IntelGenx Technologies Corp.
Form S-1/A
July 07, 2017

As filed with the Securities and Exchange Commission on July 7, 2017

Registration Statement No. 333-217148

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1
(Amendment No. 3)
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

IntelGenx Technologies Corp.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**2834**	**87-0638336**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

6420 Abrams, Ville Saint Laurent
Quebec, H4S 1Y2 Canada
(514) 331-7440
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Horst G. Zerbe
Chief Executive Officer
IntelGenx Technologies Corp.
6420 Abrams, Ville Saint Laurent
Quebec, H4S 1Y2 Canada
(514) 331-7440
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With Copies of Communications to:
Richard Raymer
Dorsey & Whitney LLP
TD Canada Trust Tower
Brookfield Place, 161 Bay Street, Suite 4310
Toronto, Ontario M5J 2S1 Canada
Tel: (416) 367-7388

Approximate Date of Commencement of Proposed Sale to the Public: As soon as possible after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to

Rule 415 under the Securities Act of 1933, as amended (the Securities Act), check the following box. [ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]		Accelerated filer [ ]
Non-accelerated filer [ ]	(Do not check if a smaller reporting company)	Smaller reporting company [X]

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Aggregate Offering Price ($)	Amount of Registration Fee ($)
8% Convertible Unsecured Subordinated Debentures due June 30, 2020 (2)	10,000	7,513,150(1)	871
Shares of Common Stock issuable upon conversion or redemption of the 8% Convertible Unsecured Subordinated Debentures due June 30, 2020 (2)	11,949,921	0(2)	0(2)
Shares of Common Stock in lieu of monetary interest payments (3)	4,800,000(4)	1,803,156(5)	209
Total		9,316,306	1,080(6)

(1) Equals the aggregate principal amount of the Debentures to be registered hereunder based on the conversion of the Canadian dollar denominated maximum offering amount of CA$10,000,000 at the daily exchange rate as published by the Bank of Canada on March 31, 2017 of U.S. $1.00 = CA$1.3310.

(2) In accordance with Rule 457(i) under the Securities Act, this registration statement also registers the shares of our common stock that are initially issuable upon conversion of the 8% Convertible Unsecured Subordinated Debentures due June 30, 2020, or the notes, registered hereby. No separate consideration will be paid for these shares of common stock and therefore no additional registration fee is required pursuant to Rule 457(i). The number of shares of our common stock issuable upon such conversion is estimated for purposes of this fee table to be 11,949,921 based on the closing price of our shares of Common Stock as quoted on the TSX-V on May 9, 2017 converted using the daily exchange rate as published by the Bank of Canada on May 10, 2017 of U.S. $1.00 = CA$1.3672, plus an allowance for adjustments upon the occurrence of certain events described herein under the heading Description of the Securities we are Offering Conversion Privilege .

(3) Represents the maximum aggregate offering price of shares of common stock that may be issued in lieu of monetary interest payments, in accordance with Rule 457(o).

(4) The number of shares of our common stock issuable in lieu of monetary payments is estimated for purposes of this fee table to be 4,800,000 based on the closing price of our shares of Common Stock as quoted on the TSX-V on March 31, 2017, plus an allowance for fluctuations in market share price.

(5) Equals the aggregate interest amount due under the Debentures (CA$2,400,000) based on the conversion of the Canadian dollar denominated maximum offering amount of CA$10,000,000 at the daily exchange rate as published by the Bank of Canada on March 31, 2017 of U.S. $1.00 = CA$1.3310.

(6) Previously paid.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JULY 7, 2017

PROSPECTUS

Maximum: CA$10,000,000
Minimum: CA$5,000,000
8% Convertible Unsecured Subordinated Debentures due June 30, 2020
Shares of Common Stock Issuable Upon Conversion or Redemption of Debentures
Shares of Common Stock Issuable for Interest Payments

We are offering (the Offering) a minimum of CA$5,000,000 and a maximum of CA$10,000,000 of 8% convertible unsecured subordinated debentures (the Debentures) due June 30, 2020 (the Maturity Date) at a price of CA$1,000 per Debenture (the Offering Price). The Debentures will bear interest at an annual rate of 8% payable semi-annually on the last day of June and December of each year (or the immediately following business day if any interest payment date would not otherwise be a business day), commencing on December 31, 2017. The Debentures will be redeemable, in whole or in part, at our option on the terms described in this registration statement. The Debentures will not be redeemable prior to June 30, 2018 (the First Call Date). This registration statement also relates to the offering of our shares of common stock (the Shares) issuable upon conversion of the Debentures and issuable in lieu of monetary interest payments.

Each Debenture will be convertible into Shares at the option of the holder at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date specified by us for redemption of Debentures. During such period, each Debenture will be convertible at a conversion price of CA$1.35 per Share (the Conversion Price), being a conversion rate of approximately 740 Shares per CA$1,000 principal amount of Debentures, subject to adjustment in certain events in accordance with the Indenture (as defined herein).

The TSX Venture Exchange (the TSXV) has conditionally approved the listing of the Debentures distributed under this prospectus and the Shares issuable on the conversion of the Debentures or otherwise. Listing will be subject to us fulfilling the applicable listing requirements of the TSXV, including distribution of the Debentures to a minimum number of public holders.

Our common stock is quoted on the OTCQX under the symbol IGXT and on the TSXV under the symbol IGX . The closing price of our common stock as quoted on the OTCQX on July 6, 2017 was $0.96, and the closing price of our common stock on the TSXV on July 6, 2017 was CA$1.22.

Investing in our securities involves a high degree of risk. You should invest in the Debentures only if you can afford to lose your entire investment. See Risk Factors beginning on page 11.

Desjardins Securities Inc. (the Lead Agent), and Laurentian Bank Securities Inc. and their U.S. registered broker dealer affiliates (collectively with the Lead Agent, the Agents) have agreed to conditionally offer the Debentures for sale, on a best efforts basis, if, as and when issued by us and in accordance with the conditions contained in the Agency Agreement. The Agents are not purchasing the Debentures offered by us, and are not required to sell any specific number or dollar amount of Debentures, but will assist us in this offering on a commercially reasonable best efforts basis. We have agreed to pay the Agents a cash fee equal to 6% of the gross proceeds of the offering of Debentures by us. See Plan of Distribution beginning on page 77 for more information on this offering and the arrangements with the Agents. All costs associated with the registration will be borne by us.

	Price to the Public	Agency Fee	Net Proceeds to the Corporation[1]
Per Debenture	CA$1,000	CA$60 or 6.0%	CA$940.00
Minimum Offering[2]	CA$5,000,000	CA$300,000 or 6.0%	CA$4,700,000
Maximum Offering	CA$10,000,000	CA$600,000 or 6.0%	CA$9,400,000

Notes

(1) Before deducting the expenses of the Offering, estimated at CA$450,000, which, together with the fee payable to the Agents pursuant to the terms of the Agency Agreement, the Corporation will pay from the proceeds of the Offering.

(2) There will be no closing of the Offering unless a minimum of CA$5,000,000 of Debentures (the Minimum Offering) are sold.

This offering will terminate at the discretion of the Agents, unless the offering is fully subscribed before such date or we decide to terminate the offering prior to that date. In either event, the offering may be closed without further notice to you. We expect that delivery of the Debentures being offered pursuant to this prospectus will be made to the purchasers on or about July 12, 2017.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is July 7, 2017

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You should rely only on the information contained in this prospectus and any related free writing prospectus that we may provide to you in connection with this offering. We have not, and the Agents have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the Agents are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date. Neither the delivery of this prospectus nor any sale made in connection with this prospectus shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information contained in this prospectus is correct as of any time after its date.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this prospectus constitute forward-looking statements within the meaning of applicable securities laws. All statements contained in this registration statement that are not clearly historical in nature are forward-looking, and the words anticipate , believe , continue , expect , estimate , may , plan , will , shall and other similar expressions are generally intended to identify forward-looking stateme within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All forward-looking statements are based on our beliefs and assumptions based on information available at the time the assumption was made. These forward-looking statements are not based on historical facts but on management s expectations regarding future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Forward-looking statements involve significant known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from those implied by forward-looking statements. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this registration statement or incorporated by reference herein are based upon what management believes to be reasonable assumptions, there is no assurance that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this registration statement or as of the date specified in the documents incorporated by reference herein, as the case may be.

Forward-looking statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and other uncertain events. Forward-looking statements, by their nature, are based on assumptions, including those described below, and involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to differ materially from those expressed in the forward-looking statements. Any forecasts or forward-looking predictions or statements cannot be relied upon due to, among other things, changing external events and general uncertainties of the business. Results indicated in forward-looking statements may differ materially from actual results for a number of reasons, including without limitation, risks associated with the ability to obtain sufficient and suitable financing to support operations, R&D clinical trials and commercialization of products; the ability to execute partnerships and corporate alliances; uncertainties relating to the regulatory approval process; the ability to develop drug delivery technologies and manufacturing processes that result in competitive advantage and commercial viability; the impact of competitive products and pricing and the ability to successfully compete in the targeted markets; the successful and timely completion of pre-clinical and clinical studies; the ability to attract and retain key personnel and key collaborators; the ability to adequately protect proprietary information and technology from competitors; and the ability to ensure that we do not infringe upon the rights of third parties. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information include the factors identified throughout this prospectus. The forward-looking statements contained in this prospectus represent our expectations as of the date of this prospectus, and are subject to change after such date. We any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulations. **We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements were made or to reflect the occurrence of unanticipated events, except as may be required by applicable securities laws.**

Before you invest in the Debentures you should be aware that the occurrence of the events described as risk factors and elsewhere in this prospectus could have a material adverse effect on our business, operating results and financial condition.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. To fully understand this offering, you should read the entire prospectus carefully, including the more detailed information regarding our

company, the risks of purchasing our common stock discussed under "risk factors," and our financial statements and the accompanying notes. In this prospectus, the words "Corporation," "IntelGenx" "we," "us," and "our," refer collectively to IntelGenx Technologies Corp. and IntelGenx Corp., our wholly-owned Canadian subsidiary.

All amounts are US$ unless otherwise indicated. Unless otherwise indicated, the term "year," "fiscal year" or "fiscal" refers to our fiscal year ending December 31st.

Corporate History

Our predecessor company, Big Flash Corp., was incorporated in Delaware on July 27, 1999. On April 28, 2006, Big Flash, through its Canadian holding corporation, completed the acquisition of IntelGenx Corp., a Canadian company incorporated on June 15, 2003. Big Flash did not have any operations prior to the acquisition of IntelGenx Corp. In connection with the acquisition, we changed our name from Big Flash Corp. to IntelGenx Technologies Corp. IntelGenx Corp. has continued operations as our operating subsidiary.

Our Business

Overview

We are a drug delivery company established in 2003 and headquartered in Montreal, Quebec, Canada. Our focus is on the development of novel oral immediate-release and controlled-release products for the pharmaceutical market. More recently, we have made the strategic decision to enter the oral film market and are in the process of implementing commercial oral film manufacturing capability. This enables us to offer our partners a comprehensive portfolio of pharmaceutical services, including pharmaceutical R&D, clinical monitoring, regulatory support, tech transfer and manufacturing scale-up, and commercial manufacturing.

Our business strategy is to develop pharmaceutical products based on our proprietary drug delivery technologies and, once the viability of a product has been demonstrated, to license the commercial rights to partners in the pharmaceutical industry. In certain cases, we rely upon partners in the pharmaceutical industry to fund development of the licensed products, complete the regulatory approval process with the U.S. Food and Drug Administration (FDA) or other regulatory agencies relating to the licensed products, and assume responsibility for marketing and distributing such products.

In addition, we may choose to pursue the development of certain products until the project reaches the marketing and distribution stage. We will assess the potential for successful development of a product and associated costs, and then determine at which stage it is most prudent to seek a partner, balancing such costs against the potential for additional returns earned by partnering later in the development process.

Managing our project pipeline is a key success factor for the Corporation. We have undertaken a strategy under which we will work with pharmaceutical companies in order to apply our oral film technology to pharmaceutical products for which patent protection is nearing expiration, a strategy which is often referred to as lifecycle management . Under §(505)(b)(2) of the Food, Drug, and Cosmetics Act, the FDA may grant market exclusivity for a term of up to three years of exclusivity following approval of a listed drug that contains previously approved active ingredients but is approved in a new dosage, dosage form, route of administration or combination.

The 505(b)(2) pathway is also the regulatory approach to be followed if an applicant intends to file an application for a product containing a drug that is already approved by the FDA for a certain indication and for which the applicant is seeking approval for a new indication or for a new use, the approval of which is required to be supported by new clinical trials, other than bioavailability studies. We have implemented a strategy under which we actively look for such so-called repurposing opportunities and determine whether our proprietary VersaFilm technology adds value to the product. We currently have two such drug repurposing projects in our development pipeline.

We continue to develop the existing products in our pipeline and may also perform research and development on other potential products as opportunities arise.

We have established a state-of-the-art manufacturing facility with the intent to manufacture all our VersaFilm products in-house as we believe that this:

1) represents a profitable business opportunity,
2) will reduce our dependency upon third-party contract manufacturers, thereby protecting our manufacturing process know-how and intellectual property, and
3) allows us to offer our clients and development partners a full service from product conception through to supply of the finished product.

Our Offices and Other Corporate Information

Our executive offices are located at 6420 Abrams, Ville Saint-Laurent, Quebec, H4S 1Y2, Canada, and our telephone number is (514) 331-7440. Our web site address is *http://www.IntelGenx.com*. Information contained on our web site is not a part of this prospectus.

THE OFFERING

Offering:	Minimum: CA$5,000,000 aggregate principal amount of Debentures Maximum: CA$10,000,000 aggregate principal amount of Debentures
Offering Price:	CA$1,000 per Debenture
Use of Proceeds:	The net proceeds from the Offering will be used for capital expansion, clinical studies, product development and general working capital requirements. See Use of Proceeds.
Interest Rate:	8% per annum. The interest will be payable semi-annually on the last day of June and December of each year, commencing on December 31, 2017.
Maturity Date:	June 30, 2020
Conversion:	Each Debenture will be convertible into Shares at the option of the holder at any time prior to the Maturity Date and the business day immediately preceding the date specified by us for redemption of Debentures. During such period, each Debenture will be convertible at a conversion price of $1.35 per Share, being a conversion rate of approximately 740 Shares per CA$1,000 principal amount of Debentures, subject to adjustment in certain events. Holders converting their Debentures will receive accrued and unpaid interest thereon for the period from the date of the latest interest payment date to, but excluding, the date of conversion.
Redemption:	The Debentures will not be redeemable prior to June 30, 2018. On and after June 30, 2018, but prior to June 30, 2019, the Debentures will be redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at our sole option on not more than 60 days' and not less than 30 days' prior notice, provided that the weighted average trading price of the Shares on the TSXV for the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given is not less than 125% of the conversion price of CA$1.35. On and after June 30, 2019 and prior to the Maturity Date, the Debentures will be redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at our sole option on not more than 60 days' and not less than 30 days' prior notice.
Purchase:	Provided that no Event of Default has occurred and is continuing, the Corporation will have the right to purchase Debentures in the market, by tender or by private contract, subject to regulatory requirements.
Conversion at Corporation s Option:	We may, following June 30, 2018, subject to any required regulatory approval and provided that no Event of Default has occurred and is continuing, on not more than 60 days and not less than 30 days prior notice, elect to satisfy its obligation to pay the principal amount of the Debentures that are to be redeemed or the principal amount of and premium (if any) on the Debentures that are to mature by issuing and delivering for each CA$1,000 due, that number of freely tradeable Shares obtained by dividing the CA$1,000 principal amount of the Debentures that is to be redeemed or that are to mature, as the case may be, by 95% of the weighted average trading price of the Shares on the TSXV for the 20 consecutive trading days ending on the fifth trading day preceding the date fixed for redemption or maturity, as the case may be. Interest accrued and unpaid on the Debentures that are to be redeemed or that are to mature will be paid to holders of Debentures in cash.

Share Interest Payment Election:	We may elect, from time to time, subject to any required regulatory approval and provided that no Event of Default has occurred and is continuing, to satisfy, subject to securing all necessary regulatory approvals and on not more than 30 days and not less than 15 days prior notice, all or part of its interest payment obligations by delivering sufficient freely tradeable Shares, at a price per Share equal to the market price (as defined by the policies of the TSXV) on the day before the public announcement by us of our intention to satisfy its interest payment obligations in Shares.

Change of Control:	Upon the occurrence of a Change of Control involving the acquisition of voting control or direction over 66 2/3% or more of our Shares, we will be required to make an offer to purchase, within 30 days following the consummation of the Change of Control, all of the Debentures at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest.
Rank:	The payment of the principal of, and interest on, the Debentures will be subordinated in right of payment to the prior payment in full of all of our Senior Indebtedness, including indebtedness under our present and future bank credit facilities and any other secured creditors. See Description of the Securities We are Offering - Subordination .
Listing:	The TSXV has conditionally approved the listing of the Debentures and the Shares issuable on the conversion of the Debentures. Listing will be subject to fulfilling the applicable listing requirements of the TSXV, including distribution of the Debentures to a minimum number of public holders.
Common stock outstanding prior to the offering:	65,422,020
Common stock issuable on exercise of the Debentures	7,407,407
Common stock to be outstanding after the offering:	72,829,427
Risk Factors	See Risk Factors beginning on page 11 and other information in this prospectus for a discussion of the factors you should consider before you decide to invest in our securities.
OTCQX Ticker Symbol for Common Stock:	IGXT
TSX Venture Exchange Symbol for Common Stock:	IGX

(1) Assumes the sale of all of the Debentures offered hereby. The number of shares of common stock shown above to be outstanding after this offering is based on 65,422,020 shares outstanding as of March 31, 2017 and excludes:

- 2,960,000 shares of common stock issuable upon exercise of outstanding stock options, at a weighted average exercise price of $0.63 per share;
- 5,614,358 additional shares of common stock reserved for issuance under a warrant agreement at an exercise price of $0.5646 per share;
- 1,938,954 additional shares of common stock reserved for future issuance under our amended and restated 2016 option plans; and
- shares of common stock issuable upon conversion of the Debentures offered hereby.

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables set forth our summary historical financial information. You should read this information together with the financial statements and the notes thereto appearing elsewhere in this prospectus and the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

RESULTS OF OPERATIONS:

In U.S.$ thousands		**Twelve-month period ended December 31, 2016**	Three-month Period ended March 31, 2017
Revenue	$	5,220	1,353
Cost of Royalty and License Revenue		319	92
Research and Development Expenses		1,766	644
Selling, General and Administrative Expenses		3,605	904
Depreciation of tangible assets		511	170
Operating Income (Loss)		**(981)**	**(457)**
Net Income (Loss)		**(1,180)**	**(512)**
Comprehensive Income (Loss)		**(1,473)**	**(468)**

BALANCE SHEET:

In U.S.$ thousands		**December 31, 2016**	**March 31, 2017**
Current Assets	$	6,352	4,966
Leasehold improvements and Equipment		5,730	5,833
Security Deposits		708	714
Current Liabilities		5,235	4,073
Deferred lease obligations		45	46
Long-term debt		2,565	2,410
Capital Stock		1	1
Additional Paid-in-Capital		23,700	24,207

RISK FACTORS

Our business faces many risks. Any of the risks discussed below, or elsewhere in this registration statement or in our other filings with the Securities and Exchange Commission (SEC), could have a material impact on our business, financial condition, or results of operations.

Risks Relating To the Offering

There is currently no public market for the Debentures.

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell Debentures purchased under this Prospectus. There can be no assurance that an active trading market will develop for the Debentures after the Offering, or if developed, that such market will be sustained at the price level of the Offering.

The Debentures will be unsecured, subordinated obligations and the likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on our financial condition and creditworthiness. The Indenture governing the Debentures contains limited covenant protection.

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on our financial condition and creditworthiness. In addition, the Debentures are unsecured obligations and are subordinate in right of payment to all of our existing and future Senior Indebtedness (as defined under Description of the Securities We are Offering Subordination). Therefore, if we become bankrupt, liquidate our assets, reorganize or enter into certain other transactions, our assets will be available to pay its obligations with respect to the Debentures only after it has paid all of its senior and secured indebtedness in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding. The Indenture does not prohibit or limit our ability to incur additional debt or liabilities (including Senior Indebtedness and secured indebtedness) or to make distributions except in respect of cash distributions where an Event of Default caused by the failure to pay interest when due has occurred and such default has not been cured or waived. The Indenture does not contain any provision specifically intended to protect holders of Debentures in the event of a future leveraged transaction.

We may not be able to purchase Debentures on a Change of Control.

We will be required to offer to purchase all outstanding Debentures upon the occurrence of a Change of Control. However, it is possible that following a Change of Control, we will not have sufficient funds at that time to make the required purchase of outstanding Debentures or that restrictions contained in other indebtedness will restrict those purchases. See Description of the Securities We are Offering Subordination .

The effect of certain transactions on the Debentures could substantially lessen or eliminate the value of the conversion privilege.

In the case of certain transactions that we are involved in that could occur in the future, the Debentures will become convertible into the securities, cash or property receivable by a holder of Shares in the kind and amount of securities, cash or property into which the Debentures were convertible immediately prior to the transaction. This change could substantially lessen or eliminate the value of the conversion privilege associated with the Debentures in the future. For example, if we were acquired in a cash merger, the Debentures would become convertible solely into cash and would no longer be convertible into securities whose value would vary depending on our future prospects and other factors. See Description of the Securities We are Offering Change of Control .

We will have broad discretion as to the use of the net proceeds from this offering, and we may not use the proceeds effectively.

Our management will have broad discretion as to the application of the net proceeds. Our stockholders may not agree with the manner in which our management chooses to allocate and spend the net proceeds. Moreover, our management may use some of the net proceeds for corporate purposes that may not increase our market value or profitability.

Holders of our Debentures will have no rights as common stockholders until they acquire our common stock.

Until Debenture holders acquire shares of our common stock upon conversion of the Debentures, the Debenture holders will have no rights with respect to our common stock. Upon conversion of your Debentures, you will be entitled to exercise the rights of a common stockholder only as to matters for which the record date occurs after the conversion date.

We may undertake subsequent offerings which will lead to dilution.

Our articles of incorporation and by-laws allow us to issue Shares for such consideration and on such terms and conditions as shall be established by the Directors, in many cases, without the approval of our stockholders. Except as described under the heading **Plan of Distribution**, we may issue additional Shares in subsequent offerings (including through the sale of securities convertible into or exchangeable for Shares) and on the exercise of stock options or other securities exercisable for Shares. We cannot predict the size of future issuances of Shares or the effect that future issuances and sales of Shares will have on the market price of the Shares. Issuances of a substantial number of additional Shares, or the perception that such issuances could occur, may adversely affect the prevailing market price for the Shares. With any additional issuance of Shares, investors will suffer dilution to their voting power and the Corporation may experience dilution in its earnings per Share.

We will not be allowed to deduct interest paid by us under the Debentures for purposes of computing our U.S. federal income tax liability.

For U.S. federal income tax purposes, we will not be allowed to deduct interest paid by us under the Debentures because we have the right, at our election, to pay interest due under the Debentures with Shares pursuant to the Share Interest Payment Election.

An investment in the Debentures by a holder whose home currency is not Canadian dollars entails significant risks.

All payments of interest on and the principal of the Debentures and any redemption price for the Debentures will be made in Canadian dollars. An investment in the Debentures by a holder whose home currency is not Canadian dollars entails significant risks. These risks include the possibility of significant changes in rates of exchange between the holder s home currency and Canadian dollars and the possibility of the imposition or subsequent modification of foreign exchange controls. These risks generally depend on factors over which we have no control, such as economic, financial and political events and the supply of and demand for the relevant currencies. In the past, rates of exchange between Canadian dollars and certain currencies have been highly volatile, and each holder should be aware that volatility may occur in the future. Fluctuations in any particular exchange rate that have occurred in the past, however, are not necessarily indicative of fluctuations in the rate that may occur during the term of the Debentures. Depreciation of Canadian dollars against the holder s home currency would result in a decrease in the effective yield of the Debentures below its coupon rate and, in certain circumstances, could result in a loss to the holder. If a holder is a U.S. holder, see Certain U.S. Federal Tax Considerations U.S. Holders Foreign Currency Considerations for the material United States federal income tax consequences of the acquisition, ownership and disposition of the Debentures related to the Debentures being denominated in Canadian dollars.

Risks Related to Our Business

We have a history of losses and our revenues may not be sufficient to sustain our operations.

Even though we ceased being a development stage company in April 2006, we are still subject to all of the risks associated with having a limited operating history and pursuing the development of new products. Our cash flows may be insufficient to meet expenses relating to our operations and the development of our business, and may be insufficient to allow us to develop new products. We currently conduct research and development using our proprietary platform technologies to develop oral controlled release and other delivery products. We do not know whether we will be successful in the development of such products. We have an accumulated deficit of approximately $17,737 thousand since our inception in 2003 through December 31, 2016. To date, these losses have been financed principally through sales of equity securities. Our revenues for the past five years ended December 31, 2016, December 31, 2015, December 31, 2014, December 31, 2013 and December 31, 2012 were $5.2 million, $5.1 million, $1.7 million, $948 thousand and $1,198 thousand respectively. Revenue generated to date has not been sufficient to

sustain our operations. In order to achieve profitability, our revenue streams will have to increase and there is no assurance that revenues will increase to such a level.

We may incur losses associated with foreign currency fluctuations.

The majority of our expenses are paid in Canadian dollars, while a significant portion of our revenues are in U.S. dollars. Our financial results are subject to the impact of currency exchange rate fluctuations. Adverse movements in exchange rates could have a material adverse effect on our financial condition and results of operations.

We may need additional capital to fulfill our business strategies. We may also incur unforeseen costs. Failure to obtain such capital would adversely affect our business.

We will need to expend significant capital in order to continue with our research and development by hiring additional research staff and acquiring additional equipment. If our cash flows from operations are insufficient to fund our expected capital needs, or our needs are greater than anticipated, we may be required to raise additional funds in the future through private or public sales of equity securities or the incurrence of indebtedness. Additional funding may not be available on favorable terms, or at all. If we borrow additional funds, we likely will be obligated to make periodic interest or other debt service payments and may be subject to additional restrictive covenants. If we fail to obtain sufficient additional capital in the future, we could be forced to curtail our growth strategy by reducing or delaying capital expenditures, selling assets or downsizing or restructuring our operations. If we raise additional funds through public or private sales of equity securities, the sales may be at prices below the market price of our stock and our shareholders may suffer significant dilution.

The loss of the services of key personnel would adversely affect our business.

Our future success depends to a significant degree on the skills, experience and efforts of our executive officers and senior management staff. The loss of the services of existing personnel would be detrimental to our research and development programs and to our overall business.

We are dependent on business partners to conduct clinical trials of, obtain regulatory approvals for, and manufacture, market, and sell our products.

We depend heavily on our pharmaceutical partners to pay for part or all of the research and development expenses associated with developing a new product and to obtain approval from regulatory bodies such as the FDA to commercialize these products. We also depend on our partners to distribute these products after receiving regulatory approval. Our revenues from research and development fees, milestone payments and royalty fees are derived from our partners. Our inability to find pharmaceutical partners who are willing to pay us these fees in order to develop new products would negatively impact our business and our cash flows.

We have limited experience in manufacturing, marketing and selling pharmaceutical products. Accordingly, if we cannot maintain our existing partnerships or establish new partnerships with respect to our other products in development, we will have to establish our own capabilities or discontinue the commercialization of the affected product. Developing our own capabilities would be expensive and time consuming and could delay the commercialization of the affected product. There can be no assurance that we would be able to develop these capabilities.

Our existing agreements with pharmaceutical industry partners are generally subject to termination by the counterparty on short notice upon the occurrence of certain circumstances, including, but not limited to, the following: a determination that the product in development is not likely to be successfully developed or not likely to receive regulatory approval; our failure to satisfy our obligations under the agreement, or the occurrence of a bankruptcy event. If any of our partnerships are terminated, we may be required to devote additional resources to the product, seek a new partner on short notice, or abandon the product development efforts. The terms of any additional partnerships or other arrangements that we establish may not be favorable to us.

We are also at risk that these partnerships or other arrangements may not be successful. Factors that may affect the success of our partnerships include the following:

- Our partners may incur financial and cash-flow difficulties that force them to limit or reduce their participation in our joint projects;

Our partners may be pursuing alternative technologies or developing alternative products that are competitive to our product, either on their own or in partnership with others;

Our partners may reduce marketing or sales efforts, or discontinue marketing or sales of our products, which may reduce our revenues received on the products;

Our partners may have difficulty obtaining the raw materials to manufacture our products in a timely and cost effective manner or experience delays in production, which could affect the sales of our products and our royalty revenues earned;

Our partners may terminate their partnerships with us. This could make it difficult for us to attract new partners, and it could adversely affect how the business and financial communities perceive us;

Our partners may pursue higher priority programs or change the focus of their development programs, which could affect the partner s commitment to us. Pharmaceutical and biotechnology companies historically have re-evaluated their priorities from time to time, including following mergers and consolidations, a common occurrence in recent years; and

Our partners may become the target of litigation for purported patent or intellectual property infringement, which could delay or prohibit commercialization of our products and which would reduce our revenue from such products.

We face competition in our industry, and several of our competitors have substantially greater experience and resources than we do.

We compete with other companies within the drug delivery industry, many of which have more capital, more extensive research and development capabilities and greater human resources than we do. Some of these drug delivery competitors include Monosol Rx, Tesa-Labtec GmbH, BioDelivery Sciences International, Inc. and LTS Lohmann Therapy Systems Corp. Our competitors may develop new or enhanced products or processes that may be more effective, less expensive, safer or more readily available than any products or processes that we develop, or they may develop proprietary positions that prevent us from being able to successfully commercialize new products or processes that we develop. As a result, our products or processes may not compete successfully, and research and development by others may render our products or processes obsolete or uneconomical. Competition may increase as technological advances are made and commercial applications broaden.

We rely upon third-party manufacturers, which puts us at risk for supplier business interruptions.

In certain instances, we may have to enter into agreements with third party manufacturers to manufacture certain of our products once we complete development and after we receive regulatory approval. If our third-party manufacturers fail to perform, our ability to market products and to generate revenue would be adversely affected. Our failure to deliver products in a timely manner could lead to the dissatisfaction of our distribution partners and damage our reputation, causing our distribution partners to cancel existing agreements with us and to stop doing business with us.

Any third-party manufacturers that we depend on to manufacture our products are required to adhere to FDA regulations regarding current Good Manufacturing Practices (cGMP), which include testing, control and documentation requirements. Ongoing compliance with cGMP and other regulatory requirements is monitored by periodic inspection by the FDA and comparable agencies in other countries. Failure by our third-party manufacturers to comply with cGMP and other regulatory requirements could result in actions against them by regulatory agencies and jeopardize our ability to obtain products on a timely basis.

We are in the process of establishing our own manufacturing facility for the future manufacture of VersaFilm products, which requires considerable financial investment and, if we are unsuccessful, could have a material adverse effect on our business, financial condition or results of operations.

We currently manufacture products only for clinical and testing purposes in our own facility and we do not manufacture products for commercial use. In order to establish ourselves as a full-service partner for our thin film products, we invested approximately $6.5 million to establish a state-of-the-art manufacturing facility for the commercial manufacture of products developed using our VersaFilm drug delivery technology. We anticipate the manufacturing facility to be qualified and ready for regulatory approval in the second half of 2017.

With our current manufacturing equipment, we are only able to manufacture products that do not contain flammable organic solvents. Since several of our film products are solvent-based, we are in the process of acquiring manufacturing equipment that is capable of handling organic solvents, and we are expanding our manufacturing facility in order to create the space required for this new manufacturing equipment.

We have limited expertise in establishing and operating a manufacturing facility and although we have contracted with architects, engineers and construction contractors specialized in the planning and construction of pharmaceutical facilities, there can be no guarantee that the project can be completed within the time or budget allocated. In addition, we may be unable to attract suitably qualified personnel for our manufacturing facility at acceptable terms and conditions of employment.

In addition, before we can begin commercial manufacture of our VersaFilm products for sale in the United States, we must obtain FDA regulatory approval for the product, which requires a successful inspection of our manufacturing facilities, processes and quality systems by various health authorities in addition to other product-related approvals. Further, pharmaceutical manufacturing facilities are continuously subject to inspection by the FDA and other health authorities before and after product approval. Due to the complexity of the processes used to manufacture our VersaFilm products, we may be unable initially or at any future time to pass federal, state or international regulatory inspections in a cost effective manner. If we are unable to comply with manufacturing regulations, we may be subject to fines, unanticipated compliance expenses, recall or seizure of any approved products, total or partial suspension of production and/or enforcement actions, including injunctions, and criminal or civil prosecution.

The manufacture of our products is heavily regulated by governmental health authorities, including the FDA. We must ensure that all manufacturing processes comply with current Good Manufacturing Practices (cGMP) and other applicable regulations. If we fail to comply fully with these requirements and the health authorities' expectations, then we could be required to shut down our production facilities or production lines, or could be prevented from importing our products from one country to another. This could lead to product shortages, or to our being entirely unable to supply products to patients for an extended period of time. Such shortages or shut downs could lead to significant losses of sales revenue and to potential third-party litigation. In addition, health authorities have in some cases imposed significant penalties for such failures to comply with cGMP. A failure to comply fully with cGMP could also lead to a delay in the approval of new products to be manufactured at our manufacturing facility.

Any disruption in the supply of our future products could have a material adverse effect on our business, financial condition or results of operations.

We have no timely ability to replace our future VersaFilm manufacturing capabilities.

If our manufacturing facility suffers any type of prolonged interruption, whether caused by regulator action, equipment failure, critical facility services, fire, natural disaster or any other event that causes the cessation of manufacturing activities, we would be exposed to long-term loss of sales and profits. There are no facilities capable of contract manufacturing our VersaFilm products at short notice. If we suffer an interruption to our manufacturing of VersaFilm products, we may have to find a contract manufacturer capable of supplying our needs, although this would require completing a Manufacturing Site Change process, which takes considerable time and is costly. Replacement of our manufacturing capabilities will have a material adverse effect on our business and financial condition or results of operations.

We depend on a limited number of suppliers for API. Generally, only a single source of API is qualified for use in each product due to the costs and time required to validate a second source of supply. Changes in API suppliers must usually be approved through a Prior Approval Supplement by the FDA.

Our ability to manufacture products is dependent, in part, upon ingredients and components supplied by others, including international suppliers. Any disruption in the supply of these ingredients or components or any problems in their quality could materially affect our ability to manufacture our products and could result in legal liabilities that could materially affect our ability to realize profits or otherwise harm our business, financial, and operating results. As the API typically comprises the majority of a product's manufactured cost, and qualifying an alternative is costly and time-consuming, API suppliers must be selected carefully based on quality, reliability of supply and long-term financial stability.

We are subject to extensive government regulation including the requirement of approval before our products may be marketed. Even if we obtain marketing approval, our products will be subject to ongoing regulatory review.

We, our partners, our products, and our product candidates are subject to extensive regulation by governmental authorities in the United States and other countries. Failure to comply with applicable requirements could result in warning letters, fines and other civil penalties, delays in approving or refusal to approve a product candidate, product recall or seizure, withdrawal of product approvals, interruption of manufacturing or clinical trials, operating restrictions, injunctions, and criminal prosecution.

Our products cannot be marketed in the United States without FDA approval. Obtaining FDA approval requires substantial time, effort, and financial resources, and there can be no assurance that any approval will be granted on a timely basis, if at all. With most of our products, we rely on our partners for the preparation of applications and for obtaining regulatory approvals. If the FDA does not approve our product candidates in a timely fashion, or does not approve them at all, our business and financial condition may be adversely affected. Further, the terms of approval of any marketing application, including the labeling content, may be more restrictive than we desire and could affect the marketability of our or our partner`s products. Subsequent discovery of problems with an approved product may result in restrictions on the product or its withdrawal from the market. In addition, both before and after regulatory approval, we, our partners, our products, and our product candidates are subject to numerous FDA requirements regarding testing, manufacturing, quality control, cGMP, adverse event reporting, labeling, advertising, promotion, distribution, and export. Our partners and we are subject to surveillance and periodic inspections to ascertain compliance with these regulations. Further, the relevant law and regulations may change in ways that could affect us, our partners, our products, and our product candidates. Failure to comply with regulatory requirements could have a material adverse impact on our business.

Regulations regarding the manufacture and sale of our future products are subject to change. We cannot predict what impact, if any, such changes may have on our business, financial condition or results of operations. Failure to comply with applicable regulatory requirements could have a material adverse effect on our business, financial condition and results of operations.

Additionally, the time required for obtaining regulatory approval is uncertain. We may encounter delays or product rejections based upon changes in FDA policies, including cGMP, during periods of product development. We may encounter similar delays in countries outside of the United States. We may not be able to obtain these regulatory acceptances on a timely basis, or at all.

The failure to obtain timely regulatory acceptance of our products, any product marketing limitations, or any product withdrawals would have a material adverse effect on our business, financial condition and results of operations. In addition, before it grants approvals, the FDA or any foreign regulatory authority may impose numerous other requirements with which we must comply. Regulatory acceptance, if granted, may include significant limitations on the indicated uses for which the product may be marketed. FDA enforcement policy strictly prohibits the marketing of accepted products for unapproved uses. Product acceptance could be withdrawn or civil and/or criminal sanctions could be imposed for our failure to comply with regulatory standards or the occurrence of unforeseen problems following initial marketing.

We may not be able to expand or enhance our existing product lines with new products limiting our ability to grow.

If we are not successful in the development and introduction of new products, our ability to grow will be impeded. We may not be able to identify products to enhance or expand our product lines. Even if we can identify potential products, our investment in research and development might be significant before we can bring the products to market. Moreover, even if we identify a potential product and expend significant dollars on development, we may never be able to bring the product to market or achieve market acceptance for such product. As a result, we may never recover our expenses.

The market may not be receptive to products incorporating our drug delivery technologies.

The commercial success of any of our products that are approved for marketing by the FDA and other regulatory authorities will depend upon their acceptance by the medical community and third party payers as clinically useful, cost-effective and safe. To date, only two products based upon our technologies have been marketed in the United States, which limits our ability to provide guidance or assurance as to market acceptance.

Factors that we believe could materially affect market acceptance of these products include:

- The timing of the receipt of marketing approvals and the countries in which such approvals are obtained;
- The safety and efficacy of the product as compared to competitive products;
- The relative convenience and ease of administration as compared to competitive products;
- The strength of marketing distribution support; and
- The cost-effectiveness of the product and the ability to receive third party reimbursement.

We are subject to environmental regulations, and any failure to comply may result in substantial fines and sanctions.

Our operations are subject to Canadian and international environmental laws and regulations governing, among other things, emissions to air, discharges to waters and the generation, handling, storage, transportation, treatment and disposal of raw materials, waste and other materials. Many of these laws and regulations provide for substantial fines and criminal sanctions for violations. We believe that we are and have been operating our business and facility in a manner that complies in all material respects with environmental, health and safety laws and regulations; however, we may incur material costs or liabilities if we fail to operate in full compliance. We do not maintain environmental damage insurance coverage with respect to the products which we manufacture.

The decision to establish commercial film manufacturing capability may require us to make significant expenditures in the future to comply with evolving environmental, health and safety requirements, including new requirements that may be adopted or imposed in the future. To meet changing licensing and regulatory standards, we may have to make significant additional site or operational modifications that could involve substantial expenditures or reduction or suspension of some of our operations. We cannot be certain that we have identified all environmental and health and safety matters affecting our activities and in the future our environmental, health and safety problems, and the costs to remediate them, may be materially greater than we expect.

Risks Related to Our Intellectual Property

If we are not able to adequately protect our intellectual property, we may not be able to compete effectively.

Our success depends, to a significant degree, upon the protection of our proprietary technologies. While we currently own 8 patents and have an additional 18 pending patent applications in several jurisdictions, we will need to pursue additional protection for our intellectual property as we develop new products and enhance existing products. We may not be able to obtain appropriate protection for our intellectual property in a timely manner, or at all. Our inability to

obtain appropriate protections for our intellectual property may allow competitors to enter our markets and produce or sell the same or similar products.

If we are forced to resort to legal proceedings to enforce our intellectual property rights, the proceedings could be burdensome and expensive. In addition, our proprietary rights could be at risk if we are unsuccessful in, or cannot afford to pursue, those proceedings.

We also rely on trade secrets and contract law to protect some of our proprietary technology. We have entered into confidentiality and invention agreements with our employees and consultants. Nevertheless, these agreements may not be honored and they may not effectively protect our right to our un-patented trade secrets and know-how. Moreover, others may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets and know-how.

We may need to obtain licenses to patents or other proprietary rights from third parties. We may not be able to obtain the licenses required under any patents or proprietary rights or they may not be available on acceptable terms. If we do not obtain required licenses, we may encounter delays in product development or find that the development, manufacture or sale of products requiring licenses could be foreclosed. We may, from time to time, support and collaborate in research conducted by universities and governmental research organizations. We may not be able to acquire exclusive rights to the inventions or technical information derived from these collaborations, and disputes may arise over rights in derivative or related research programs conducted by us or our partners.

If we infringe on the rights of third parties, we may not be able to sell our products, and we may have to defend against litigation and pay damages.

If a competitor were to assert that our products infringe on its patent or other intellectual property rights, we could incur substantial litigation costs and be forced to pay substantial damages. Such litigation costs could be as a result of direct litigation against us, or as a result of litigation against one or more of our partners to whom we have contractually agreed to indemnify in the event that our intellectual property is the cause of a successful litigious action against our partner. Third-party infringement claims, regardless of their outcome, would not only consume significant financial resources, but would also divert our management s time and attention. Such claims could also cause our customers or potential customers to purchase competitors products or defer or limit their purchase or use of our affected products until resolution of the claim. If any of our products are found to violate third-party intellectual property rights, we may have to re-engineer one or more of our products, or we may have to obtain licenses from third parties to continue offering our products without substantial re-engineering. Our efforts to re-engineer or obtain licenses could require significant expenditures and may not be successful.

Our controlled release products that are generic versions of branded controlled release products that are covered by one or more patents may be subject to litigation, which could delay FDA approval and commercial launch of our products.

We expect to file or have our partners file NDAs or ANDAs for our controlled release products under development that are covered by one or more patents of the branded product. It is likely that the owners of the patents covering the brand name product or the sponsors of the NDA with respect to the branded product will sue or undertake regulatory initiatives to preserve marketing exclusivity. Any significant delay in obtaining FDA approval to market our products as a result of litigation, as well as the expense of such litigation, whether or not we or our partners are successful, could have a materially adverse effect on our business, financial condition and results of operations.

Risks Related to Our Securities:

The price of our common stock could be subject to significant fluctuations.

Any of the following factors could affect the market price of our common stock:

- Our failure to achieve and maintain profitability;

Changes in earnings estimates and recommendations by financial analysts;
Actual or anticipated variations in our quarterly results of operations;
Changes in market valuations of similar companies;
Announcements by us or our competitors of significant contracts, new products, acquisitions, commercial relationships, joint ventures or capital commitments;
The loss of major customers or product or component suppliers;
The loss of significant partnering relationships; and
General market, political and economic conditions.

We have a significant number of convertible securities outstanding that could be exercised in the future. Subsequent resale of these and other shares could cause our stock price to decline. This could also make it more difficult to raise funds at acceptable levels pursuant to future securities offerings.

Our common stock is a high risk investment.

Our common stock was quoted on the OTC Bulletin Board under the symbol IGXT from January 2007 until June 2012 and, subsequent to our upgrade in June 2012, has been quoted on the OTCQX. Our common stock has also been listed on the TSXV under the symbol IGX since May 2008.

There is a limited trading market for our common stock, which may affect the ability of shareholders to sell our common stock and the prices at which they may be able to sell our common stock.

The market price of our common stock has been volatile and fluctuates widely in response to various factors which are beyond our control. The price of our common stock is not necessarily indicative of our operating performance or long term business prospects. In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

In the United States, our common stock is considered a penny stock . The SEC has adopted regulations which generally define a penny stock to be an equity security that has a market price of less than $5.00 per share or an exercise price of less than $5.00 per share, subject to specific exemptions. This designation requires any broker or dealer selling these securities to disclose certain information concerning the transaction, obtain a written agreement from the purchaser and determine that the purchaser is reasonably suitable to purchase the securities. These rules may restrict the ability of brokers or dealers to sell our common stock and may affect the ability of investors to sell their shares.

As a result of the foregoing, our common stock should be considered a high risk investment.

The application of the penny stock rules to our common stock could limit the trading and liquidity of our common stock, adversely affect the market price of our common stock and increase stockholder transaction costs to sell those shares.

As long as the trading price of our common stock is below $5.00 per share, the open market trading of our common stock will be subject to the penny stock rules, unless we otherwise qualify for an exemption from the penny stock definition. The penny stock rules impose additional sales practice requirements on certain broker-dealers who sell securities to persons other than established customers and accredited investors (generally those with assets in excess of $1,000,000 or annual income exceeding $200,000 or $300,000 together with their spouse). These regulations, if they apply, require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the associated risks. Under these regulations, certain brokers who recommend such securities to persons other than established customers or certain accredited investors must make a special written suitability determination regarding such a purchaser and receive such purchaser s written agreement to a transaction prior to sale. These regulations may have the effect of limiting the trading activity of our common stock, reducing the liquidity of an investment in our common stock and increasing the transaction costs for sales and purchases of our common stock as compared to other securities.

We became public by means of a reverse merger, and as a result we are subject to the risks associated with the prior activities of the public company with which we merged.

Additional risks may exist because we became public through a reverse merger with a shell corporation. Although the shell did not have any operations or assets and we performed a due diligence review of the public company, there can

be no assurance that we will not be exposed to undisclosed liabilities resulting from the prior operations of our company.

Our limited cash resources restrict our ability to pay cash dividends.

Since our inception, we have not paid any cash dividends on our common stock. We currently intend to retain future earnings, if any, to support operations and to finance the growth and development of our business. Therefore, we do not expect to pay cash dividends in the foreseeable future. Any future determination relating to our dividend policy will be made at the discretion of our Board of Directors and will depend on a number of factors, including future earnings, capital requirements, financial conditions and future prospect and other factors that the Board of Directors may deem relevant. If we do not pay any dividends on our common stock, our shareholders will be able to profit from an investment only if the price of the stock appreciates before the shareholder sells it. Investors seeking cash dividends should not purchase our common stock.

If we are the subject of securities analyst reports or if any securities analyst downgrades our common stock or our sector, the price of our common stock could be negatively affected.

Securities analysts may publish reports about us or our industry containing information about us that may affect the trading price of our common stock. In addition, if a securities or industry analyst downgrades the outlook for our stock or one of our competitors stocks, the trading price of our common stock may also be negatively affected.

USE OF PROCEEDS

We estimate that the net proceeds from the Minimum Offering (after deducting the Agency fee of CA$300,000 and before deducting the estimated expenses of this Offering of CA$450,000) will be approximately CA$4,700,000. We estimate that the net proceeds from the Maximum Offering (after deducting the Agency fee of CA$600,000 and before deducting the estimated expenses of this Offering of CA$450,000) will be approximately CA$9,400,000.

We intend to use the net proceeds from the Offering as follows:

Use of net proceeds

	Minimum Offering	Maximum Offering
Capital expansion	CA$1,800,000	CA$1,800,000
Clinical Studies	CA$1,400,000	CA$1,400,000
Product development	CA$600,000	CA$600,000
General working capital requirements[(1)]	CA$450,000	CA$5,150,000
TOTAL	**CA$4,250,000**	**CA$8,950,000**

[(1)] Our monthly general working capital requirements are expected to be of $400,000 during the next 24 months.

The funds allocated to capital expenses will be allocated to the second phase of the expansion of the manufacturing capability of the Corporation and to clinical studies will contribute to the cost for the phase II proof of concept study using montelukast in a repurposing opportunity for treatment of cognitive diseases. In addition it will support smaller phase I clinical studies for other projects in development such as Apomorphine and Loxapine. It is anticipated that the phase II proof of concept study will be commenced within the next 12 months.

Product development includes but is not limited to development of new and innovative formulations, analytical method development and testing of the different prototypes for content and stability and manufacturing process development at small and larger scale. It is anticipated that these development efforts will be conducted over the next 12 to 18 months.

DILUTION

If you convert your Debentures into shares of our common stock, your interest will be diluted to the extent of the difference between the conversion price per share at which you convert your Debentures in this Offering and the net tangible book value per share of our common stock immediately after such conversion. Our net tangible book value of our common stock at December 31, 2016 was approximately 4,945,000, or approximately $0.08 per share of common stock based upon 64,812,020 shares outstanding at December 31, 2016. Our historical net tangible book value per share is calculated by subtracting our total liabilities, goodwill and intangible assets from our total assets and dividing this amount by the number of shares of our common stock outstanding on December 31, 2016.

After giving effect to the minimum offering of the Debentures and the issuance of 3,703,704 shares of our common stock upon conversion of the Debentures at the initial conversion price of $1.01 per share, our net tangible book value at December 31, 2016 would have been $8,701,574, or $0.13 per share of com