



Acquisition or Investment Opportunity

Spartan Bioscience Inc.

Background

On April 5, 2021, Spartan Bioscience Inc. (“**Spartan**”) filed a Notice of Intention to File a Proposal (the “**NOI Filing**”) under the *Bankruptcy and Insolvency Act* (the “**NOI Proceedings**”) with the Office of the Superintendent in Bankruptcy. The NOI Filing was made with the intention of allowing Spartan to pursue all avenues of sale and/or refinancing of its business and property. Ernst & Young Inc. was appointed as Proposal Trustee (the “**Proposal Trustee**”) under the NOI Proceedings.

Business Description

Spartan is an innovative DNA diagnostics company with breakthrough technology that is positioned to disrupt the point of care (“PoC”) market with accurate, rapid and cost effective molecular testing for medical infectious disease, environmental monitoring and animal diagnostics. Decentralized testing at the point of need with test results in under an hour, rather than using traditional centralized laboratories with test results in several days, will enable faster and more widespread diagnosis capabilities resulting in lower cost to treat while at the same time improving time to effective treatment of identified illnesses and pathogens.

Fundamental to Spartan’s ability to disrupt the PoC market is our patented approach to the gold standard in diagnostic testing, polymerase chain reaction (“PCR”), reimagined by Spartan with a paradigm shift that yields highly accurate results without the need for traditional, laborious and costly separated steps of sample preparation, DNA isolation, amplification, and interpretation. This approach is known as Direct PCR. In addition to greatly simplifying testing, Direct PCR also dramatically reduces the cost of goods of our consumables, giving us a further competitive advantage and opening up new markets not available to our competitors.

Spartan has been validated by such world leading authorities as Health Canada, the US Centre for Disease Control (“CDC”), US Federal Drug Administration (“FDA”), the Mayo Clinic, and documented in the New England Journal of Medicine (“NEJM”), and Journal of the American Medical Association (“JAMA”).

The Spartan Cube platform is comprised of a PCR based DNA analyzer that can rest in the palm of your hand, single use test kits, and intuitive software that automatically interprets complex PCR data to provide direct sample to answer results. The platform can be easily positioned in point of care settings such as airports, venues, physicians offices, pharmacies for medical testing, and industrial settings such as buildings and workspaces where testing can be carried out on-site.

Prior to the global COVID-19 pandemic Spartan had already introduced the Cube for applications such as environmental



water testing for the detection of legionella bacteria, the cause of legionnaires disease, an Alzheimer's genetic risk screening used by research organizations, and for a precision medicine genotype guided antiplatelet therapy in acute cardiac care.

With the global outbreak of COVID-19 in early 2020, Spartan pivoted its business to rapidly develop a COVID-19 test for the detection of the SARS-CoV-2 virus. With funding, support and a large supply agreement from the Canadian government, we have developed a PoC COVID-19 test that is authorized by Health Canada under an Interim Order for sales to both government and commercial organizations. It is one of only a very few tests that uses true rt-PCR technology offering diagnostic excellence used in central laboratories in a PoC setting, and the only made-in-Canada PoC PCR COVID-19 test system.

After market introduction, Spartan's COVID-19 test showed a higher than previously observed incidence of returning "inconclusive" results than our clinical trials. Inconclusive results present no health risk. However, given Spartan's commitment to product quality and user experience and in coordination with Health Canada, Spartan made the difficult but necessary decision to pause production and shipment of our COVID-19 test kits until a mitigation addressing the higher inconclusive rate could be implemented.

Due to these issues with our COVID-19 test, Spartan faces significant near-term financial pressure, owing in large part to our efforts to ramp up manufacturing and build product inventory to supply Canada's needs as quickly as possible. This reality, combined with not being able to ship and bill for COVID-19 product has put the company in a working capital shortage forcing Spartan into an insolvent status. Spartan is now pursuing opportunities to secure the working capital, put plans into action, and remedy the issue enabling Spartan to recommence commercial operations and product shipments

Company Highlights

- Mature 3rd generation molecular diagnostics platform for PoC applications
- Strong IP protection - 11 patents granted, 6 patents pending
- Three value streams for revenue
 - COVID-19
 - Legionella environmental testing
 - Alzheimer's risk (research use only) screening
- Strong order backlog and near-term path to profitability
- World class experienced executive team including [Jeremy Bridge-Cooke](#), [Sean Tomalty](#), [Steve Edgett](#), [Jennifer Ross-Carriere](#), and [Trevor Brown](#)

Sale and Investment Solicitation Process

Pursuant to the NOI Proceedings, and subject to approval by the Court, Spartan, under the supervision of the Proposal Trustee, has commenced a sale and investment solicitation process ("SISP").

Under the SISP, all qualified interested parties will be provided with an opportunity to participate in the SISP. The SISP is intended to solicit interest in a restructuring and/or

refinancing of the business of Spartan or a sale of the assets and/or the business of Spartan, which may include a merger, reorganization, recapitalization, primary equity issuance or other similar transaction (the “**Transaction**”).

Timeline

The following table sets out the key milestones under the SISP:

Milestone	Deadline
Phase 1 Bid Deadline	May 17, 2021
Phase 2 Bid Deadline	June 7, 2021
Sale Approval Hearing	Week of June 21, 2021
Closing Date Deadline	June 30, 2021

Should you have interest in this opportunity and would like more information, please sign and return the enclosed Confidentiality Agreement to Steve Edgett at steve.edgett@spartanbio.com.

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