registration statement filed with the SEC - THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT EFFECTIVE UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER. HEDGING TRANSACTIONS INVOLVING SUCH SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE U.S. SECURITIES ACT.

If issued to officers or directors or at a discount to the Market Price - WITHOUT PRIOR WRITTEN APPROVAL OF TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL [INSERT DATE THAT IS FOUR MONTHS AND A DAY FROM THE GRANT DATE].

[INSERT APPLICABLE U.S. LEGENDS]

SALONA GLOBAL MEDICAL DEVICE CORPORATION

STOCK OPTION PLAN
OPTION CERTIFICATE

This Certificate is issued pursuant to the provisions of the Salona Global Medical Device Corporation (the "**Corporation**") stock option plan (the "**Plan**") and evidences that ______________________________ is the holder (the "**Optionee**") of an option (the "**Option**") to purchase up to _______________________________ common shares (the "**Shares**") in the capital stock of the Corporation at a purchase price of CAD$_________ per Share (the "**Exercise Price**").

If issued to a U.S. Optionee - The Plan provides for the granting of stock options that either (i) are intended to qualify as "Incentive Stock Options" within the meaning of Section 422 of the United States Internal Revenue Code of 1986 ("**Section 422 Stock Options**"), as amended (the "**Code**"), or (ii) do not qualify as Section 422 Stock Options ("**Non-Qualified Stock Options**"). This Option is intended to be (select one):

☐ a Section 422 Stock Option; or

☐ a Non-Qualified Stock Option.

Subject to the provisions of the Plan:

(c) the effective date of the grant of the Option is ___________;
(d) the Option expires at 5:00 p.m. (EST) on ____________; and
(e) the Options shall vest as follows:

Date	Percent of Stock Options Vested	Number of Stock Options Vested	Aggregate Number of Stock Options Vested

The vested portion or portions of the Option may be exercised at any time and from time to time from and including the date of the grant of the Option through to 5:00 p.m. (EST) on the expiration date of the Option Period by delivering to the Corporation an Exercise Notice, in the form attached as Appendix "I" hereto, together with this Certificate and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which the Option is being exercised.

All Options and any Shares issued on the exercise of Options may be subject to resale restrictions and may be subject to and legended with a four month hold period commencing on the date the Options were granted pursuant to the rules of the Exchange and applicable securities laws. The Options hereby granted are subject to the approval of the Exchange.

This Certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan, the terms and conditions of which the Optionee hereby expressly agrees with the Corporation to be bound by. This Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Corporation shall prevail.

Unless the Options and the Shares are registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), the Options and the Shares are being or will be issued, as applicable, pursuant to an available exemption or exclusion from registration under the U.S. Securities Act. Accordingly, any Options or Shares issued prior to an effective registration statement filed with the U.S. Securities and Exchange Commission will be "restricted securities" as such term is defined in Rule 144 under the U.S. Securities Act, and, therefore may not be transferred, sold, assigned, pledged, hypothecated or otherwise disposed by the Optionee, directly or indirectly, without registration under the U.S. Securities Act and applicable state securities laws or unless in compliance with an available exemption therefrom.

[If the Optionee is resident in the State of California on the effective date of the grant of the Option, then by accepting this Option Certificate the Optionee acknowledges that the Corporation, as a reporting issuer under the securities legislation in certain Provinces of Canada, is required to publicly file with the securities regulators in those jurisdictions continuous disclosure documents, including audited annual financial statements and unaudited quarterly financial statements (collectively, the "*Financial Statements*"). Such filings are available on the System for Electronic Document Analysis and Retrieval (SEDAR), and documents filed on SEDAR may be viewed under the Corporation's profile at the following website address: www.sedar.com. Copies of Financial Statements will be made available to the undersigned by the Corporation upon such Optionee's request.]

All terms not otherwise defined in this Certificate shall have the meanings given to them under the Plan.

Dated this ____ day of _____________, ______.

SALONA GLOBAL MEDICAL DEVICE CORPORATION

Per:

____

Authorized Signatory

APPENDIX “I”
SALONA GLOBAL MEDICAL DEVICE CORPORATION

STOCK OPTION PLAN
EXERCISE NOTICE

TO: SALONA GLOBAL MEDICAL DEVICE CORPORATION (the “Corporation”)

1. The undersigned (the “**Optionee**”), being the holder of options to purchase ________________ common shares of the Corporation at the exercise price of ______ per share, hereby irrevocably gives notice, pursuant to the stock option plan of the Corporation (the “**Plan**”), of the exercise of the Option to acquire and hereby subscribes for ____________ of such common shares of the Corporation.

2. The Optionee tenders herewith a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the aforesaid common shares exercised and directs the Corporation to issue a share certificate evidencing said common shares in the name of the Optionee to be mailed to the Optionee at the following address:

____
____
____
____

3. By executing this Exercise Notice, the Optionee hereby confirms that the undersigned has read the Plan and agrees to be bound by the provisions of the Plan. All terms not otherwise defined in this Exercise Notice shall have the meanings given to them under the Plan or the attached Option Certificate.

4. The Optionee is resident in _____________________________ [name of state/province].

5. The undersigned Optionee hereby represents, warrants, acknowledges and agrees that the certificate(s) representing the Shares may be subject to and legended with a four month hold period commencing on the date the Options were granted pursuant to the rules of the TSX Venture Exchange and applicable securities laws.

6. The undersigned Optionee hereby represents, warrants, acknowledges and agrees that unless the common shares of the Corporation issuable hereby (the “**Shares**”) have been registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), the issuance hereby is being made pursuant to an exemption or exclusion from the registration requirements of the U.S. Securities Act and similar exemptions under applicable state securities laws. Accordingly, any Shares issued prior to an effective registration statement filed with the U.S. Securities and Exchange Commission will be “restricted securities” as such term is defined in Rule 144 under the U.S. Securities Act, and, therefore may not be transferred, sold, assigned, pledged, hypothecated or otherwise disposed by the Optionee, directly or indirectly, without registration under the U.S. Securities Act and applicable state securities laws or unless in compliance with an available exemption therefrom. The undersigned Optionee understands and agrees that unless the Shares have been registered under the U.S. Securities Act, the certificate(s) representing the Shares and all certificate(s) issued in exchange therefor or in substitution thereof, will be endorsed with the following or a similar legend until such time as it is no longer required under the applicable requirements of the U.S. Securities Act:

> “THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT EFFECTIVE UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER. HEDGING TRANSACTIONS INVOLVING SUCH SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE U.S. SECURITIES ACT.”

DATED the ________ day of ____________________, __________.

____
Signature of Optionee

EXHIBIT "E"
AUDIT COMMITTEE CHARTER

See attached.

SCHEDULE "A"
AUDIT COMMITTEE CHARTER

(Implemented pursuant to National Instrument 52-110 – *Audit Committees*)

National Instrument 52-110 – *Audit Committees* (the "**Instrument**") relating to the composition and function of audit committees was implemented for reporting issuers and, accordingly, applies to every TSX Venture Exchange listed company, including the Corporation. The Instrument requires all affected issuers to have a written audit committee charter which must be disclosed, as stipulated by Form 52-110F2, in the management information circular of the Corporation wherein management solicits proxies from the security holders of the Corporation for the purpose of electing directors to the board of directors. The Corporation, as a TSX Venture Exchange-listed company is, however, exempt from certain requirements of the Instrument.

This Charter has been adopted by the board of directors in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the board of directors or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

PART 1

Purpose:

The purpose of the Committee is to:

(a) improve the quality of the Corporation's financial reporting;

(b) assist the board of directors to properly and fully discharge its responsibilities;

(c) provide an avenue of enhanced communication between the directors and external auditors;

(d) enhance the external auditor's independence;

(e) increase the credibility and objectivity of financial reports; and

(f) strengthen the role of the directors by facilitating in depth discussions between directors, management and external auditors.

1.1 **Definitions**

"**accounting principles**" has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

"**Affiliate**" means a Corporation that is a subsidiary of another Corporation or companies that are controlled by the same entity;

"**audit services**" means the professional services rendered by the Corporation's external auditor for the audit and review of the Corporation's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

“**Charter**” means this audit committee charter;

“**Committee**” means the committee established by and among certain members of the board of directors for the purpose of overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation;

“**Control Person**” means any individual or company that holds or is one of a combination of individuals or companies that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation except where there is evidence showing that the holder of those securities does not materially affect the control of the Corporation;

“**financially literate**” has the meaning set forth in Section 1.2;

“**immediate family member**” means a person’s spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the person or the person’s immediate family member) who shares the individual’s home;

“**Instrument**” means National Instrument 52-110 – *Audit Committees*;

“**MD&A**” has the meaning ascribed to it in National Instrument 51-102;

“**Member**” means a member of the Committee;

“**National Instrument 51-102**” means National Instrument 51-102 - *Continuous Disclosure Obligations*; and

“**non-audit services**” means services other than audit services.

1.2 Meaning of Financially Literate

For the purposes of this Charter, 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 Corporation’s financial statements.

PART 2

2.1 Audit Committee

The board of directors has hereby established the Committee for, among other purposes, compliance with the Instrument.

2.2 Relationship with External Auditors

The Corporation will require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.

2.3 Committee Responsibilities

1. The Committee shall be responsible for making the following recommendations to the board of directors:

(a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and

(b) the compensation of the external auditor.

2. The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting. This responsibility shall include:

(a) reviewing the audit plan with management and the external auditor;

(b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;

(c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;

(d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;

(e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtaining an explanation from management of all significant variances between comparative reporting periods;

(f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;

(g) reviewing interim unaudited financial statements before release to the public;

(h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report and management's discussion and analysis;

(i) reviewing the evaluation of internal controls by the external auditor, together with management's response;

(j) reviewing the terms of reference of the internal auditor, if any;

(k) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow up to any identified weaknesses; and

(l) reviewing the appointments of the chief financial officer and any key financial executives involved in the financial reporting process, as applicable.

3. The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the issuer's external auditor.

4. The Committee shall review the Corporation's financial statements, MD&A, and annual and interim earnings press releases before the Corporation publicly discloses this information.

5. The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and shall periodically assess the adequacy of those procedures.

6. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102, and the planned steps for an orderly transition.

7. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Instrument 51-102, on a routine basis, whether or not there is to be a change of auditor.

8. The Committee shall, as applicable, establish procedures for:

   (a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and

   (b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.

9. As applicable, the Committee shall establish, periodically review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer, as applicable.

10. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

2.4 **De Minimus Non-Audit Services**

The Committee shall satisfy the pre-approval requirement in subsection 2.3(3) if:

   (a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the issuer and its subsidiary entities to the issuer's external auditor during the financial year in which the services are provided;

   (b) the Corporation or the subsidiary of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and

   (c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

2.5 **Delegation of Pre-Approval Function**

1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(3).

2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 2.5(1) must be presented to the Committee at its first scheduled meeting following such pre-approval.

PART 3

3.1 **Composition**

1. The Committee shall be composed of a minimum of three Members.

2. Every Member shall be a director of the issuer.

3. The majority of Members shall not be employees, Control Persons or officers of the Corporation.

4. If practicable, given the composition of the directors of the Corporation, each Member shall be financially literate.

5. The board of directors of the Corporation shall appoint or re-appoint the Members after each annual meeting of shareholders of the Corporation.

PART 4

4.1 **Authority**

Until the replacement of this Charter, the Committee shall have the authority to:

(a) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(b) set and pay the compensation for any advisors employed by the Committee;

(c) communicate directly with the internal and external auditors; and

(d) recommend the amendment or approval of audited and interim financial statements to the board of directors.

PART 5

5.1 **Disclosure in Information Circular**

If management of the Corporation solicits proxies from the security holders of the Corporation for the purpose of electing directors to the board of directors, the Corporation shall include in its management information circular the disclosure required by Form 52-110F2 (Disclosure by Venture Issuers).

PART 6

6.1 **Meetings**

1. Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.

2. Opportunities shall be afforded periodically to the external auditor, the internal auditor and to members of senior management to meet separately with the Members.

3. Minutes shall be kept of all meetings of the Committee.

EXHIBIT "F"
PRO FORMA FINANCIAL STATEMENTS

See attached.

Salona Global
High Quality Medical Devices

SALONA GLOBAL MEDICAL DEVICE CORPORATION

(Formerly Brattle Street Investment Corp.)

Pro Forma Consolidated Financial Statements (Unaudited)

As at and for the period ended November 30, 2020

(In Canadian Dollars)

Salona Global Medical Device Corp. (Formerly Brattle Street Investment Corp.)
Unaudited Pro Forma Consolidated Balance Sheets
As at November 30, 2020
(In Canadian Dollars)

	Salona Global Medical Device Corp 30-Nov-20 CAD	South Dakota Partners Inc. 30-Sep-20 USD	South Dakota Partners Inc. 30-Sep-20 CAD		Proforma Adjustments	Proforma consolidated
Assets						
Cash and cash equivalents	7,754,448	3,263	4,369	(e)	5,272,746	11,531,563
				(c)	(1,500,000)	
Marketable securities	496,192	-	-		-	496,192
Accounts receivable	-	2,195,925	2,940,344		-	2,940,344
Inventories	-	4,398,741	5,889,914		-	5,889,914
Prepaids and other Receivables	15,214	217,309	290,977		-	306,191
Total current assets	8,265,854	6,815,238	9,125,604		3,772,746	21,164,204
Restricted cash	-	381,930	511,404		-	511,404
Property and equipment, net	-	1,277,077	1,710,006		-	1,710,006
Right-of-use asset, net	-	1,019,190	1,364,695		-	1,364,695
Goodwill	-	-	-	(a)	1,099,141	1,099,141
Intangible assets, net	-	1,152,336	1,542,978		-	1,542,978
Total assets	8,265,854	10,645,771	14,254,687		4,871,887	27,392,428
Liabilities and shareholders' equity						
Liabilities						
Accounts payable and accrued liabilities	281,419	1,655,037	2,216,095	(f)	(116,081)	2,381,433
Line of credit	-	2,535,502	3,395,037		-	3,395,037
Current portion of debt	-	1,259,565	1,686,558		-	1,686,558
Current portion of lease liability	-	63,266	84,713		-	84,713
Other Liabilities	15,000	528,955	708,271		-	723,271
Total current liabilities	296,419	6,042,325	8,090,673		(116,081)	8,271,011
Deferred tax liability	-	-	-		-	-
Long-term portion of lease liabilities	-	2,020,906	2,705,993		-	2,705,993
Long-term portion of debt	-	1,113,698	1,491,242		-	1,491,242
Total liabilities	296,419	9,176,929	12,287,908		(116,081)	12,468,246
Shareholders' equity						
Share capital	31,065,513	1,502	2,011	(e)	5,146,475	39,393,989
				(b)	(2,011)	
				(a)	3,065,920	
				(f)	116,081	
Options reserve				(e)	223,641	2,229,483
				(g)	2,005,842	
Warrants reserve	-	-	-	(e)	126,271	126,271
Contributed surplus	3,524,052	2,898,330	3,880,864	(b)	(3,880,864)	3,524,052
Accumulated other comprehensive income	1,068,241	-	-			1,068,241
Accumulated Deficit	(27,688,371)	(1,430,990)	(1,916,096)	(b)	1,916,096	(31,417,854)
				(c)	(1,500,000)	
				(e)	(223,641)	
				(g)	(2,005,842)	
Total shareholders' equity	7,969,435	1,468,842	1,966,779		4,987,968	14,924,182
Total liabilities and shareholders' equity	8,265,854	10,645,771	14,254,687		4,871,887	27,392,428

Salona Global Medical Device Corp. (Formerly Brattle Street Investment Corp.)
Unaudited Pro Forma Consolidated Statements of Operations
9 months ended November 30, 2020

(In Canadian Dollars)

	Salona Global Medical Device Corp 9 mos ended November 30, 2020 CAD	South Dakota Partners Inc. 9 mos ended September 30, 2020 USD	South Dakota Partners Inc. 9 mos ended September 30, 2020 CAD		Proforma Adjustments	Proforma consolidated
Revenue						
Medical device service revenues	-	7,248,013	9,814,534			9,814,534
Loan Interest	39,190	-	-		-	39,190
Fees and Other	50,621	-	-		-	50,621
Collections of provisioned loans	399,702	-	-		-	399,702
Investment income	50,710	-	-		-	50,710
Loss on sale of marketable securities	(42,141)	-	-		-	(42,141)
Unrealized fair value change of marketable securities	(204,671)	-	-		-	(204,671)
Total revenue	**293,411**	**7,248,013**	**9,814,534**		**-**	**10,107,945**
Cost of revenue						
Direct service labor		1,346,182	1,822,865		-	1,822,865
Rent & building costs		115,670	156,629		-	156,629
Direct Material Costs		3,999,547	5,415,787		-	5,415,787
Gross margin	**293,411**	**1,786,614**	**2,419,254**		**-**	**2,712,665**
Expenses						
General and administrative	994,659	896,838	1,214,408	(c)	1,500,000	3,709,067
Executive compensation	-	275,821	373,489		-	373,489
Share based compensation	136,004	-	-	(e)	223,641	2,365,487
				(g)	2,005,842	
Amortization of intangible assets	-	259,281	351,092		-	351,092
Depreciation of property and equipment	-	137,665	186,412		-	186,412
Depreciation of right-of-use asset	-	42,271	57,239		-	57,239
Interest (expense) income, net	-	285,190	386,176		-	386,176
Other expense, net	-	5,565	7,536		-	7,536
Total expenses	**1,130,663**	**1,902,631**	**2,576,353**		**3,729,483**	**7,436,499**
Net loss before income tax	**(837,252)**	**(116,017)**	**(157,099)**		**(3,729,483)**	**(4,723,834)**
Income tax (expense) recovery	-	(17,126)	(23,190)		-	(23,190)
Net loss	**(837,252)**	**(133,143)**	**(180,289)**		**(3,729,483)**	**(4,747,024)**
Other comprehensive loss	-	-	-		-	-
Foreign currency translation loss	(300,397)	-	-		-	(300,397)
Comprehensive loss	**(1,137,649)**	**(133,143)**	**(180,289)**		**(3,729,483)**	**(5,047,421)**

Salona Global Medical Device Corp. (Formerly Brattle Street Investment Corp.)
Unaudited Pro Forma Consolidated Statements of Operations
Year ended February 29, 2020
(In Canadian Dollars)

	Salona Global Medical Device Corp Year ended February 29, 2020	South Dakota Partners Inc. Year ended December 31, 2019	South Dakota Partners Inc. Year ended December 31, 2019	Proforma Adjustments	Proforma consolidated
	CAD	USD	CAD		
Revenue					
Medical device service revenues	-	11,969,662	15,882,545		15,882,545
Loan Interest	50,276	-	-	-	50,276
Fees and Other	83,484	-	-	-	83,484
Collections of provisioned loans	145,635	-	-	-	145,635
Investment income	110,366	-	-	-	110,366
Rental income	18,558	-	-	-	18,558
Unrealized fair value change of marketable securities	(56,190)	-	-	-	(56,190)
Total revenue	**352,129**	**11,969,662**	**15,882,545**	**-**	**16,234,674**
Cost of revenue					
Provision for losses	372,458	-			372,458
Direct service labor	-	1,860,827	2,469,131	-	2,469,131
Rent & building costs	-	181,805	241,237	-	241,237
Direct Material Costs	-	6,834,778	9,069,067	-	9,069,067
New products infrastructure costs	-	774,228	1,027,323		1,027,323
Gross margin	**(20,329)**	**2,318,024**	**3,075,786**	**-**	**3,055,457**
Expenses					
General and administrative	1,725,558	1,963,031	2,604,746		4,330,304
Executive compensation	-	304,450	403,975	-	403,975
Share based compensation	21,962	-	-	-	21,962
Amortization of intangible assets	-	316,894	420,487	-	420,487
Depreciation of property and equipment	-	106,020	140,678	-	140,678
Depreciation of right-of-use asset	-	56,360	74,784	-	74,784
Interest (expense) income, net	-	473,863	628,769	-	628,769
Expected credit loss	-	20,932	27,775		27,775
Gain on sale of equipment	-	-	-		-
Other expense, net	-	23,064	30,604	-	30,604
Impairment of credit receivables	-	199,000	264,053		264,053
New products infrastructure costs	-	370,761	491,963		491,963
Total expenses	**1,747,520**	**3,834,375**	**5,087,832**	**-**	**6,835,352**
Net loss from continuing operations	(1,767,849)	(1,516,351)	(2,012,046)	-	(3,779,895)
Net loss from discontinued operations	(573,496)	-	-	-	(573,496)
Net loss before income tax	**(2,341,345)**	**(1,516,351)**	**(2,012,046)**	**-**	**(4,353,391)**
Income tax (expense) recovery	-	439,550	583,239	-	583,239
Net loss	**(2,341,345)**	**(1,076,801)**	**(1,428,807)**	**-**	**(3,770,152)**
Other comprehensive loss	-	-	-	-	-
Foreign currency translation gain	155,188	-	-	-	155,188
Comprehensive loss	**(2,186,157)**	**(1,076,801)**	**(1,428,807)**	**-**	**(3,614,964)**

(In Canadian Dollars)

1. Basis of Presentation

The accompanying unaudited Pro Forma Consolidated Financial Statements of Salona Global Medical Device Corp. (formerly Brattle Street Investment Corp.) ("Salona" or the "Company") has been prepared by management to reflect the acquisition of South Dakota Partners Inc. ("SDP") by Salona after giving effect to the proposed transactions as described in Notes 2 and 3.

The unaudited Pro Forma Consolidated Financial Statements have been prepared for inclusion in the management information circular of the Company in relation to its amalgamation with SDP (the 'Amalgamation'). Completion of the Amalgamation is subject to customary closing conditions, including all necessary approvals and consents. In the opinion of the Company's management, the unaudited Pro Forma Consolidated Financial Statements include all adjustments necessary for fair presentation of the transactions contemplated in the Acquisition agreement.

2. Pro Forma Assumptions

On September 8, 2020, the Company entered into a Share Purchase Agreement (the 'Agreement') with SDP. Pursuant to the terms of the Agreement, the Company intends to issue 26 million common shares (as adjusted for stock splits, stock combinations, recapitalizations and similar events) in exchange for all issued and outstanding SDP shares

The unaudited Pro Forma Consolidated Financial Statements of the Company have been compiled from and include:

a) the condensed interim consolidated statement of financial position of the Company as at November 30, 2020;

b) the condensed interim statement of financial position of SDP as at September 30, 2020;

c) the condensed interim consolidated statement of operations and comprehensive loss for the Company for the nine months ended November 30, 2020

d) the condensed interim statement of operations and comprehensive loss for SDP for the nine months ended September 30, 2020

e) the consolidated statement of operations and comprehensive loss for the Company for the year ended February 29, 2020

f) the statement of operations and comprehensive loss for SDP for the year ended December 31, 2019

g) the additional information and assumptions set out in Notes 2 and 3.

SDP financial statements have been converted into Canadian Dollars using the following exchange rates:

- November 30, 2020 (closing rate)	CAD 1.339
- January 1 – November 30, 2020 (average rate)	CAD 1.3541
- January 1 – December 31, 2019 (average rate)	CAD 1.3269

The unaudited Pro Forma Consolidated Financial Statements were prepared using the acquisition method of accounting in accordance with IFRS 3, *Business Combinations*, with Salona being the accounting and legal acquirer. It uses the fair value concepts defined in IFRS 13, *Fair Value Measurement*, and was based on the historical financial statements of Salona and SDP.

Under the acquisition method of accounting, the assets acquired and liabilities assumed are recorded as of the completion of the acquisition at their respective fair values. Under IFRS 3, acquisition-related transaction costs (i.e., advisory, legal, valuation, other professional fees) are not included as a component of consideration transferred but are accounted for as expenses in the periods in which the costs are incurred.

The accounting for the acquisition is dependent upon valuations, where available, that are provisional and are subject to change. Management will finalize the acquisition accounting for the acquisition no later than one year from the respective acquisition date as required under IFRS 3. Accordingly, certain pro forma adjustments are preliminary and have been prepared solely for the purpose of these unaudited Pro Forma Consolidated Financial Statements. Differences between these provisional estimates and the final acquisition accounting may occur and these differences could have a material impact on Salona's future financial performance. In addition, the unaudited Pro Forma Consolidated Statements of Operations do not reflect any cost savings, operating synergies or revenue enhancements that the consolidated business may achieve, the costs to integrate the operations of Salona and SDP, or any costs necessary to achieve these cost savings, operating synergies and revenue enhancements

The unaudited Pro Forma Consolidated Financial Statements are not intended to reflect the financial position of the Company which would have resulted had the proposed transactions been affected on the date indicated. Actual amounts recorded upon consummation of the agreement will differ from those recorded in the unaudited Pro Forma Consolidated Financial Statements. No adjustments have been made to reflect additional costs or cost savings that could result from the combination of the operations of the Company and SDP.

3. Pro Forma Adjustments

a) The purchase price is determined as the fair value of the shares and options that are held by the current shareholders of SDP. For purposes of the pro-forma, the fair value of common shares has been determined to be $0.16 per share ($0.12 per share adjusted for consolidation per (d) below), reflecting the pre-halt market price of Salona's shares. The excess of the preliminary estimated purchase price over the estimated fair value of the tangible and identifiable intangible assets acquired and liabilities assumed by the company is Goodwill, which represents the value of intangible assets that do not qualify for separate recognition. For the purpose of the pro-forma, fair value of the assets acquired is assumed to be book value of the net assets of SDP as at September 30, 2020. Accordingly, the share capital of the accounting acquirer has been increased by $3,065,920 representing value of 19,162,000 post consolidation shares to be issued to SDP's shareholders on acquisition. Estimates of value assumed full award of the contingent consideration which management considers the most likely outcome. The management anticipates that for the purpose of the IFRS financial statements, an independent expert will be engaged to complete the valuation of identifiable intangibles to be acquired and the purchase price allocation to calculate the fair value of assets acquired and liability assumed, which will be recognized separately from goodwill, in accordance with IFRS 3 - Business Combinations.

b) Share capital and deficit of SDP has been eliminated because of the above proposed acquisition.

(In Canadian Dollars)

c) Transaction costs related to the acquisition are estimated as follows:

Costs in connection with Concurrent Financing	$500,000
Costs of Change of Business	$500,000
Costs of SEC S-1 Filing	$500,000
Total	**$1,500,000**

d) The share capital of the company has been adjusted to reflect a pending consolidation of 1:.737, to be effective before relisting.

e) On December 21, 2020, the Company announced that it, together with its wholly owned subsidiary, completed a previously announced private placement of subscription receipts. The Company and its subsidiary issued 9,990,237 subscription receipts for gross proceeds of $5,550,258. Registered dealers were paid $138,756, representing 50% of the total finders' fee. Total finders' fee amounts to $277,512, resulting in net proceeds of $5,272,746. Subsidiary subscription receipts also comprised 2,121,232 warrants with a pre consolidation exercise price of $0.92 and expiry of 24 months. Fair value of these options determined using the Black Scholes Options pricing model was $126,761, which has been recorded in the Warrants reserve. Registered dealers will also be issued non-transferable compensation options to purchase 876,231 common shares of the Company at a post-Consolidation price of approximately $0.4749 per share for a period of 24 months from the closing of the Offering, and non-transferable compensation options to purchase 243,675 common shares of subsidiary at a post-Consolidation price of approximately $0.8548 per share for a period of 24 months from the closing of the Offering. Fair value of these options determined using the Black Scholes Options pricing model was $223,641, which has been recorded in the Options reserve with a corresponding debit to Accumulated Deficit.

f) On September 6, 2020, The Company entered into a debt settlement agreement, pursuant to which it settled a debt amounting to USD88,000 to a service provider, by issuance of 737,000 common shares.

g) The Company announced that the Board and certain employees would be granted options to buy 2,586,290 shares of the Company on relisting, as compensation for managing the entire acquisition, consolidation and relisting process. Fair value of these options determined using the Black Scholes Options pricing model was $2,005,842, which has been recorded in the Options reserve with a corresponding debit to Accumulated Deficit.

4. Pro Forma Share Capital

	Shares (Post consolidation)	**Amount**
Salona share capital as at November 30, 2020	33,813,308	31,065,513
(a) Common stock issued to SDP	19,162,000	3,065,920
(e) Shares issued for private placement	9,990,237	5,146,475
(f) Shares for debt settlement	737,000	116,081
Pro forma common shares outstanding	63,702,545	**$ 39,393,989**

5. Pro Forma Acquisition Accounting

Total purchase price for SDP:	
Common shares issued and outstanding - 26 million shares adjusted for consolidation 3(d)	19,162,000
Price per share based on Salona share price- $0.12 adjusted for consolidation 3(d)	$ 0.16
Cost of acquisition, shares issued	$ 3,065,920
Total consideration	$ 3,065,920
Less: fair value of net assets of SDP	$ 1,966,779
Excess paid over net assets – Goodwill	**$ 1,099,141**