

Crescita Share Valuation

The Company used the “Butterfly Proportion” (as described in the circular) to determine the value of the “Nuvo Butterfly Shares” (as described in the circular) issued by Nuvo Pharmaceuticals Inc. (formerly Nuvo Research Inc.) (Nuvo) as part of the Plan of Arrangement Dated March 1, 2016 (the Arrangement) and subsequently acquired by Crescita Therapeutics Inc. (Crescita) pursuant to the Arrangement in exchange for the issuance of Crescita Common Shares (as defined in the circular).

The Butterfly Proportion is defined as follows:

“**Butterfly Proportion**” means an amount equal to the fraction (A)/(B) where:

- (A) is the volume weighted average trading price of the Crescita Common Shares on the TSX for the first five trading days commencing on the date upon which the Crescita Common Shares commence trading on the TSX following the completion of the Arrangement; and
- (B) is the sum of the amount determined under (A) above, plus the volume weighted average trading price of the Post-Arrangement Nuvo Common Shares on the TSX for the first five trading days commencing on the date upon which the Post-Arrangement Nuvo Common Shares commence trading on the TSX without any entitlement to the Crescita Common Shares.

The following is the Company’s estimate of the “Butterfly Proportion” based on the volume weight average trading price (VWAP) of the Crescita Common Shares and the Post-Arrangement Nuvo Common shares during the five trading days during the period from March 7th to March 11th.

Butterfly Proportion

(i) CTX VWAP - \$1.5179

(ii) NRI VWAP - \$5.4391

$$= (1.5179) / (5.4391+1.5179) = \mathbf{21.82\%}$$

As discussed in greater detail under “*Certain Income Tax Consequences*” in the circular, for Canadian income tax purposes, the adjusted cost base of a shareholder’s Nuvo Common Shares immediately before the Arrangement should be allocated between the Nuvo Butterfly Shares (and, subsequently, to the Crescita Common Shares) and the Post-Arrangement Nuvo Common Shares based on the relative fair market values of the Nuvo Butterfly Shares (subsequently exchanged for Crescita Common Shares) and the Post-Arrangement Nuvo Common Shares (e.g. the Butterfly Proportion). 21.82% represents the Company’s estimate of the portion of the adjusted cost base of the Nuvo Common Shares to be allocated to the Nuvo Butterfly Shares (and, subsequently, to the Crescita Common Shares) with the balance to be allocated to the the Post-Arrangement Nuvo Common Shares.

Please note that this information is the Company’s estimate only and is not binding on the Canada Revenue Agency.