

JUNE 6, 2016

**IN THE MATTER OF THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA,
ONTARIO, NEW BRUNSWICK, NOVA SCOTIA,
PRINCE EDWARD ISLAND AND NEWFOUNDLAND
(THE JURISDICTIONS)**

AND

**IN THE MATTER OF THE PROCESS FOR
EXEMPTIVE RELIEF APPLICATIONS
IN MULTIPLE JURISDICTIONS**

AND

**IN THE MATTER OF
TRIBUTE PHARMACEUTICALS CANADA INC.
(THE FILER)**

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer is not a reporting issuer in the Jurisdictions (the **Exemptive Relief Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application),

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 -- *Definitions* and Multilateral Instrument 11-102 - *Passport System* have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation existing under the laws of Ontario and was formed by the amalgamation (the **Amalgamation**) of Tribute Pharmaceuticals Canada Inc. (**Target**) and ARLZ CA Acquisition Corp. (**Amalgamation Sub**) pursuant to an arrangement (the **Arrangement**) under section 182 of the *Business Corporations Act* (Ontario) (the **OBCA**), which became effective at 11:00 a.m. (the **Effective Time**) on February 2, 2016 (the **Effective Date**). The Filer's head office is located at 151 Steeles Avenue East, Milton, Ontario, Canada L9T 1Y1.
2. Aralez Pharmaceuticals Inc. (**Acquiror**) is a corporation existing under the laws of British Columbia. The authorized capital of Acquiror consists of an unlimited number of common shares (the **Acquiror Shares**). The Acquiror Shares are listed on the Toronto Stock Exchange (the **TSX**) under the symbol "ARZ" and on the NASDAQ Stock Market LLC (**NASDAQ**) under the symbol "ARLZ". Acquiror is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. Concurrently with the completion of the transactions contemplated by the Arrangement, Acquiror also acquired POZEN Inc. (**Pozen**), a Delaware company whose common stock was formerly traded on the NASDAQ. As a result, the business of the Filer represents only a portion of the overall business of Acquiror.
3. Immediately prior to the Effective Time, Target was a corporation existing under the laws of Ontario and had the following outstanding securities: (i) 209,570,551 common shares (the **Target Shares**); (ii) 7,000,953 options to purchase Target Shares (the **Target Options**); (iii) 25,439,015 warrants to purchase Target Shares (the **Target Warrants**); (iv) 1,099,281 broker compensation options (the **Target Compensation Options**); (v) a C\$5,000,000 convertible unsecured promissory note (the **Target MFI Note**) and (vi) an aggregate of US\$75,000,000 of senior secured convertible notes (the **Target Senior Notes**) issued pursuant to that second amended and restated credit facility dated December 7, 2015 by and among Acquiror, Pozen, the Filer and the lenders thereunder (the **Credit Facility**). The Target Shares were listed on the TSX Venture Exchange (the **TSXV**) under the symbol "TRX". No other securities of Target were listed on any exchange. Target was a reporting issuer in each of the Jurisdictions.
4. The authorized capital of the Filer, being the successor to Target following the Amalgamation, consists of an unlimited number of common shares (the **Common Shares**) and an unlimited number of preferred shares, issuable in series. As of the date hereof, all of the outstanding Common Shares are held by Acquiror. The Filer continues to have 24,183,443 warrants (the **Warrants**), 1,099,281 broker compensation options (the **Compensation Options**) and the C\$5,000,000 convertible promissory note (the **MFI Note**) outstanding, each of which, as a result of the Arrangement and the terms of such securities, is exercisable to acquire Acquiror Shares based on the Exchange Ratio (as defined and described below). The Filer does not have any other securities outstanding.
5. Immediately prior to the Effective Time, Amalgamation Sub was a corporation existing under the laws of Ontario and was wholly-owned by Acquiror.

6. Pursuant to the Arrangement and the applicable plan of arrangement (the **Plan of Arrangement**), among other things, the following occurred as of the Effective Time:
 - (a) each outstanding Target Option was deemed to be fully vested and was, at the election of the holder, either (i) surrendered to Target in exchange for a specified number of Target Shares based on the difference between the market value of a Target Share and the exercise price of a Target Option or (ii) exchanged for an option to purchase Acquiror Shares (an **Acquiror Option**) based on the Exchange Ratio (as defined below);
 - (b) Target and Amalgamation Sub amalgamated to form the Filer. On the Amalgamation:
 - (i) each outstanding common share of Amalgamation Sub held by Acquiror was exchanged for a Common Share;
 - (ii) each outstanding Target Share was exchanged for 0.1455 of an Acquiror Share (the **Exchange Ratio**); and
 - (iii) the Filer issued additional Common Shares to Acquiror;
 - (c) the Target Senior Notes outstanding were sold, assigned and transferred to Acquiror in exchange for convertible notes of Acquiror issued to former holders of the Target Senior Notes pursuant to the Credit Facility having the same principal amount as the Target Senior Notes so exchanged and a conversion price reflecting the application of the Exchange Ratio.
7. As a result of the Amalgamation the Filer became liable for the obligations of Target and (i) each Target Warrant became a Warrant; (ii) each Target Compensation Option became a Compensation Option; and (iii) the Target MFI Note became the MFI Note.
8. Following the Effective Date, pursuant to the terms of the Plan of Arrangement and the terms of the Warrants, the Compensation Options and the MFI Note (collectively, the **Filer Convertible Securities**), each holder of the Filer Convertible Securities outstanding immediately prior to the Effective Date became entitled to receive, upon the exercise of such securities, in lieu of each Target Share to which such holder was previously entitled, 0.1455 of an Acquiror Share, subject to adjustment in accordance with the terms of such securities. As a party to the Arrangement, Acquiror is obligated to issue the number of Acquiror Shares required to meet the Filer's obligations upon exercise of the Filer Convertible Securities.
9. Following the Effective Date, the only outstanding securities of the Filer held by persons other than Acquiror are the Filer Convertible Securities.

- (a) As to the Target Warrants, to the best of the Filer's knowledge and belief and based on a review of its books and records and a geographical analysis report in respect of Target Warrants held by CDS& Co. on behalf of its participants, there are 106 beneficial holders of Target Warrants, 11 of which are in Alberta (79,200 Target Warrants representing 0.31% of the total aggregate Target Warrants), 5 of which are in British Columbia (81,000 Target Warrants representing 0.32% of the total aggregate Target Warrants), 2 of which are in Manitoba (15,000 Target Warrants representing 0.06% of the total aggregate Target Warrants), 1 of which is in New Brunswick (955,000 Target Warrants representing 3.75% of the total aggregate Target Warrants), 64 of which are in Ontario (15,096,538 Target Warrants representing 59.34% of the total aggregate Target Warrants), 1 of which is in Quebec (6,300 Target Warrants representing 0.02% of the total aggregate Target Warrants), 7 of which are in the United States (4,530,666 Target Warrants representing 17.81% of the total aggregate Target Warrants) and 6 of which are in other foreign jurisdictions (4,675,311 Target Warrants representing 18.38% of the total aggregate Target Warrants).
 - (b) As to the Compensation Options, there are three beneficial holders of an aggregate of 1,099,281 Compensation Options outstanding, all of whom reside in Ontario.
 - (c) As to the MFI Note, there is one beneficial holder resident in Ontario. Furthermore, the MFI Note matures on June 16, 2016 and the Acquiror has advised that it will take the necessary steps to make funds available to repay the MFI Note at maturity.
10. The Filer is not required to remain a reporting issuer pursuant to the terms of the Filer Convertible Securities. The terms of the Filer Convertible Securities contain provisions addressing a corporate reorganization or merger, including the Arrangement, and provide for the issuance of Acquiror Shares in lieu of the Common Shares subsequent to such an event. As a result, no consents or approvals were required from the holders of the Filer Convertible Securities. Furthermore, the interim order issued by the Ontario Superior Court of Justice (Commercial List) in connection with the Arrangement did not grant the holders of the Filer Convertible Securities the right to receive notice or vote in connection with the approval of the Arrangement and such notice was not provided.
 11. Following the Effective Date, the Acquiror Shares issued under the Arrangement were listed on the TSX and the NASDAQ and additional Acquiror Shares were authorized for issuance upon exercise of the Acquiror Options and the Filer Convertible Securities.
 12. The Common Shares (formerly Target Shares) were delisted from the TSXV as of the close of business on February 8, 2016.
 13. As a result of the Arrangement, Acquiror became a reporting issuer in the Jurisdictions because Target, one of the amalgamating corporations, was a reporting issuer in the Jurisdictions for a period of at least 12 months prior to the Effective Date. As a result,

public disclosure relating to the former business of Target will form part of the continuous disclosure obligations of Acquiror as a reporting issuer in the Jurisdictions.

14. The Filer is not eligible to surrender its status as a reporting issuer in British Columbia pursuant to BC Instrument 11-502 -- *Voluntary Surrender of Reporting Issuer Status* because the Filer has more than 50 securityholders. As a result, and because the Filer's outstanding securities are not beneficially held, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders worldwide, the Filer is not eligible to apply to cease to be a reporting issuer under the simplified procedure in CSA Staff Notice 12-307 -- *Applications for a Decision that an Issuer is not a Reporting Issuer*.
15. No securities of the Filer, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 -- *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.
16. The Filer has no intention to seek public financing by way of an offering of securities.
17. The Filer has separately applied for an order pursuant to subsection 1(6) of the OBCA to be deemed to have ceased to be offering its securities to the public.
18. The Filer is not a reporting issuer in any jurisdiction of Canada other than the Jurisdictions. The Filer is applying for exemptive relief to cease to be a reporting issuer in each of the Jurisdictions.
19. Upon granting of the requested exemptive relief, the Filer will not be a reporting issuer or the equivalent in any jurisdiction of Canada.
20. The Filer is not in default of any of its obligations under the Legislation as a reporting issuer other than the requirement to file its annual financial statements and management's discussion and analysis in respect of such statements for the period ended December 31, 2015 as required under National Instrument 51-102 *Continuous Disclosure Obligations* and related certificates as required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, each of which became due on April 29, 2016.
21. The Acquiror is not in default of any of its obligations under the Legislation as a reporting issuer.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted.

“Janet Leiper”

Commissioner

Ontario Securities Commission

“Anne Marie Ryan”

Commissioner

Ontario Securities Commission