Management's Discussion and Analysis of the Financial Condition and Results of Operations

For the Three Months Ended July 31, 2019

Overview

The following Management's Discussion & Analysis ("MD&A") of Cotinga Pharmaceuticals Inc. (the "Company" or "Cortinga") has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended April 30, 2019. This MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This MD&A has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A, the audited annual financial statements of the Company for the years ended April 30, 2019 and April 30, 2018 and the unaudited condensed interim financial statements for the three months ended July 31, 2019, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three months ended July 31, 2019 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at October 28, 2019 unless otherwise indicated.

The unaudited condensed interim financial statements for the three months ended July 31, 2019, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

Further information about the Company and its operations is available on SEDAR at **www.sedar.com** and on the Company's website at **www.cotingapharma.com**.

Forward-looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

The basis for the forward-looking statements is management's current expectations, estimates, projections, and assumptions. By their nature, they are not guarantees of future performance as they involve significant risks and uncertainties. The main assumptions used by management to develop the forward-looking information include the following:

Forward-looking statements	Assumptions	Risk factors
The Company's (i) development of new drug candidates, (ii) demonstration of such drug candidates' safety and efficacy in clinical trials, and (iii) obtaining regulatory approval to commercialize these drug candidates.	Financing will be available for development of new drug candidates and conducting clinical studies; the actual results of the clinical trials will be favourable; development costs will not exceed Cotinga's expectations; the Company will be able to retain and attract skilled staff; the Company will be able to recruit suitable patients for clinical trials; all requisite regulatory and governmental approvals to commercialize the drug candidates will be received on a timely basis upon terms acceptable to Cotinga; and applicable economic conditions are favourable to Cotinga.	Availability of financing in the amount and time frame needed for the development and clinical trials may not be favourable; increases in costs; the Company's ability to retain and attract skilled staff; the Company's ability to recruit suitable patients for clinical trials; timely and favourable regulatory and governmental compliance, acceptances, and approvals; interest rate and exchange rate fluctuations; changes in economic conditions.
The Company's ability to obtain the substantial capital it requires to fund research and operations.	Financing will be available for Cotinga's research and operations and the results thereof will be favourable; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to Cotinga	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in cost of research and operations; interest rate and exchange rate fluctuations; adverse changes in economic conditions.
The Company's ability to obtain and protect the Company's intellectual property rights and not infringe on the intellectual property rights of others.	Patents and other intellectual property rights will be obtained for viable drug candidates; patents and other intellectual property rights obtained will not infringe on others.	Cotinga will not be able to obtain appropriate patents and other intellectual property rights for viable drug candidates; patents and other intellectual property rights obtained will be contested by third parties; no proof that acquiring a patent will make the product more competitive
The Company's ability to find and enter into agreements with potential partners to bring viable drug candidates to commercialization.	Cotinga will be able to find a suitable partner and enter into agreements to bring drug candidates to market within a reasonable time frame and on favourable terms; the costs of entering into a partnership will be consistent with Cotinga's expectations; partners will provide necessary financing and expertise to bring drug candidates to market successfully and profitably.	Cotinga will not be able to find a partner and/or enter into agreements within a reasonable time frame; if the Company enters into agreements, these agreements may not be on favourable terms to Cotinga; costs to enter into agreements may be excessive; potential partners will not have the necessary financing or expertise to bring drug candidates to market successfully or profitably.

Forward-looking statements	Assumptions	Risk factors
Factors affecting preclinical research, clinical trials and regulatory approval process of the Company's drug candidates.	Actual costs of preclinical research, clinical and regulatory processes will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; the Company will be able to recruit suitable patients for clinical trials; the Company will be able to complete preclinical research and clinical studies on a timely basis with favourable results; all applicable regulatory and governmental approvals for drug candidates will be received on a timely basis with terms acceptable to Cotinga; debt and equity markets, exchange and interest rates, and other applicable economic and political conditions are favourable to Cotinga; there will be a ready market for the drug candidates.	Cotinga's drug candidates may require time-consuming and costly preclinical and clinical studies and testing and regulatory approvals before commercialization; the Company's ability to retain and attract skilled staff; the Company's ability to recruit suitable patients for clinical trials; adverse changes in regulatory and governmental processes; interest rate and exchange rate fluctuations; changes in economic and political conditions.
The Company's ability to source markets which have demand for its products and successfully supply those markets in order to generate sales.	The anticipated markets for the Company's potential products and technologies will continue to exist and expand. The Company's products will be commercially viable, and it will successfully compete with other research teams who are also examining potential therapeutics in oncology.	The anticipated market for the Company's potential products and technologies will not continue to exist and expand for a variety of reasons, including competition from other products and the degree of commercial viability of the potential product.
Future actions with respect to and potential impacts of pending claims.	Cotinga will be able to settle or otherwise obtain disposition of claims against it on favourable terms.	Cotinga may will not be able to settle pending claims on favourable terms; claims may be adjudicated in a manner that is not favourable to Cotinga.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Cotinga's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and Uncertainties" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Cotinga's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

The Company

Cotinga is a clinical stage biotech company with an office in Boston, Massachusetts and a registered office in Toronto, Ontario. The Company was formed from an amalgamation of Aviator Petroleum Corp., a public company listed on the TSX Venture Exchange ("TSXV"), and Critical Outcome Technologies Inc., a private company under the provisions of the *Business Corporations Act* (Ontario). The amalgamated company adopted the name Critical Outcome Technologies Inc. and its common shares were listed for trading on the TSXV under the symbol COT on October 30, 2006.

On November 27, 2007, the Company acquired all the outstanding common shares in 3015402 Ontario Inc. operating as DDP Therapeutics ("DDP"). DDP was formed in early 2005 to develop a library of molecules originally identified by the Company using its drug discovery technology. On May 1, 2008, the Company amalgamated with this wholly owned subsidiary under the laws of the Province of Ontario.

On June 23, 2017, the Company announced that in accordance with the approval of the Company's shareholders obtained on October 13, 2016, the Board of Directors resolved to proceed with a consolidation of the Company's issued and outstanding common shares based upon a ratio of ten pre-consolidation common shares for one post-consolidation common share. The Company's common shares commenced trading on a consolidated basis on June 30, 2017.

On December 20, 2017, the shareholders of the Company approved a special resolution authorizing the Company to amend its Articles to change the name of the Company to Cotinga Pharmaceuticals Inc. The rebranding of the Company signified its shift from a primarily technology-driven organization to a clinical-stage, product-focused biotech and pharmaceutical company. The Company received regulatory approval and the name change was effective January 10, 2018.

Description of Business

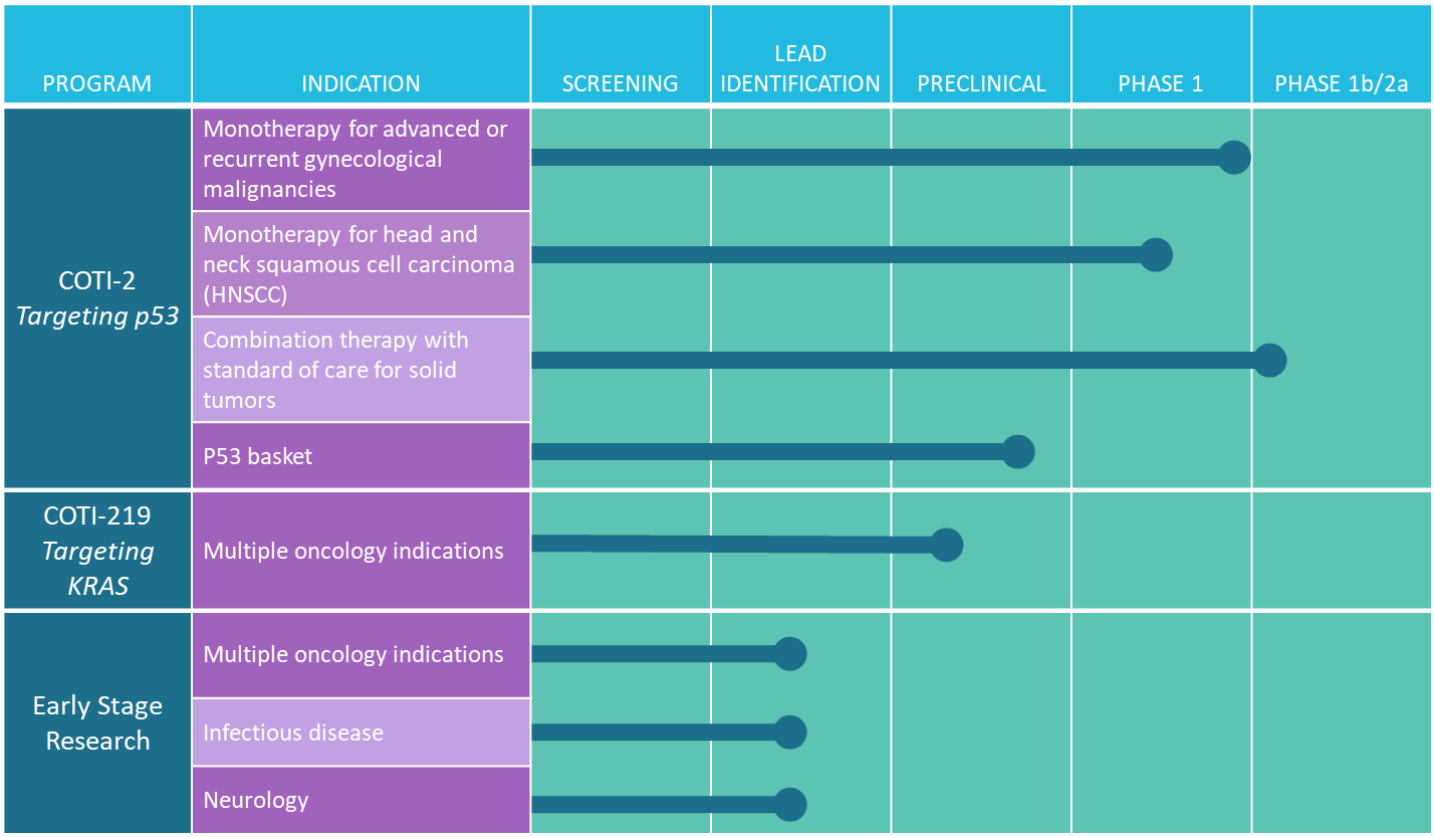
Cotinga Pharmaceuticals Inc. is a clinical-stage biotech company that uses proprietary artificial intelligence technologies to pursue a targeted and transformational approach to treating cancer and other unmet medical needs. Cotinga's CHEMSAS® technology is intended to accelerate the discovery and development of novel drug therapies, allowing the Company to build a pipeline of potential drug candidates faster and with a higher probability of success than traditional methods.

The Company's lead compound, COTI-2, has a novel p53-dependent mechanism of action with selective and potent anti-cancer activity. P53 mutations occur in over 50% of all cancers. COTI-2 is initially being evaluated in combination with various standard of care chemotherapy regimens for the treatment of a wide spectrum of cancers in a Phase 1b/2a clinical trial at the MD Anderson Cancer Center at the University of Texas and the Lurie Cancer Center at Northwestern University. The Company has secured orphan drug status in the United States for COTI-2 for the treatment of ovarian cancer. Preclinical data suggests that COTI-2 could dramatically improve the treatment of cancers with mutations in the p53 gene.

The Company's second lead compound, COTI-219, is a novel oral small molecule compound targeting the mutant forms of KRAS without inhibiting normal KRAS function. KRAS mutations occur in up to 30% of all cancers and represent a tremendous unmet clinical need and a desirable drug target. COTI-219 is undergoing IND-enabling studies to support a regulatory submission.

Pipeline

Cotinga is intervening in critical pathways employed by cancer cells to escape apoptosis (natural cell death). By targeting these pathways crucial to cancer survival – including p53, KRAS and other associated pathways – Cotinga can develop therapies that prevent cancer cells from thriving and replicating.



COTI-2

The Company's lead clinical candidate, COTI-2 is an oral small molecule targeting p53, a tumor suppressor gene that is mutated in over 50% of all cancers. Extensive preclinical studies demonstrated COTI-2's ability to restore mutant p53 function and induce cancer cell death in a tumor-agnostic manner, with specific and non-toxic properties. The initial therapeutic indication for COTI-2 is in gynecologic cancers, which includes ovarian, cervical, and endometrial cancers, and where the incidence rate of p53 mutations is up to 95% in ovarian cancer. COTI-2 holds an FDA issued orphan drug designation for ovarian cancer. The Company is currently in Part 3 of a Phase 1b/2a clinical trial evaluating COTI-2. The trial in gynecological cancers completed the dose escalation phase in August 2017 at the University of Texas, MD Anderson Cancer Center ("MDACC") in Houston, and the Lurie Cancer Center at Northwestern University ("NWU") in Chicago. Part 2 included an expansion arm in head and neck squamous cell carcinoma ("HNSCC"), which began in August 2017 at MDACC. On March 20, 2018, the Company announced it submitted an updated clinical package to regulatory authorities to expand its ongoing Phase 1 trial to evaluate COTI-2 as a combination therapy in a wide spectrum of cancers, and on May 24, 2018, the protocol amendment received regulatory clearance. The multi-part protocol amendment expands the study to evaluate COTI-2 as a combination therapy in various solid tumors. The Company announced in January 2019 that it had dosed the first patient with COTI-2 in combination with standard of care chemotherapy, cisplatin, in the first dosing cohort. The Company has continued to update the investment community on its progress with the trial, and subsequent to the close of the fiscal quarter, was in the third dosing cohort of 1.7 mg/kg.

COTI-219

The Company declared its second clinical candidate, COTI-219, in October 2016. COTI-219 is a novel oral small molecule compound targeting KRAS. KRAS gene mutations occur in up to 30% of all cancers, particularly lung, colorectal, pancreatic, and thyroid. COTI-219 targets the mutant forms of KRAS without inhibiting normal KRAS function, representing an unmet clinical need and a very desirable drug target. COTI-219 is currently in GMP manufacturing and definitive preclinical studies to support an investigational new drug ("IND") filing.

Operational Progress and Outlook

Operational Progress

In May 2019, Cotinga announced the release of early interim data of its ongoing Phase 1b/2a clinical trial of COTI-2 plus cisplatin in solid tumors, which included the reporting of two patients with clinical activity defined by disease stabilization or regression.

In May 2019, the Company closed the first tranche of a debenture offering for total gross proceeds of $199,970, an offering of units comprised of $199,970 of senior secured debentures and 1,999,700 nontransferable common share purchase warrants exercisable at $0.10 per Warrant. The Debentures have a term of one year from the Closing Date (the "Term"), bear interest at a rate of 10% per annum payable at the end of Term, and are secured against all of the assets of the Company pursuant to a general security agreement effective as of the Closing Date in favour of the Subscribers. Each Warrant is exercisable during the Term, and thereafter expires, and is subject to a hold period of four months and a day from the Closing Date.

In June 2019, the Company closed the second tranche of a debenture offering for total gross proceeds of $100,000, an offering of units comprised of $100,000 of senior secured debentures and 1,000,000 nontransferable common share purchase warrants exercisable at $0.10 per Warrant. The Debentures have a term of one year from the Closing Date (the "Term"), bear interest at a rate of 10% per annum payable at the end of Term, and are secured against all of the assets of the Company pursuant to a general security agreement effective as of the Closing Date in favour of the Subscribers. Each Warrant is exercisable during the Term, and thereafter expires, and is subject to a hold period of four months and a day from the Closing Date.

In June 2019, the Company announced that it had commenced dosing patients in the third cohort of its ongoing Phase 1b/2a clinical trial of COTI-2 plus cisplatin in solid tumors.

In July 2019, Cotinga announced a second reporting of early interim data of its ongoing Phase 1b/2a clinical trial of COTI-2 plus cisplatin in solid tumors, which included an additional two patients exhibiting clinical activity.

In July 2019, the Company announced the publication of positive data from a preclinical study demonstrating that the combination of COTI-2 with cisplatin or radiation *in vitro* and *in vivo* produced synergistic antitumor efficacy in human Head and Neck Squamous Cell Carcinoma (HNSCC) cells.

In September 2019, Cotinga reported its financial and operating results for the fourth quarter and full year ended April 30, 2019 and the departure of CFO, Victor Hugo of Marrelli Services Inc.

Outlook

The Company intends to strengthen the balance sheet to execute on corporate strategies and opportunistically pursue regional or co-development partnerships for COTI-2, pipeline programs and other technologies.

The Company intends to continue the combination therapy Phase 1b/2a trial evaluating COTI-2 plus cisplatin in solid tumors at MD Anderson Cancer Center. The Company also intends to initiate a combination trial evaluating COTI-2 plus eribulin in triple negative breast cancer patients in collaboration with St. Vincent's University Hospital in Dublin, Ireland.

Off-Balance-Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Proposed Transactions

As of the date of this MD&A, no proposed transaction has been approved by the Board of Directors.

Discussion of Operations

Three months ended July 31, 2019 compared with three months ended July 31, 2018

Cotinga's net loss totaled $526,812 for the three months ended July 31, 2019 with basic and diluted loss per share of $0.02. This compares with a net loss of $981,587 with basic and diluted loss per share of $0.04 for the three months ended July 31, 2018. The decrease of $454,775 in net loss was principally because:

- For the three months ended July 31, 2019, research and development expense was $167,017 compared to $384,610 for the three months ended July 31, 2018. The decrease of $217,593 is primarily due to a decrease in Clinical trial expenses and Synthesis and miscellaneous R&D expenses as the Company focused on COTI-2.

- For the three months ended July 31, 2019, sales and marketing expense was $4,360 compared to $37,326 for the three months ended July 31, 2018. The decrease of $32,966 is primarily due to less travelling and conferences and in 2019, and professional fees on marketing.

- For the three months ended July 31, 2019, general and administration expense was $336,369 compared to $494,569 for the three months ended July 31, 2018. The decrease of $158,200 is primarily due to lower professional fees and share-based compensation. The decrease was offset with higher salaries and benefits due to the accrual for Q1 director's fees.

Liquidity and Cash Resources

The activities of the Company are financed through the completion of equity transactions such as equity offerings, the exercise of stock options and warrants and debt financing. There is no assurance that equity capital and debt will be available to the Company in the amounts or at the times desired or on terms that are acceptable to the Company, if at all.

Cash used in operating activities was $233,679 for the three months ended July 31, 2019. Operating activities were affected by net loss of $526,812 and changes in non-cash items due to positive change in non-cash working capital balances of $242,730 primarily related to the decrease in prepaid expenses and the increase in accrued liabilities.

Cash provided by financing activities was $53,179 for the three months ended July 31, 2019. Financing activities included $100,000 of proceeds from debentures.

At July 31, Cotinga had $44,112 in cash and cash equivalents (April 30, 2019 - $224,612 of which $159,970 funds were held in trust in relation to the debenture offering and subsequently released). As of July 31, 2019, and to the date of this MD&A, the cash resources of Cotinga are held with one Canadian chartered bank. The Company's debt has a fixed interest rate and its interest rate risk is minimal. Accounts payable and accrued liabilities of $3,648,860 are short-term and non-interest-bearing.

The Company has no operating revenues and therefore must utilize its funds obtained from the equity financing and other financing transactions to maintain its capacity to meet ongoing research and development and operating activities. As at July 31, 2019, the Company had 1,173,209 stock options outstanding that would raise approximately $3,746,000 if exercised in full and 9,845,886 warrants outstanding that would raise approximately $7,622,000 if exercised in full. To the extent these options and warrants are exercised will be a function of the market price of the Company's underlying common shares and investor perspectives on the opportunity for shareholder value creation over the investment time horizon for each individual investor. Management believes that continued achievement of milestones, such as the progression of COTI-2 in clinical milestones and the advancement of its preclinical pipeline will be supportive of an increase in shareholder value and may provide the Company with an opportunity to realize funding from a portion of these outstanding options and warrants in fiscal 2020 and 2021.

At July 31, 2019, the Company had a working capital deficiency of $3,554,666 (April 30, 2019 – $3,142,127). Based on the rate of expenditures, the Company does not have sufficient cash on hand and will have to raise equity capital and/or debt in the near term in amounts sufficient to fund both research work and working capital requirements (see "Subsequent Events" below). There is some flexibility in terms of the pace and timing of *product pipeline* costs and how expenditures have been, or may be adjusted, limited or deferred subject to current capital resources and the potential to raise further funds. The Company will continue to manage its expenditures essential to the viability of its *product pipeline*. There is no assurance that additional funds can be raised upon terms acceptable to the Company or at all and funding for small companies remains challenging. The Company's financial statements have been prepared on a going concern basis. Material adjustments could be required if the Company cannot obtain adequate financing. See "Risk Factors".

The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent on the successful completion of the actions taken or planned, some of which are described above, which management believes will mitigate the adverse conditions and events which raise doubt about the validity of the going concern assumption used in preparing these financial statements. There is no certainty that these and other strategies will be sufficient to permit the Company to continue beyond December 30, 2019. Accordingly, these financial statements do not include any adjustments to the carrying values and classification of assets and liabilities, or the reported expenses that would be necessary if the going concern assumption was not appropriate. Any adjustments to the financial statements could be material.

The Company's use of cash at present occurs, and in the future will occur, principally in two areas, namely, funding of its general and administrative expenditures and funding of its research and development activities. Those activities include the cash components of the cost for research, development and clinical trials. For fiscal 2020, the Company's expected operating expenses are estimated to average $30,000 to $70,000 per month for recurring operating costs. The Company has certain commitments over the next 12 months and estimated minimum payment as of approximately $934,000 over the same period. Management may reassess its planned expenditures based on the Company's working capital resources, the scope work required to advance the product and the overall condition of the financial markets.

Assuming that management is successful in developing COTI-2, future work plans of development will depend upon the Company's assessment of prior results, the condition of the Company financially and the then prevailing economic climate in general.

The Company's cash and cash equivalents as at July 31, 2019 is not sufficient to satisfy current liabilities and general and administrative costs up to July 31, 2020.

Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the amount established and agreed to by the related parties.

(a) The Company entered into the following transactions with related parties:

- During the three months ended July 31, 2019, the Company expensed $10,221 (three months ended April 2018 -$18,675) to Marrelli Support Services Inc. ("Marrelli Support") for: the services of Victor Hugo to act as Chief Financial Officer of the Company and Marrelli Support also provides bookkeeping services to the Company. Victor Hugo is an employee of Marrelli Support. As at July 31, 2019, Marrelli Support was owed $11,555 (April 30, 2019 -$22,041) and this amount was included in accounts payable and accrued liabilities.

- During the three months ended July 31, 2019, directors and officers subscribed for $75,000 for the debenture under the same terms and conditions as all other investors.

(b) Remuneration of directors and key management personnel of the Company was as follows:

	Executives ($)	Directors ($)	Total ($)
For the three months ended July 31, 2019			
Salaries and meeting fees	221,192	77,500	298,692
Share-based compensation	641	Nil	641
Total compensation	**221,832**	**77,500**	**299,333**
For the three months ended July 31, 2018			
Salaries and meeting fees	255,415	Nil	255,415
Share-based compensation	57,673	59,472	117,145
Total compensation	**313,088**	**59,472**	**372,560**

At July 31, 2019, directors and key management personnel of the Company were owed $1,057,027 (April 30, 2019 - $1,011,291) and this amount was included in accounts payable and accrued liabilities.

(c) Insider shareholdings

Directors and officers control approximately 7% of the outstanding shares as of July 31, 2019.

Share Capital

As of the date of this MD&A, the Company had 21,986,415 issued and outstanding common shares.

Stock options outstanding for the Company at the date of this MD&A were as follows:

Options	Expiry Date	Exercise Price
15,000	March 19, 2020	$2.45
156,810	May 12, 2020 to April 2021	$2.80 - $4.40
765,074	July 4, 2021 to February 12, 2022	$1.20 - $7.00
40,000	June 11, 2022	$3.20
119,100	June 29, 2023	$0.50

Warrants outstanding for the Company at the date of this MD&A were as follows:

Warrants	Expiry Date	Exercise Price
29,007	November 5, 2019	$2.60
502,336	November 5, 2019	US$3.40
8,309	November 24, 2019	$2.60
305,400	November 24, 2019	US$3.40
97,000	December 18, 2019	$3.80
2,000	December 18, 2019	$2.90
212,937	February 16, 2020	$3.80
14,281	February 16, 2020	$2.90
1,997,000	May 22, 2020	$0.10
1,000,000	June 4, 2020	$0.10
5,475,587	May 2, 2023	$0.47

Change in Accounting Policies

Recent accounting pronouncements

IFRS 16 Leases

IFRS 16 was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. The application of the new standard had no impact on the unaudited condensed interim financial statements as at July 31, 2019.

Critical Accounting Estimates

Critical accounting estimates

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions and apply judgement in the process of applying accounting policies that affect the reported amounts of assets, liabilities, income, and expenses at the date of the financial statements. Actual results could differ materially from these estimates and assumptions. Revisions to these accounting estimates are recognized in the period in which the estimates are revised and applied prospectively to future periods as affected.

Share-based compensation:

The fair value of share-based compensation is determined using a Black-Scholes option-pricing model, which incorporates management's estimates of the risk free interest rate, the expected dividend yield, the estimated common share price volatility, the estimated option life, and the forfeiture rate as applicable to each award. The Company awards share options, which have vesting based on service conditions as well as share options with vesting based on the achievement of performance conditions. The timing of completion of these vesting performance conditions is uncertain as these conditions are based on the achievement of operational milestones. Accordingly, management is required to make an estimate of the dates for completion of such milestones. These estimates are reviewed at each reporting date for any change in the estimated vesting dates, and to the extent there is a material change in the vesting date estimates, the expense is recalculated for the new timeline and the cumulative effect of the change is recognized in the period when the change occurs.

Equity warrants:

The fair value of equity warrants is determined using a Black-Scholes option-pricing model, which incorporates management's estimates of the risk-free interest rate, the expected dividend yield, the estimated common share price volatility, and the estimated warrant life as applicable to each award.

Provision for bonuses:

The Company has a compensation plan for executive management to pay an annual fiscal bonus based upon the achievement of specific operational milestones. There is uncertainty surrounding the likelihood, and timing of completion of these milestones. Management is required to recognize a provision for this bonus based upon its assessment of whether it is more likely than not that the milestones will be achieved, and an estimate of the completion dates for such milestones. These assessments and estimates are reviewed at each reporting date for any change in the underlying performance and related assumptions in achieving the milestones. The Company's policy is to treat each of the milestones as separate bonus awards with different service periods rather than as one single award accounted for as a whole. The bonus plan contains a stay-period payment provision and the bonus expense is recognized to the expected bonus payment date. To the extent there is a change in these estimates, the provision is adjusted on a prospective basis.

Warrant liability:

The Company has issued warrants with an exercise price denominated in a currency other than the Company's functional currency resulting in their classification as derivative liabilities. The Company measures the value of the warrant liability by reference to the fair value of the common shares underlying the warrants. Estimating the fair value for these warrants is determined using a currency translated option valuation model. This requires management to determine the most appropriate inputs to the valuation model including the estimated life of the warrants, the estimated common share price volatility, the expected dividend yield, and the risk-free interest rate.

Critical accounting judgments

In the preparation of these financial statements, management has made judgements, aside from those involving estimates, in the process of applying its accounting policies. These judgements can have an effect on the amounts recognized in the financial statements. The accounting policies requiring significant judgement are set out below.

Impairment tests of non-financial assets:

Non-financial assets with finite useful lives are required to be tested for impairment only when an indication of impairment exists. Management is required to make a judgment with respect to the existence of impairment indicators at the end of each reporting period. This involves judgements based upon a number of inputs, primarily scientific results from the testing of molecules and review of feedback from office actions by patent authorities related to the examination of patent submissions. Additional inputs include; review of peer feedback from presentations of scientific results at scientific conferences, and information received related to competitive products as advised by consultants in intellectual property and business development or seen in publications. Management further assesses whether a market continues to exist for the output produced by the asset or group of assets and whether there has been a significant change in the way the asset is used or expected to be used.

In addition, significant judgment is required in determining whether the Company operates as one or more cash generating units ("CGU"). The Company has determined all assets belong to a single CGU. The primary considerations in this assessment related to the majority of near term value being attributed to COTI-2, the Company's lead oncology compound that was part of a small library of 10 compounds acquired in 2007. This compound is representative of the library with the majority of development expenses incurred to date on this compound. Financial resource constraints have hindered the ability to develop other compounds at the same rate.

Disclosure of Internal Controls

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk and Uncertainties" in the Company's Annual MD&A for the fiscal year ended April 30, 2019, available on SEDAR at **www.sedar.com**.

Subsequent Events

On October 16, 2019, 8,759 warrants expired unexercised

On October 21, 2019, 77,225 options expired unexercised.