TETRA BIO-PHARMA INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended February 29, 2020

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This Management's Discussion and Analysis ("**MD&A**") for Tetra Bio-Pharma Inc. (the "**Company**" or "**Tetra**") should be read in conjunction with the condensed consolidated interim financial statements for the three months ended February 29, 2020 as well as the consolidated annual financial statements for the year ended November 30, 2019, and 2018 and the notes thereto.

The financial information in this MD&A is derived from the Company's interim financial statements for the three months ended February 29, 2020, prepared in accordance with IFRS (International Financial Reporting Standards). The effective date of this MD&A is April 27, 2020.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A may constitute "forward-looking information" or "forward-looking statements" within the meaning of applicable securities laws (collectively, "forward-looking statements"), which are based upon the Company's current internal expectations, estimates, projections, assumptions and beliefs. Forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions. Such information may involve, but is not limited to, comments with respect to strategies, expectations, planned operations or future actions. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to the anticipated impacts of the current COVID-19 crisis on the Company's business, including its clinical trials, and the measures that the Company may put in place to address such impacts.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements or industry results to be materially different from any future results, performance or achievements or industry results expressed or implied by such forward-looking information or financial outlook. The factors which could cause results to differ from current expectations include, but are not limited to: Tetra may not be able to obtain debt or equity financing necessary to support the growth of the Company; the ability to source cannabinoids, import/export and research restrictions for cannabinoid-based pharmaceuticals may delay or prevent the development of Tetra's products in various geographical jurisdictions; Tetra's products may not gain regulatory approval on a timely basis, or at all; Tetra may not be able to protect its intellectual property; clinical development may not proceed as intended, or at all resulting in delayed or no sales; exchange rate fluctuations between the Canadian and U.S. Dollar could affect Tetra's performance; Tetra's results are dependent upon the general state of the economy; Tetra depends on key personnel, the loss of which could harm its business; Tetra may be unable to grow its business long term or to manage any growth; Tetra may fail to comply with existing regulations or become subject to more stringent regulations; Tetra is dependent upon its management information systems; Tetra's insurance may be insufficient to cover losses that may occur as a result of Tetra's operations; the market price of the common shares of the Company (the "Common Shares") will fluctuate; there is a possibility of dilution of existing Shareholders; Tetra may suffer a cyber-security breach; applicable laws may change unfavourably; Tetra may cease to invest in its non-core assets; and public perception may change unfavourably. For additional information with respect to risks and uncertainties, readers should carefully review and consider the risk factors described under the section "Risk Factors" and elsewhere in this MD&A, as well at the Risk Factors mentioned in the Company's Annual Information Form for the year ended November 30, 2019, filed on SEDAR on March 30, 2020. The information contained in this MD&A identifies additional factors that could affect the operating results

and performance of Tetra. Shareholders and prospective investors are urged to carefully consider those factors.

Readers are cautioned that the preparation of financial statements in accordance with International Financial Reporting Standards ("IFRS") requires Tetra's management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. Forward-looking statements reflect management's current beliefs and are based on information currently available to Tetra.

The forward-looking statements are made as of the date of this MD&A (or in the case of information contained in a document incorporated by reference herein, as of the date of such document), and Tetra assumes no obligation to publicly update or revise such forward-looking information to reflect new information, subsequent or otherwise, except as may be required by applicable securities laws.

DESCRIPTION OF THE COMPANY AND BUSINESS OVERVIEW

Description of the Company's Business

Tetra Bio-Pharma (TSX-V: TBP) (OTCQB: TBPMF) is a biopharmaceutical company primarily focused on developing proprietary and scientifically validated cannabinoid-based medicines to relieve symptoms associated with advanced cancer pain, chronic pain and ophthalmic disease. With its unique portfolio of assets in multiple late-stage clinical programs, novel formulations and delivery mechanisms optimized for patient care, Tetra's products have the potential to serve a large number of unmet medical needs of patients in the U.S., Canada and Europe.

The Company operates in two segments of operations:

1. **Biopharmaceutical:** Development of cannabinoid-based medicines in oncology (treatment of the cancer symptoms), ophthalmology (treatment of eye diseases), and chronic pain (cancer and non-cancer pain);

2. **Natural Health:** The development and marketing of non-cannabinoid based natural health non-prescription over-the-counter ("OTC") medications authorized for sale in Canada by Health Canada and in the United States by the United States Food and Drug Administration ("FDA").

The Company has three active wholly owned operational subsidiaries: PhytoPain, Panag and Tetra Natural Health (referred in this MD&A as "TNH" or "Tetra Natural Health").

Active subsidiaries	Principal activities	Principal project	Operating segment
PhytoPain Pharma Inc.	Cannabinoid-based drug discovery and drug development	CAUMZ™ QIXLEEF™	Biopharmaceutical
Panag Pharma Inc.	Cannabinoid-based pain management and drug development	HU-308 (PPP003)	Biopharmaceutical and Natural Health
Tetra Natural Health Inc.	Commercial sales of natural health and over the counter products	AWAYE™ TERPACAN™	OTC drugs and Natural Health products

Discontinued operations

2714140 Ontario Inc. (Hemp Energy Drink)

In September 2019, the Company completed the transfer of the assets of its hemp energy drink ("HED") division from Tetra Natural Health into 2714140 Ontario Inc. for the purposes of divesting these assets. As at the date of this MD&A the Company has not yet divested of the HED business. The HED assets are reflected in the financial statement as held for sale.

Subsidiaries	Principal activities
2714140 Ontario Inc.	Hemp Energy Drink and wellness beverages

Shared Ventures

During the last fiscal year, and as more fully described below, the Company has entered into two agreements to form shared ventures to develop and commercialize drugs and wellness supplements.

Shared Venture	Principal activities
CB2 Therapeutics Inc.	Development and commercialization of medicines and wellness supplements for management of chronic inflammatory conditions
TALLC Corporations Inc.	Development of drugs to treat acute post-operative pain in an hospital setting

CB2 Therapeutics Inc.

On August 21, 2019, the Company announced it signed an agreement with Thorne Research Inc. and Onegevity Health LLC to form a shared venture named CB2 Therapeutics Inc. ("CB2 Therapeutics"), a company focused on leveraging the power of the endocannabinoid system using innovative multi-omics and multi-targeted therapeutic options in the management of chronic inflammatory conditions.

CB2 Therapeutics has been structured as a shared venture using the intellectual property of the three companies on a royalty-free license in order to develop and commercialize a global product for chronic

inflammatory conditions with high unmet needs or that are poorly served with existing therapies. In addition, as part of the agreement, CB2 Therapeutics would also commercialize wellness supplements in the United States through its partnership with Thorne Research Inc.

CB2 Therapeutics has been working on the development and pre-commercialization of two wellness products. Significant progress was made on both products and the intellectual property has been strengthened.

TALLC Corporations Inc.

On April 29, 2019, the Company announced it entered into a shared venture agreement with Altus Formulations ("Altus"). Formulation research activities began after signing this agreement.

On January 8, 2020, the Company entered into a shareholder agreement with Altus Formulations to form TALLC Corporations Inc. ("TALLC"), a shared venture for the purposes of advancing the 2019 shared venture agreement with Altus. The purpose of this shared venture is the development of a series of cannabinoid-receptor targeted therapeutics to treat acute post-operative pain in hospital setting and to create new intellectual property for ophthalmic products. As at the date of this MD&A, the activities being performed by the Company related to this shared venture generated new intellectual property for both the acute pain and ophthalmic indications. Preclinical models and early formulation work is ongoing.

Pursuant to the terms of the shareholder agreement, Altus initially owns 100% of the equity interests of TALLC, with Tetra being obligated to acquire 12.5% ownership for every quarterly share purchase of $312,500 for a total of 50% ownership in TALLC. Upon making all 4 quarterly payments the final ownership structure will be 50:50 between Altus and Tetra. After that point Tetra is no longer obligated to fund further development of TALLC projects. On March 20, 2020, Tetra made the first quarterly payment of $312,500 and acquired its initial 12.5% ownership of TALLC. As at the date of this MD&A, Tetra owns 12.5% of TALLC and Altus owns the remaining 87.5%.

Management of the Company have assessed that Tetra does not plan to make any further share purchases in TALLC beyond its potential 50% initial ownership, and have notified the directors of TALLC that it will have to find third party financing as soon as possible to avoid further shareholder contribution.

Target Addressable Markets

To better size the addressable market for our cancer-related drug candidates, Tetra ordered two syndicated market research reports from DelveInsight, one on advanced cancer pain and one on Hepato-Cellular Carcinoma (HCC).

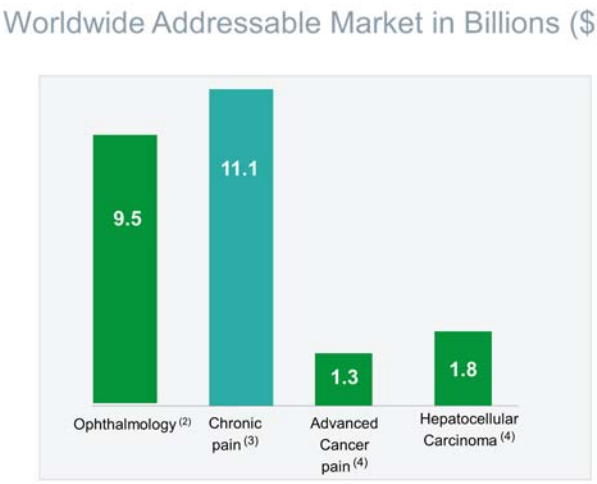
The advanced cancer pain report indicates that 50% to 80% of advanced cancer patients suffering from pain will experience cancer cachexia.[1] Given these figures and the current $1.3Bn advanced cancer pain market, Tetra established the cancer cachexia market size to be close to 80% or $1Bn, while HCC is

[1] Biomed Research International, Vol 2019, Article ID: 2864384

estimated at $1.8Bn.

Currently there are no approved drug therapies for cancer cachexia. The Company believes that CAUMZ™ will be the first in class therapy to target this indication and is Tetra's priority. Regarding HCC, there are presently several HCC drug candidates that could emerge in the next 5 years, with CAUMZ™ fitting in well as an add-on. The CAGR for both market segment is estimated at 4.5%.

Although accurate data is not currently available for uveitis and painful dry eye conditions, Tetra estimates, based on a study conducted by Biomed Research International, the size of the ophthalmic market at $9.5 Bn, with CAGR at 4%.



(1) Medtracks 2018;
(2) Painful dry eye, uveitis;
(3) Advanced cancer pain, breakthrough pain, fibromualgia;
(4) Delvelnsight Syndicated Market Report.

Growth Strategy

Biopharmaceutical Segment

Through its biopharmaceutical segment, the Company combines the traditional methods of medicinal cannabis use with the supporting scientific validation and safety data required for inclusion into the existing bio pharma industry by regulators, physicians and insurance companies. The initial focus is in the therapeutic areas of oncology, ophthalmology and chronic pain in humans through a robust pipeline using multiple delivery systems. The secondary focus in its biopharmaceutical segment is veterinary ophthalmology. To distinguish itself, the Company's business model is supported by three key pillars:

1. **Clinical trials:** Clinical trials are an essential component of Tetra's drug discovery and development programs. Pioneering research initiatives form the cornerstone upon which the Company is built.

2. **Patented formulations and delivery systems:** The Company has both granted patents and filed patent applications. In the ophthalmic space, Tetra has patents issued and further patents have been filed. For the composition and methods for treatment of ocular inflammation and pain, see list of patents in the table "*Ophthalmic Patents*" on page 24. A separate family of patents has been

filed to protect the delivery of cannabis derived drugs for inhalation. The Company uses advanced medical devices, formulations and delivery systems to optimize patient care.

3. **Pharmaceutical quality:** Quality is at the forefront of what the Company does. Tetra is dedicated to providing exceptional pharmaceutical products to ensure efficacy and safety.

The Company has three products in late phase drug development (CAUMZ™, QIXLEEF™, and PPP002). Through its clinical trial data and inhalation research, the Company developed intellectual property to create new generations of cannabinoid drugs that are synthetic or isolate based. This research allowed the Company to create a synthetic drug CAUMZ™ for advanced cancer patients from its research on the plant-derived drug QIXLEEF™.

Following a strategic review of the Company's core assets, management of the Company decided to prioritize the development of its CAUMZ™ inhalation drug for the treatment of cancer cachexia patients. The Company's short-term objective is to focus on its CAUMZ™ pivotal clinical trials for cancer cachexia (SERENITY©), QIXLEEF™, and a new cancer treatment against hepatocellular carcinoma (HCC-011). HCC-011 is similar to CAUMZ™ without any cannabidiol ("CBD"). HCC-011 has an Orphan Drug Designation ("ODD") status from the FDA. After modifying the raw material specifications for its drug product QIXLEEF™, Tetra submitted a clinical trial application (IND) to the FDA for a pivotal study. In November 2019, the FDA authorized the start of this clinical trial after reviewing safety and quality data for the drug QIXLEEF™. On January 13, 2020, the Company received a favorable letter of advice from the FDA for QIXLEEF™. On January 30, 2020, the Company received a response from the FDA following its Type B meeting for CAUMZ™.

In parallel, Tetra intends to continue to develop CAUMZ™ in fibromyalgia and breakthrough cancer pain (REBORN©) indications. REBORN© is a head to head comparative study assessing CAUMZ™ as an alternative to morphine sulfate (short-acting opioids) for breakthrough pain in cancer patients. The Company believes these supplemental applications will build on the marketing exclusivity anticipated to be obtained for CAUMZ™ Kit and expand the target market size. If approved by Canadian and American regulatory agencies, this would allow Tetra to enter a therapeutic market with unmet needs.

While the SERENITY©, QIXLEEF™, CAUMZ™ and REBORN© drug development programs remain short-term priorities, current and prospective investors are cautioned that such programs may be delayed or disrupted by the current COVID-19 pandemic. Although the Company has not yet experienced any significant delays or disruptions in its business activities as a result of the current COVID-19 pandemic, the Company expects that, during the next 12 months, the Company's operations could be significantly delayed or disrupted as a result of the current COVID-19 pandemic as a consequence of (i) hospital and clinical resources being diverted to the treatment of patients suffering from COVID-19 and the testing of potential infected individuals, as well as research for potential treatments and vaccines for COVID-19, and (ii) governmental agencies experiencing delays or disruptions due to a lack of resources or personnel or other business interruptions caused by the current COVID-19 pandemic. Due to the speed at which the situation has been developing and the uncertainty of its magnitude, outcome and duration, the Company

is not able at this time to estimate with certainty the future impact of COVID-19 on its operations, and whether its clinical trials and regulatory filings will in fact be significantly delayed or disrupted. However, based on the recent experience in China, where the epidemic has started to subside, the Company expects that its clinical trials would be delayed or disrupted during at least three to four months. *See* "*Recent Announcements*" for additional information. Because it is currently not possible to accurately assess the magnitude, outcome and duration of the COVID-19 crisis, such crisis may have a longer duration or may result in additional delays or disruptions which are not foreseeable by the Company as at the date of this MD&A. In such event, the Company may need to prioritize other projects. See "*Risk Factors*" – *COVID-19 Pandemic*".

Tetra Bio-Pharma, in partnership with a veterinary ophthalmology team, initiated the treatment phase proof of concept clinical trial in companion dogs with complications of indolent corneal ulcers. The first dog was treated on February 21, 2020 and by the end of March a total of 3 dogs had completed the study. This Health Canada approved trial is designed to evaluate the safety, tolerability and potential efficacy of HU-308v (PPP003v), the company's synthetic cannabinoid therapy, to ameliorate symptoms of this painful eye disease in dogs (the "v" designation is to denote veterinary application). Canine indolent corneal ulcers occur frequently in specific breeds of dogs. Corneal ulcers are one of the most common painful eye disorders seen by veterinarians and untreated can cause severe pain, inflammation, scarring and vision loss.

In the event that the COVID-19 crisis has a longer duration than currently estimated by management of the Company, based on the evolution of the COVID-19 epidemic in China, and that additional delays and disruptions are caused to the Company's clinical trials and regulatory filings, the Company expects that it would, amongst other things, prioritize the development of its PPP003 drug program, including the acceleration of its HU-308 projects. The Company would prioritize these projects because they have a lower barrier to entry since HU-308 does not involve "controlled substances" or substances regulated under the *Cannabis Act* (Canada). However, the Company expects that obtaining an import-export permit for these drugs could be delayed due to a redirection of Health Canada's priorities during the COVID-19 crisis. *See* "*Recent Announcements*" and "*Risk Factors – COVID-19 Pandemic*" for additional information.

Lastly, Panag's acquisition completed in May 2019 is an important part of the Company's vertical growth strategy. The acquisition is expected to provide a pipeline of products for development and commercialization, notably its ophthalmic drug products for which the Company met with the FDA to discuss its clinical development program in June 2019. On May 2, 2019, Tetra obtained authorization from Health Canada to perform a clinical trial in dogs suffering from a painful eye disease. Panag's HU-308 (PPP003), a human product, is at the preclinical stage of development (IND-enabling toxicology studies). These trials are expected to provide important information on the safety and efficacy of the product.

Natural and Non-Prescription Health Segment:

Tetra's secondary focus is its natural health division, operated by TNH aimed at developing and marketing Health Canada and FDA approved OTC portfolio. TNH currently has two product segments 1) OTC Drug

Identification Numbers (DIN) products; 2) Natural Health products.

DIN products

TERPACAN™ (hemorrhoids) is a topical formulation that is intended to be used for the treatment of hemorrhoids, an itchy, painful and common condition affecting thousands of Canadians. TERPACAN™ (back & muscle pain) is indicated for the temporary relief of aches and pains of muscles and joints associated with backache, lumbago, strains, bruises, sprains, arthritic or rheumatic pain and pain of tendons and ligaments.

Natural health products

Topical A - AWAYE™, AWAYE™ PLUS, Beta C + Zinc (cold sore gel), and Beta C + Benzocaine (cold sores/fever blisters/oral herpes cream). These products already have their Health Canada Natural Product Numbers (NPN).

Recent Announcements

April

The Company had initially disclosed that SERENITY© and REBORN© activities were expected to slow down as a result of the COVID-19 crisis. However, on April 22, 2020, the Company provided an update on the COVID-19 crisis, announcing that Tetra had not suspended or slowed down any of its regulatory and clinical activities and continues to find ways to advance its clinical trials. SERENITY© remains Tetra's top priority and we are increasing the number of clinical sites while clearing schedule 1-type and export licenses (USA & Mexico) for each site. Tetra is continuing to expand its clinical sites to be ready to accelerate patient enrollment in the USA for its PLENITUDE© and SERENITY© trials.

On April 16, 2020, the Company announced that it has received FDA Orphan Drug Designation for its cannabinoid PPP004 (THC-CBD) in the treatment of epidermolysis bullosa.

On April 15, 2020, the Company announced that it has received FDA Orphan Drug Designation for its synthetic cannabinoid PPP003 (HU308) in the prevention of proliferative vitreoretinopathy.

On April 14, 2020, the Company announced that Dr. Sue Sisley's Scottsdale Research Institute received the renewal of its Schedule 1 license from the US Drug Enforcement Agency (DEA). The receipt of the renewed DEA Schedule 1 license is a significant achievement in the advancement of the Plenitude trial and ultimately getting QIXLEEF™ into the market. A fully licensed facility allows Tetra to commence the process of having a licensed producer ship the necessary GMP grade dried pellets containing cannabinoids to the clinical site prior to the start of patient enrollment.

On April 8, 2020, the Company announced that in addition to focusing on its top priorities SERENITY©,

PLENITUDE© and HCC-011 projects, Tetra will mobilize its expertise in regulatory affairs and quality assurance to support Canadian businesses seeking Health Canada approval for specific products used to mitigate the ongoing COVID-19 pandemic. During the week started April 6, 2020, Tetra Bio-Pharma submitted a Drug Information Number (DIN) application to Health Canada on behalf of a Canadian company ready to produce a hospital, institutional grade hard surface disinfectant. Tetra provided its intellectual know-how on a pro-bono basis.

On April 6, 2020, the Company announced that the U.S. Food & Drug Administration ("FDA") has granted the Company's request for a Type B meeting related to its proposed clinical program and overall premarketing requirements for the Company's product HCC-011 with Orphan Drug Designation. This meeting has been scheduled for May 29, 2020. At the meeting, Tetra expects to provide FDA guidance on our planned phase 2 clinical trial, expedited review paths, and 505(b)(2) premarketing requirements.

On April 1, 2020, the Company announced that it had filed a final short form base shelf prospectus with the securities commissions in each of the provinces of Canada. The base shelf prospectus will allow Tetra and certain of its security holders to qualify the distribution by way of prospectus of up to $50,000,000 of Common Shares, warrants, units, debt securities, subscription receipts, or any combination thereof, from time to time during the 25-month period that the shelf prospectus is effective. The specific terms of any future offering, and the intended use of the net proceeds resulting from such offering, will be established in a prospectus supplement to the shelf prospectus.

March

On March 23, 2020, the Company provided an update from management on the COVID-19 pandemic. The Company disclosed that it has ensured that all of its employees work under conditions that comply with federal and provincial public health recommendations. In addition, the Company confirmed that its regulatory activities have not, for the time being, slowed down despite the COVID-19 crisis. These activities are now performed by Tetra's employees from their home offices.

The Company also confirmed that it intends to continue all planned Clinical Trial Applications ("**CTA**"), DIN applications, veterinary drug clinical trial applications (Experimental Studies Certificate; ESC) and Pre-Submission meetings in Canada and Investigational New Drug Applications (IND), veterinary IND applications, Pre-IND meetings ("**PIND**") (including Type B and C meetings) and Orphan Drug Designation applications in the United States. The Company also confirmed that it intends to continue its European regulatory activities as planned.

The Company also disclosed that its clinical research team is working to increase the number of clinical sites in Canada and the USA so that it can accelerate the enrolment of patients when the COVID-19 crisis is over.

The Company also disclosed that, during this crisis period, Tetra intends to submit both an IND and CTA to

initiate a clinical trial in Canada and the USA for its Orphan Drug HCC-011. The Company intends to move forward with its PIND meeting request to discuss with the FDA the marketing requirements for this Orphan Drug that would benefit from FDA's expedited programs as well as the 505(b)(2) NDA (New Drug Application) regulatory pathway.

The current COVID-19 pandemic is a rapidly evolving crisis and it is difficult for the Company to accurately assess the impact of the current COVID-19 pandemic on the Company's business. Tetra will continue to actively monitor the situation to assess the impact of the current COVID-19 pandemic on the Company's business and take appropriate measures to diminish such impacts. See "*Risk Factors – COVID-19 Pandemic*" for additional information relating to the COVID-19 pandemic.

While the Company has not suspended or slowed down any of its regulatory and clinical activities and continues to find ways to advance its clinical trials, there remains a risk that regulatory and clinical activities could be slowed down because of the COVID-19 crisis. However, the extent of any delays in the regulatory and clinical activities is currently unknown and will be dependent on the ultimate effect that the COVID-19 crisis has on factors such as availability of physicians, clinics and enrolment.

On March 6, 2020, the Company announced that it had engaged Alpha Bronze LLC., by its principal, Mr. Pascal Nigen, a management consulting, investor relations and financial communications firm to implement and execute a comprehensive investor relations and communications program. Their previously demonstrated support to the Company will be key for Tetra to move forward with its business execution.

Alpha Bronze will be paid fees of US$10,000 per month for its services, and received 200,000 stock options, for a period of 3 years with 50,000 options vesting immediately, 50,000 options vesting on May 18, 2020, and the remaining 100,000 options vesting over conditional milestones. The options have an exercise price of $0.42.

February

On February 27, 2020, the Company announced that it had signed a co-development agreement with MAKScientific. This agreement is expected to provide Tetra a pipeline of patent protected molecules to develop once the Company receives marketing approvals for CAUMZ™ and QIXLEEF™.

On February 25, 2020, the Company announced its first indication for CAUMZ™ as well as an additional potential short-term savings of $9 million dollars. To ensure minimal time to market, CAUMZ™ will first target cancer cachexia patients that have an incurable and malignant cancer that is refractory to treatment. CAUMZ™ is designed to prolong survival and improve quality of life and the patient's day-to-day functioning. Providing these types of benefits to a cancer patient with cachexia would provide an important contribution to the care of these patients and their wellbeing.

On February 24, 2020, Tetra updated that it had received FDA's authorization to proceed with QIXLEEF™'s clinical trial PLENITUDE© in the USA. Following the Type B meeting, in the previously announced Letter, the US Food and Drug Administration (FDA) confirmed areas where Tetra could obtain waivers for some of the nonclinical safety requirements based on the target patient population. This confirmation was critical as it confirms Tetra's understanding of the regulatory requirements.

The clinical development program of QIXLEEF™ in the USA begins with the PLENITUDE© clinical trial. This, FDA authorized, clinical trial assesses the clinical impact of QIXLEEF™ in advanced cancer patients with uncontrolled pain. A successful PLENITUDE© clinical program is expected to allow Tetra to commercialize the world's first dried flower botanical cannabinoid drug product for the treatment of pain in patients with an advanced refractory cancer. If approved, PLENITUDE© represents a first in class product for the treatment of uncontrolled pain.

On February 18, 2020, the Company announced the appointment of Sylvain Chrétien as President of Tetra Bio-Pharma Inc.

On February 13, 2020, Tetra announced it has signed a definitive manufacturing agreement with Vitiprints LLC, for the commercial scale production of CAUMZ™ and HCC-011. This agreement is expected to further protect CAUMZ™ and HCC-011 with four additional patents on manufacturing know-how.

Vitiprints has developed a proprietary and patented manufacturing system, which can be used by Tetra to manufacture its CAUMZ™ drug on commercial scale. As part of the manufacturing agreement, Tetra has obtained Vitiprints' exclusive license to use their technology to commercially manufacture CAUMZ™ and HCC-011 at high speed and volume in a manner that is expected to permit the drug to be used in a vaporization system (CAUMZ™ kit). This proprietary technology is expected to operate under pharmaceutical GMP (Good Manufacturing Practices) regulations and will ensure a "pill-to-pill" consistency that meets conventional drug standards.

This agreement provides Tetra with high speed, volume capacity and flexibility to meet the global demand for CAUMZ™ and HCC-011. This proprietary technology is expected to also allow Tetra to reduce its Cost of Goods Sold (COGS) for CAUMZ™ by approximately 75% and to significantly improve CAUMZ™ gross margin.

As a result of the current COVID-19 crisis the project is experiencing temporary delays. Management does not expect these delays to cause significant setbacks or increased costs at this time.

January

On January 30, 2020, following FDA's decisions and guidance subsequent to the Type B meeting for CAUMZ™, the Company received confirmation that it may benefit from three regulatory decision-programs: (i) approval for review under 505(b)(2), which may result in lower overall costs; (ii) FDA conditions met for fast track designation, which may reduce review time; and (iii) the accelerated approval

regulatory program, which may reduce the time to market.

FDA's response indicates that the Company has two novel drug products that will be well differentiated from both a medical and market point of view: QIXLEEF™, which will continue to be developed as a drug-device combination product, and will benefit from the botanical aspects of the drug and be evaluated by the analgesic drug division; and CAUMZ™, which will be developed as a drug-device combination product with the drug component being a drug-drug combination product and it will be evaluated by the oncology drug division of the FDA.

On January 28, 2020, Tetra provided an update on its veterinary clinical trial to evaluate the safety, tolerability and potential efficacy of its HU-308v (PPP003v) ophthalmic drug in the treatment of eye pain in companion animals with indolent corneal ulcers. After the Company received authorization from Health Canada in 2019, Tetra has invested in the setup of a sterile cannabinoid drug manufacturing suite at the facility in New Brunswick which has been used to manufacture validated batches of sterile HU-308 (PPP003) drug for use in its ophthalmic drug development program.

The design of the sterile suite, implementation of cGMPs, and validation of the sterile process was performed by Tetra's manufacturing and quality compliance staff. The validated batches of sterile drug will be used in the planned clinical trial in companion animals with indolent corneal ulcers, which is expected to begin in 2020. A similar manufacturing process is required for the clinical trials in human patients with eye diseases such as painful dry eye and uveitis.

As a result of the current COVID-19 crisis the project is experiencing temporary delays. Management does not expect these delays to cause significant setbacks or increased costs at this time.

In June 2019, a significant milestone was achieved when the U.S. FDA validated Tetra's ophthalmic research program. This validation now placed Tetra in an excellent position to bring HU-308 (PPP003) to human clinical trials in the later part of 2020. Along with CAUMZ™ and QIXLEEF™ drug development programs, HU-308 (PPP003) drug development program is one of Tetra's corporate priorities, since there is a significant unmet medical need for ophthalmic drugs in both companion animals and humans. HU-308 (PPP003) was selected because it is a non-controlled cannabinoid and will favor global market penetration.

Although the Company may experience delays and/or disruptions in its clinical trials, the CAUMZ™, QIXLEEF™ and HU-308 (PPP003) drug development programs remain a primary focus of the Company. Please refer to the disclosure on page 9 for additional information, as well as the discussion on the COVID-19 pandemic in the sections "*Recent Announcements*" and "*Risk Factors – COVID-19 Pandemic*".

On January 17, 2020, Tetra announced that Health Canada granted two Drug Identification Numbers for its first over-the-counter products to be marketed under its TERPACAN™ banner. TERPACAN™ (hemorrhoids) is a topical formulation that will be used for the treatment of hemorrhoids, an itchy, painful and common condition affecting thousands of Canadians. TERPACAN™ (back & muscle pain) is indicated

for the temporary relief of aches and pains of muscles and joints associated with backache, lumbago, strains, bruises, sprains, arthritic or rheumatic pain and pain of tendons and ligaments.

On January 13, 2020, the Company received a favorable letter of advice from the FDA for QIXLEEF™. The letter provided scientific guidance on the Company's quality file including aspects such as reporting of volatile organic compounds contained in the drug product. Following the Type B meeting held with the FDA on January 26, 2017, the letter provided further insight with regards to the requirements for drug approval for a non-serious condition such as uncontrolled pain as a second- or third-line therapy.

December

On December 16, 2019, the Company announced the entering into of a definitive agreement with Azevedos Indústria Farmacêutica, S.A. ("Azevedos") for the marketing and distribution of CAUMZ™ in Portugal. Under the terms of the agreement, Tetra is entitled to receive milestone payments and profit sharing on all sales of CAUMZ™ in Portugal. In return, Azevedos will be responsible for registering the product, manufacturing, as well as all marketing and distribution in Portugal.

On December 4, 2019, the Company announced it had received the FDA ODD status for delta-9-tetrahydrocannabinol ("THC") in the treatment of hepatocellular carcinoma (HCC-011). Anticancer drugs are generally approved (i.e., accelerated approval) after the conduct of a Phase 2 pivotal trial with demonstration of no tumor progression.

On December 2, 2019, the Company announced that it had signed a definitive co-development and commercialization agreement ("Agreement") with Alternavida S.A. de C.V. ("Alternavida") for the clinical development, marketing and distribution of CAUMZ™ in Mexico.

The clinical development and commercialization agreement with Alternavida is expected to provide Tetra with a non-dilutive funding by fully subsidising two completely compliant FDA and Health Canada clinical trial sites in Mexico for the and fibromyalgia trials. Alternavida will also be responsible for registering and commercializing CAUMZ™ in Mexico. The funding of the two sites represents a potential cost saving of $10 million dollars and potentially allows Tetra to accelerate the enrollment process and ultimately reduce the time required to complete fibromyalgia Phase 2 and Phase 3 SERENITY©) trials as the Company pursues approvals in the U.S. and Canada. The cost savings are based on clinical trial costs, such as investigator and site costs, patient interventions and assessments, as well as study monitoring costs. Under the terms of the agreement, Alternavida has been granted a Right of First Refusal to commercialize CAUMZ™ in eight additional countries including Colombia, Ecuador, Chile, Panama, Costa Rica, Honduras, Peru and the Dominican Republic.

Tetra is also entitled to receive a one-time license fee of $125,000 as well as royalties on CAUMZ™ sales in Mexico of 10% in year one, 12.5% in year two, and 15% in years three to fifteen.

Recent Financings

During the three months ended February 29, 2020, the Company completed a prospectus financing in February 2020 as well as the exercise of the full over-allotment related to such prospectus financing in March 2020. Additional details are provided below. The Company intends to use the net proceeds from previous and current offerings to continue the development of its clinical program aimed at bringing novel drugs and treatments to patients and their healthcare providers, and for working capital and general corporate purposes. Refer to the Company's final short form prospectus dated February 6, 2020, as filed on SEDAR, for additional information regarding the use of proceeds for this prospectus financing.

Bought Deal Offering (February and March 2020)

On February 13, 2020, the Company announced it had closed its short form prospectus offering (the "Offering"), on a bought deal basis with Echelon Wealth Partners Inc. ("Echelon"), who acted as sole underwriter and sole book runner. A total of 29,245,300 units of the Company were sold at a price of $0.53 per Unit, for aggregate gross proceeds of $15,500,009.

On March 5, 2020, in connection with the above-mentioned Offering, Echelon exercised its over-allotment option in full, and an additional 4,386,795 units were issued on March 25, 2020 representing additional gross proceeds of $2,325,001.

Under the bought deal Offering, each unit consisted of one Common Share and one Common Share purchase warrant. Each warrant entitles the holder thereof to purchase one Common Share at a price of $0.75 until February 13, 2023.

July 2019 Prospectus Offering

The following table provides a comparison of disclosure that the Company previously made about how the Company was going to use proceeds from the short form prospectus offering completed on July 12, 2019 (the "July 2019 Financing") (other than working capital) against the Company's actual use of such proceeds up to February 29, 2020. All amounts listed below in general and administrative expenditures exclude non-cash expenses.

The amounts presented in the following table are approximate.

PURPOSE	Maximum Amount	Actual Amount as of February 29, 2020
Drugs in Development		
2019 Phase 3 clinical trial, manufacturing and other expenses related to PPP011[(1)(2)]	$2,835,000	$1,455,000
Regulatory costs for the EMA & PLENITUDE© trials for PPP001 (QIXLEEF™)	-	$380,000[(3)]
Development of Panag products in connection with the acquisition of Panag[(4)] Including: • Toxicology relating to PPP003; and • API manufacturing (HU 308) related to PPP003	$420,000	$480,000[(5)]
Two supplemental new drug submissions related to PPP002[(6)(10)]	$200,000	-
Optimization of the manufacturing process related to PPP002[(7)]	See note 2 below	-
Retail Pharma (OTC)		
Launch 2 OTC beta-caryophyllene products[(8)(10)]	$400,000	-
Submit 3 Drug Identification Numbers (DIN)	$15,000	$15,000
Purchase additional inventory of hemp energy drinks[(9)(10)]	$245,000	-
General corporate purposes	$895,000	$895,000

Notes:

(1) As at February 29, 2020, the Company had used $1,455,000 out of the proceeds of the July 2019 Financing for the Phase 3 clinical trials, manufacturing and other expenses related to CAUMZ™. The Company in 2019 determined to reserve $1,000,000 as an allowance for bad debt in relation to accounts receivable which the Company has been unable to collect. As of the date of this MD&A the Company settled approximately $1,080,000 of the outstanding receivable from Kombucha in hemp energy drink inventory. In addition, in the fourth quarter of 2019, the Company decided to reallocate $380,000 from the proceeds allocated to CAUMZ™ to the resumption of the clinical trials of QIXLEEF™ (see Note 2 for additional information). Given the foregoing, the Company considers that, as of February 29, 2020, $Nil remained allocated to CAUMZ™.

(2) On November 25, 2019, the Company received authorization from the FDA to resume QIXLEEF™ clinical trials which had been halted in early 2019. The Company reallocated $380,000 for the resumption of the clinical trials of QIXLEEF™ from the proceeds allocated to CAUMZ™. See "*Description of the Business – Recent Developments*" for additional information.

(3) As mentioned in Note 2 above, the Company reallocated a maximum of $380,000 for the resumption of the clinical trials of QIXLEEF™ from the proceeds allocated to CAUMZ™. Out of these amounts, the Company had used $380,000 as at February 29, 2020.

(4) The Company reallocated $140,000 from the proceeds allocated to PPP003 to PPP005. The costs associated with PPP005 are study closing costs and safety data reporting costs to Health Canada that are required under Division 5 of the Food and Drug Act subsequent to Tetra terminating the PPP005 study due to certain mycotoxin impurities. The development of oral cannabinoids has been terminated by Tetra and the Company does not anticipate any further costs to be incurred on the PPP005 development program.

(5) An additional amount of $60,000 was reallocated to PPP003, bringing the maximum amount allocated to the development of Panag products to $480,000. As at February 29, 2020, the Company had used approximately $480,000 on this program, and approximately $Nil remained allocated for PPP003.

(6) During the quarter ended August 31, 2019, the Company determined to put on hold the development of PPP002 and the proceeds allocated to PPP002 were reallocated to the development of CAUMZ™. See Note 10 below for information regarding the reallocation of these funds.

(7) In its short form prospectus dated July 8, 2019, the Company disclosed that if the maximum offering was raised, it would also proceed with the optimization of the manufacturing process related to PPP002. During the quarter ended August 31, 2019, the Company determined to put on hold the development of PPP002, including the optimization of the manufacturing process related to PPP002, and the proceeds allocated to PPP002 were reallocated to other initiatives of the Company. See Note 10 below for information regarding the reallocation of these funds.

(8) The Company has determined to postpone the launch of OTC beta-caryophyllene products until a later date. See Note 10 below for information regarding the reallocation of these funds. See "*Description of the Business – OTC DIN Portfolio*" for additional information.

(9) Following a strategic review by the board of directors of the Company (the "**Board**"), the Company incorporated 2714140 Ontario Inc. as a wholly-owned subsidiary for the purpose of divesting the Company's HED business, previously operated by Tetra Natural Health. The Company secured financing from AIP Asset Management Inc. in the amount of up to $3,000,000 to support ongoing operations of the HED business. Therefore, none of the proceeds of the financing completed on July 12, 2019 were allocated to the HED business. See Note 10 below for information regarding the reallocation of these funds. See "*Description of the Business – Hemp Energy Drink*" for additional information.

(10) As detailed in the notes above, the Company reallocated an aggregate amount of $845,000 which was initially allocated to (i) PPP002, (ii) the launch of OTC beta-caryophyllene products and (iii) the purchase of additional inventory of the hemp energy drinks. The Company reallocated this $845,000 as follows: (i) $605,000 to its working capital requirements; (ii) $150,000 for general corporate purposes; and (iii) $90,000 for early stage research and development relating to a potential drug candidate for interstitial cystitis.

Following the completion of the July 2019 Financing, the Company continued to focus its development program on two categories of products, namely CAUMZ™ and Panag products purchased in connection with the acquisition of Panag. Therefore, following the completion of the July 2019 Financing and until the end of the third quarter of 2019, the drug development expenses were materially as disclosed in the Company's short form prospectus dated July 8, 2019, except as follows:

- during the third quarter of 2019, the Company placed on hold the development of PPP002, including the optimization of the manufacturing process related to PPP002, and the proceeds allocated to PPP002 were reallocated to other initiatives of the Company; and

- during the third quarter of 2019, the Company also decided to delay the launch of OTC beta caryophyllene products to a later date.

After the end of the third quarter of 2019 and until the end of the first quarter February 29, 2020, the

Company's primary focus for the period remained the CAUMZ™ (SERENITY©) Phase 3 clinical trial, which was in line with the intended use of proceeds disclosed in the short form prospectus dated July 8, 2019. However, the Company faced higher than expected expenses in its QIXLEEF™ and CAUMZ™ drug development programs, triggered by the following events:

- On November 25, 2019, after review of the Company's quality file, impurity quality information, and after ensuring the safety assessments were adequate to protect patients, the FDA authorized Tetra to resume the QIXLEEF™ clinical trials, and to conduct trials on PLENITUDE©, intended to treat uncontrolled pain in advanced cancer patients. This resulted in the resumption of the QIXLEEF™ drug development program which had been halted in early 2019, and the Company incurred expenses in connection therewith. The activities for which the Company incurred these expenses led to the receipt by the Company of a favorable letter of advice from the FDA for QIXLEEF™ in January 2020.

- During the last quarter of 2019, the Company ramped up its activities for CAUMZ™'s pivotal clinical trial, SERENITY©, which resulted in higher than expected expenses for the CAUMZ™ drug development program. As part of its development strategy in 2019, Tetra proactively initiated regulatory activities with the FDA in respect of CAUMZ™, which also resulted in higher than expected expenses for this program. The activities for which the Company incurred these expenses led to the receipt by the Company of a favorable response letter from the FDA in January 2020 in respect of CAUMZ™.

- Following the completion of the July 2019 Financing and until the end of the financial year ended November 30, 2019, general and administrative expenses also exceeded the original forecast as a result of earlier than planned business development activities, strategic consulting and more onerous than planned activities to expand U.S. awareness of the Company in the industry and in the investment community. This excess in general and administrative expenses was mainly triggered by the events that resulted in higher than expected expenses for the QIXLEEF™ and CAUMZ™ drug development programs.

The excess in the Company's drug development expenses and general and administrative expenses was partially set off by the halt of the development of PPP002 and the delay of the launch of OTC beta caryophyllene products. Despite this, the unallocated working capital and proceeds from the July 2019 Financing were not sufficient to match the higher than anticipated expenses described above. This impacted the ability of the Company to meet its business objectives and milestones presented in the short form prospectus of the Company dated July 8, 2019. In order to meet such objectives and milestones, the Company determined in January 2020 to raise additional financing in an offering completed with Echelon Wealth Partners Inc. on February 13, 2020. The Company believes that the activities for which the Company incurred additional expenses were justified given the circumstances described above, and that such activities resulted in the favorable letters received by the Company from the FDA in respect of

CAUMZ™ and QIXLEEF™.

February 2020 Prospectus Offering

The following table provides a comparison of disclosure that the Company previously made about how the Company was going to use proceeds from the short form prospectus offering completed on February 13, 2020 against the Company's actual use of such proceeds up to February 29, 2020. All amounts listed below in general and administrative expenditures exclude non-cash expenses. The amounts presented in the table below are approximate.

Purpose	**Disclosed Use of Proceeds**	**Actual Amount as of February 29, 2020**
Drugs in Development		
CAUMZ™ – SERENITY© 2020 pivotal clinical trials, manufacturing and other related expenses (PPP011)	$4,855,000	$12,700
CAUMZ™ – REBORN© 2020 Phase 2 clinical trials, manufacturing and other related expenses (PPP011)	$1,000,000	$-
Development of Panag products in connection with the Panag Transaction and the TALLC Joint Venture	$900,000	$86,000
Completion of IND-enabling toxicology relating to PPP003 and Active Pharmaceutical Ingredient manufacturing (HU-308) related to PPP003	$300,000	$199,000
Regulatory costs for the EMA & PLENITUDE© trials for PPP001 (QIXLEEF™)	$800,000	$52,000
HCC-011 – Hepatocellular carcinoma (liver cancer) trial and regulatory activities related thereto	$500,000	$-
Retail Pharma (OTC)		
Launch AWAYE™ & TERPACAN™ lines of products	$500,000	$1,200
General and Administrative Purposes	$1,170,008	$49,436

In the first quarter ending February 29, 2020, the Company's primary focus remained its SERENITY© and REBORN© trials for CAUMZ™, its PLENITUDE© trial for QIXLEEF™ and HU-308 (PPP003). However, as disclosed in the "*Recent Announcements*" and "*Risk Factors – COVID-19 Pandemic*", the Company may experience delays and/or disruptions in its clinical trials.

Significant Transactions

As mentioned in the section "Description of the Company's Business", the Company's Board approved management's formal recommendation for the sale of the HED businesses, following a proposed strategic reorganization of Tetra's ongoing business. The HED business has been classified as held for sale due to the future growth opportunities lying outside the Company's strategic scope, and as a result began the process of divesting of 2714140 Ontario Inc., which contains the Hemp Energy Drink business segment.

The intent of the Company is to complete a spin-off or other type of monetization transaction prior to the maturity date of the Convertible Notes, and to repay the Convertible Notes as part of such spin-off or transaction. To the extent that 2714140 Ontario Inc. was unable to complete a spin-off or other type or liquidity event in the next twelve months, and should 2714140 Ontario Inc. default on payment, the Company would first use its commercially reasonable efforts to obtain approval from the TSXV to repay the Convertible Notes through the issuance of Common Shares of Tetra as a "shares-for-debt" transaction under the rules of the TSXV, failing which the Company would re-allocate some of its funds to be able to repay the Convertible Notes.

The assets and liabilities that were transferred to 2714140 Ontario Inc. were classified as discontinued operations and classified on the Statement of Financial Position as assets / liabilities held for sale. The divestiture will be accounted for at the fair market value, with a gain or loss recognized in Statements of Loss and Comprehensive loss.

As at the date of this MD&A the Company has not completed a divesting transaction and continues to own 100% of the shares of 2714140 Ontario Inc.

During the three month period ended February 29, 2020, the Company negotiated the recovery of part of the inventories sold to Kombucha Baby Brewing Company Inc. (“Kombucha”) in 2019 as a settlement against Tetra’s outstanding trade receivable from Kombucha. The reversal of impairment of trade receivable is based on management’s estimate of the fair value of the inventories to be recovered. The Company realised a recovery of historical debt of $1,080,818 (an impairment expense as at February 28, 2019 - $Nil) in its results from discontinued operations for the three moths ended February 29, 2020.

As at February 29, 2020, trade receivables relating to the settlement of the Kombucha amounts outstanding of 1,080,818 (November 30, 2019 - $Nil) were included as assets held for sale. Subsequent to the February 29, 2020, Kombucha underwent a corporate restructuring and the changed its name to Ultra Wellness Inc. (“Ultra”). The Company is negotiating with Ultra is in the process of arranging a payment schedule for the remaining $249,341 in receivables owing to 2714140 Ontario Inc.

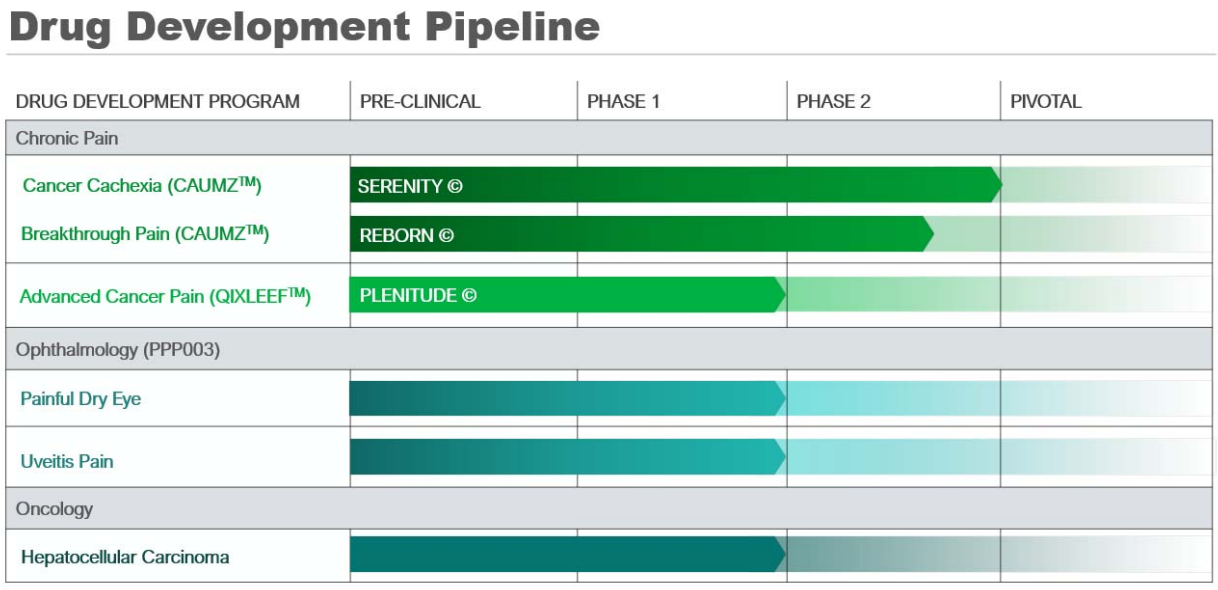
On April 9, 2020, Kombucha delivered approximately 236 pallets of inventory with an estimated original cost of $1,080,818 to the Company. 2714140 Ontario Inc. intends to resell this inventory through new distributors.

The composition of the assets held for sale and the liabilities directly associated with the assets held for sale as at February 29, 2020 are as follows:

	Three months ended February 29, 2020
	$
Cash	**51,400**
Accounts receivable	**1,080,818**
Prepaid expenses	**57,635**
Advanced revenue sharing payments	**1,464,600**
Inventory	**795,744**
Subtotal	**3,450,197**
Intangible assets	**289,657**
Assets held for sale	**3,739,854**
Accounts payable	**13,297**
Convertible debenture	**2,000,000**
Liabilities directly related to the assets held for sale	**2,013,297**

Biopharmaceutical Products Pipeline

The table below summarizes all clinical/regulatory works we are currently performing on all our product assets:



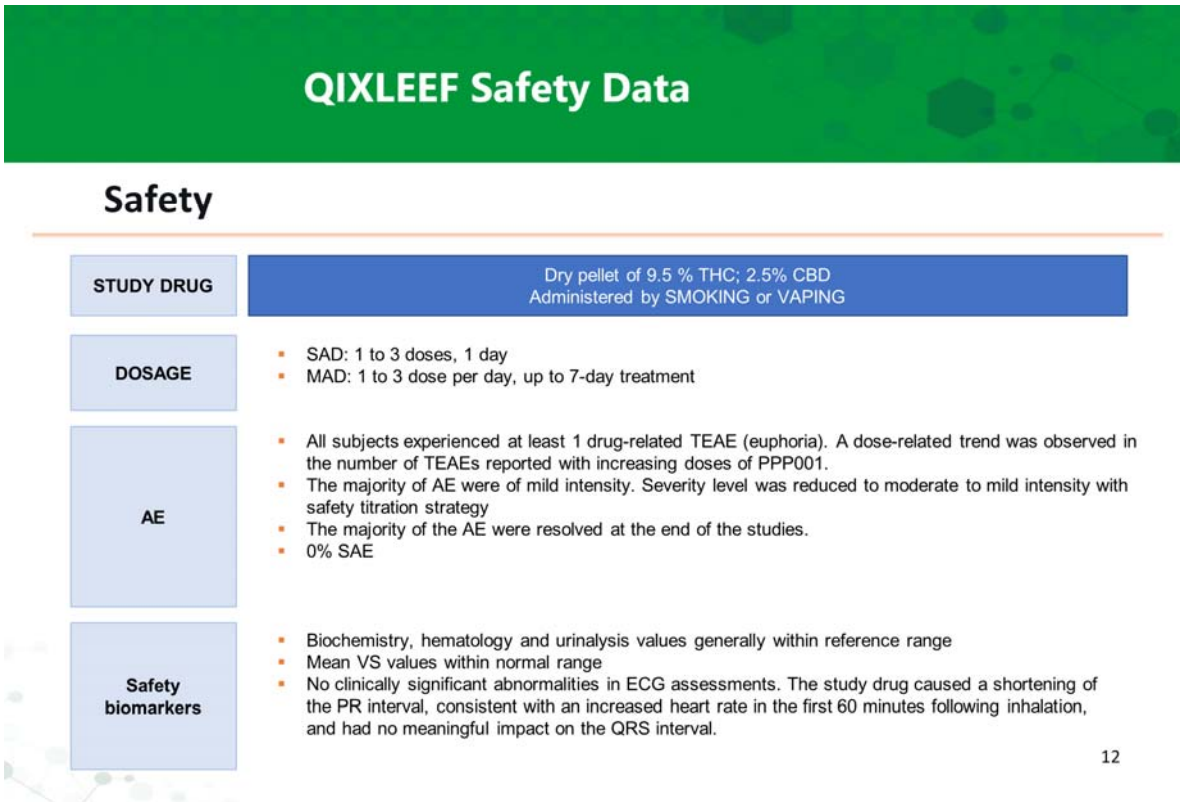
Following a strategic review of the Company's core assets, management has determined that the primary focus in 2020 will be on the advancement of CAUMZ™ and HU-308 (PPP003) and HCC-011. As a result,

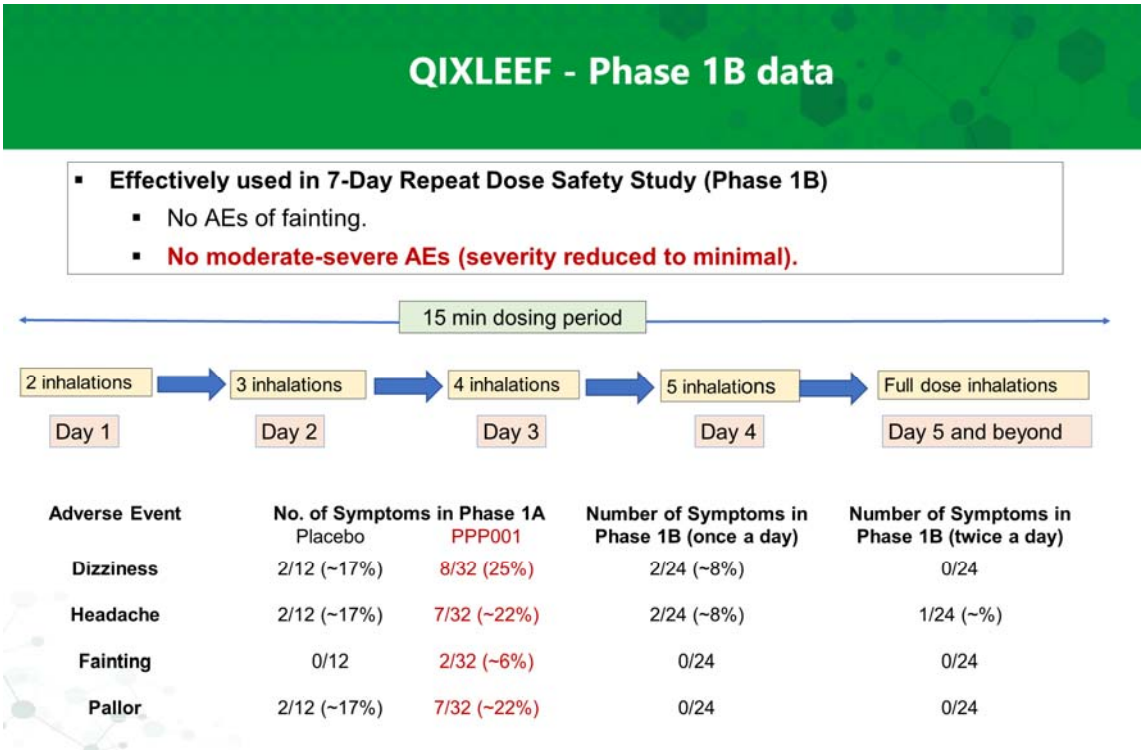
further development on Fibromyalgia has been designated as a secondary focus for the Company and will be revisited following further advancements in the CAUMZ™ and HU-308 assets.

Although the Company may experience delays and/or disruptions in its clinical trials, the CAUMZ™ and HU-308 (PPP003) drug development programs remain a primary focus of the Company. Please refer to the disclosure on page 9 for additional information, as well as the discussion on the COVID-19 pandemic in the sections "*Recent Announcements*" and "*Risk Factors – COVID-19 Pandemic*".

Results from QIXLEEF™ Phase 1a/1b Clinical Trials: Safety, Pharmacokinetic & Pharmacodynamics

The Company received promising results from the multiple Phase 1 single and repeat dose Clinical Trials. The objectives were to assess and understand the safety and tolerability, absorption and systemic exposure, and pharmacodynamic responses of the subjects to the study drug. When administrated using Tetra's dose escalation strategy, the results demonstrated no serious secondary effects and no clinical abnormalities. All subjects exposed to the study drug experienced euphoria which may, as a primary pharmacological effect, help in pain dissociation and alleviation of suffering.





Adverse Event	No. of Symptoms in Phase 1A Placebo	No. of Symptoms in Phase 1A PPP001	Number of Symptoms in Phase 1B (once a day)	Number of Symptoms in Phase 1B (twice a day)
Dizziness	2/12 (~17%)	8/32 (25%)	2/24 (~8%)	0/24
Headache	2/12 (~17%)	7/32 (~22%)	2/24 (~8%)	1/24 (~%)
Fainting	0/12	2/32 (~6%)	0/24	0/24
Pallor	2/12 (~17%)	7/32 (~22%)	0/24	0/24

Biopharmaceutical – Cancer Cachexia and Chronic Pain Segment

CAUMZ™ – SERENITY© and REBORN© : Target Intended Uses

The products in the CAUMZ™ category include, among others: (i) SERENITY© (treatment of cancer cachexia patients), (ii) REBORN© (breakthrough pain oncology) and (iii) fibromyalgia products (non-cancer chronic pain).

In the last quarter of 2019, Tetra ramped up its activities for CAUMZ™'s pivotal clinical trial and SERENITY©. The Company has already secured more than 20 clinical sites, with 10 based in the United States. The Company's goal is to submit applications by early 2021 to the FDA and Health Canada to approve marketing for CAUMZ™. In September 2019, as part of these efforts, the FDA reviewed and granted the Company's request for designating its CAUMZ™ Kit, which is a combination of the CAUMZ™ drug and the Mighty Medic medical device, a drug device combination product and granting the jurisdiction to the division of FDA that regulates drugs. Additionally, Tetra also signed definitive agreements with each of Alternavida and Azevedos for clinical development, marketing and distribution of CAUMZ™, respectively in Mexico and Portugal. Tetra closed its year with its first production of CAUMZ™ clinical batches to conduct the SERENITY© study in Canada and the United States.

The clinical development, marketing and distribution agreement with Alternavida (the "Alternavida Agreement") gives Tetra access to two additional clinical trial sites for SERENITY© and fibromyalgia trials. These two sites will potentially allow Tetra to accelerate the enrollment process and complete the fibromyalgia Phase 2 and Phase 3 SERENITY© trials as the Company pursues approvals in the United States and Canada. Under the terms of the Alternavida Agreement, Alternavida has been granted a right of first

refusal to commercialize CAUMZ™ in Colombia, Ecuador, Chile, Panama, Costa Rica, Honduras, Peru and the Dominican Republic.

The definitive agreement signed with Azevedos is expected to allow Tetra to pursue its strategy to commercialize CAUMZ™ in certain jurisdictions upon regulatory approval. Azevedos is a commercialization partner in Portugal with state-of-the-art manufacturing facilities in Portugal, Mozambique and Tunisia. Under the terms of the agreement, Azevedos will be responsible for product registration and manufacturing, as well as marketing and distribution in Portugal. Tetra is entitled to receive milestone payments and profit sharing on all sales of CAUMZ™ in Portugal.

As part of its development strategy in 2019, Tetra proactively initiated regulatory activities with the FDA in respect of CAUMZ™. In the second quarter, the Company initiated a Type B meeting with the FDA for clarifications on: the non-clinical safety requirements for the submission of the marketing application (NDA), supplemental marketing applications (sNDA), medical device requirements, eligibility for expedited programs (i.e. fast track designation, breakthrough therapy designation, accelerated approval, or priority review designation) and marketing exclusivity for its combination of the CAUMZ™ drug with the Mighty Medic medical device.

On January 30, 2020, the Company received a response from the FDA following its Type B meeting for CAUMZ™. In its response letter, the FDA agreed that the target patient population for CAUMZ™ has a serious condition with significant morbidity. Tetra's clinical data to date has allowed management to make the assessment that CAUMZ™ will affect the survival of patients with an advanced cancer and improve their day-to-day functioning. The FDA agreed that the Company had met the conditions in the regulations, and that the Company could now proceed to submit a fast track designation request to the review division.

The fast track designation reduces review time from an average of 10 months to 6 months which is critical to provide patients with rapid access to new drugs. It also allows for frequent communications with the FDA which ultimately reduces the risk of delays by ensuring that all of the drug development issues are adequately addressed by the development program. Once the request is submitted, the FDA reviews the request and, in general, decides within sixty days whether or not to grant the designation.

The FDA also reviewed Tetra's request that CAUMZ™ should qualify for accelerated approval for its target patient population and provided guidance as to how Tetra could use a Patient-Reported Outcome ("PRO") instrument that could demonstrate the claimed benefit in the target population.

Based on the FDA guidance, the Company determined that CAUMZ™ is a treatment intended for cancer cachexia patients with an advanced, incurable and malignant cancer that is refractory to treatment. CAUMZ™ is designed to prolong survival and improve quality of life and the patient's day-to-day functioning. The Company will use validated surrogate endpoint that is a PRO instrument and initiate clinical development of CAUMZ™ based on the accelerated approval program.

CAUMZ™ clinical development program was designed to address a potential decision by the FDA that the medicinal component of the CAUMZ™-kit was a drug-drug combination product. The FDA response stated that the CAUMZ™ drug component is a drug-drug combination product and that Tetra would have to address the interaction of these two drugs (specifically CBD and THC) in its clinical development program.

Further, the FDA stated that Tetra had proposed a 505(b)(2) NDA in its information package, meaning that the Company's NDA application could rely upon literature to support the non-clinical requirements of the NDA. The decision by the FDA of the drug-drug combination product and the NDA 505(b)(2) approval pathway is favorable to Tetra.

QIXLEEF™: Target Intended Uses

As an adjunct to standard of palliative care, QIXLEEF™ aims to improve quality of life and help reduce the pain of terminal cancer patients in adults.

The clinical programs in Canada and the United States to support its first intended use in terminal cancer patients involves the conduct of two well-designed clinical trials: Phase 1 and a pivotal trial (Phase 2/3). Since the target population involves terminal cancer patients with a malignant cancer and uncontrolled pain, Tetra plans on submitting a marketing approval for conditional approval with a commitment to perform a Phase 4 clinical trial to obtain unconditional approval and to pursue the development of QIXLEEF™ for an uncontrolled pain indication in non-cancer pain.

The Company had completed a significant amount of research on the composition of smoke and vapor inhaled by patients. These composition studies were designed to understand how smoked cannabis works and subsequently develop a second-generation therapeutic drug called CAUMZ™. Based on the impurities in QIXLEEF™, and potential for future similar impurities, the Company accelerated the development of CAUMZ™ and then proceeded to the initiation of the pivotal clinical trial using CAUMZ™ ahead of the original plan.

In early 2019, Tetra reported that it had to terminate its QIXLEEF™'s Phase 2/3 study while the Company assessed solutions to address the impurities it discovered in early 2019. The Company voluntarily disclosed the impurity incident to the regulators. Tetra took this opportunity to leverage its investment in QIXLEEF™ to develop its second-generation medicinal drug, CAUMZ™. Concurrently, Tetra continued to gather evidence and prove safety to revive QIXLEEF™. This included providing the FDA with product specifications and a quality program that addresses the risk of the impurities.

However, during the same period, the Company continued its application for QIXLEEF™ under the European drugs directives applicable to medicinal products which differ from the Canadian regulatory framework with respect to impurities which allowed Tetra to pursue an application for QIXLEEF™, despite the impurities described above.

The Company also submitted and obtained authorization from the FDA to launch the PLENITUDE© trial after demonstrating to the regulatory authorities that the product specifications and quality program allowed safe use of the investigational drug QIXLEEF™.

On November 25, 2019, after review of the Company's quality file, impurity quality information, and after ensuring the safety assessments were adequate to protect patients, FDA authorized Tetra to resume the QIXLEEF™ clinical trials, and to conduct trials on PLENITUDE©, intended to treat uncontrolled pain in advanced cancer patients.

Tetra proactively engaged a clinical collaborator to run the PLENITUDE© trial in the United States. The Company signed a research collaboration agreement with Dr. Sue Sisley, M.D., an Arizona-based physician practicing Internal Medicine and Psychiatry and an advocate for the benefits of whole-plant based cannabis therapies and a recognized expert in post-traumatic stress disorder (PTSD). Dr. Sisley's expertise and advocacy is also expected to be key for any partner distributing QIXLEEF™ in the United States or globally. She will also play an important role in educating physicians on the therapeutic potential of vaporized dried flower bud.

PLENITUDE© is a 4-week double-blind, randomized, placebo-controlled, parallel group design trial to evaluate the safety and efficacy of inhaled QIXLEEF™ on uncontrolled cancer pain in 78 adult patients with symptoms related to advanced incurable cancer and uncontrolled pain related to cancer. The Company anticipates results from the PLENITUDE© clinical trial will be part of the drug approval package for QIXLEEF™. Dr. Sisley's cannabis clinic, where the trial is performed, holds a Schedule 1 license for inhaling cannabis from the United States Drug Enforcement Agency (the "DEA"). With the study authorized, Dr. Sisley and Tetra's clinical research team intend to amend the DEA license to add the PLENITUDE© trial to allow for Dr. Sisley's clinical site to run the trial.

On January 13, 2020, Tetra received Letter of Advice from FDA with respect to QIXLEEF™. In this letter, FDA reconfirmed its previous position issued January 26, 2017, in regard to the development and commercialization of QIXLEEF™. In its most recent communication, FDA provided Tetra with new guidance based on the Company's clinical and safety progress with the quality of QIXLEEF™. FDA also laid out its requirements for marketing approval (i.e., approved for sale) for cancer and non-cancer uncontrolled pain indications. The Company will be continuing discussions with the FDA to clarify the requirements for both an advanced cancer pain indication and an indication in patients with uncontrolled noncancer pain. This includes defining the requirements for initiating trials, and for the marketing approval, in patients with uncontrolled non-cancer pain.

Following the feedback received from the FDA on January 30, 2020, Tetra has two novel drug products that will be well differentiated from both a medical and market point of view. QIXLEEF™ will continue to be developed as a drug-device combination product, benefit from the botanical aspects of the drug and be evaluated by the analgesic drug division. QIXLEEF™ is being developed for cancer and noncancer pain indications. CAUMZ™ will be developed as drug-device combination product with the drug component being a drug-drug combination product and it will be evaluated by the oncology drug division of the FDA.

Biopharmaceutical - Anticancer Segment

HCC-011 anticancer drug: Target Intended Uses

HCC-011 is being developed for the treatment of hepatocellular carcinoma, a form of liver cancer.

In August 2018, Tetra submitted multiple applications to obtain ODD for several cannabinoid formulations and the treatment of rare diseases. In December 2019, the FDA granted ODD to Tetra's THC formulation for the treatment of hepatocellular carcinoma. As part of the benefits of ODD, Tetra will request a Type B meeting to discuss with the FDA the requirements to obtain marketing approval. This meeting will include the review of the clinical protocol, drug specifications and regulatory requirements for marketing approval

including the use of tumor size as a surrogate marker for an accelerated approval. Accelerated approval is commonly awarded to companies developing anticancer drugs and tumor size is the validated surrogate marker.

HCC-011 is manufactured using the methods and modified specifications for CAUMZ™. The Company plans to use some of the Serenity clinical trial sites to minimize the clinical trial costs.

Biopharmaceutical - Additional Products in Development

HU-308 (PPP003): Ocular formulation of cannabinoids

Tetra's subsidiary, Panag developed several formulations and patents for treatment of various ocular conditions such as painful dry eye and uveitis. The following is a list of the ophthalmic patents:

Ophthalmic Patents			
Patent Title	**Country/ Region**	**Application No. (Patent No.)**	**Filing Date (Issue Date)**
Compositions for Treatment of Ocular Inflammation and Pain	United States	61/906,694	Nov 20, 2013
Compositions and Methods for Treatment of Ocular Inflammation and Pain	PCT	PCT/CA2014/000841	Nov 20, 2014
	Canada	2,931,039	Nov 20, 2014
	Europe(1)	14864137.6	Nov 20, 2014
	United States (granted)	14/722,991 (9,549,906)	May 27, 2015 (Jan 24, 2017)
	PCT	PCT/CA2016/050603	May 27, 2016
	Australia	2016268872	May 27, 2016
	Canada	2,986,588	May 27, 2016
	Europe	16799004.3	May 27, 2016
	Europe	14864137.6 (3071193)	June 20, 2016 (Dec 12, 2019)

Note

(1) On August 1, 2019, the patent application was allowed by the European Patent Office. The European Patent Office is finalizing the text to be issued in the granted patent.

On June 17, 2019, Tetra met with the FDA in a Type B meeting. The purpose of the meeting was to obtain confirmation on the Phase 2, first-in-human, clinical study design, quality and toxicology requirements for initiating this trial with patients in the United States.

The FDA accepted the Company´s development program in its response to the Type B meeting on June 17, 2019.

The Company invested in a sterile drug manufacturing suite at a facility in New Brunswick to prepare batches of sterile ocular drugs for clinical trials and has obtained authorization from the Veterinary Drug Directorate, Health Canada to initiate a clinical trial in dogs treated by clinical veterinarians for eye pain.

Launch of the first-in-human Phase 2 clinical studies in uveitis and painful dry eye is planned for 2020. This clinical study will allow Tetra to evaluate safety and tolerability of the product candidate HU-308, a non-controlled [2] cannabinoid-derived medicine which is expected to provide improved pain relief versus current therapies. Patients with uveitis are largely dissatisfied with the current standard of care and represent a population with large unmet medical need. Discussions with potential commercialization partners for this product are ongoing.

In addition, Panag, in partnership with a veterinary ophthalmological team, will conduct a Phase 2 clinical trial in domestic dogs, as a proof-of-concept for its HU-308v (PPP003v). This study will involve domestic pets and not laboratory animals with a goal of providing pet owners with an alternative ophthalmic pain medication.

In the event that the COVID-19 crisis has a longer duration than currently estimated by management of the Company, based on the evolution of the COVID-19 epidemic in China, and that additional delays and disruptions are caused to the Company's clinical trials and regulatory filings, the Company expects that it would, amongst other things, prioritize the development of its PPP003 drug program, including the acceleration of its HU-308 projects. The Company would prioritize these projects because they have a lower barrier to entry since HU-308 does not involve "controlled substances" or substances regulated under the *Cannabis Act* (Canada). However, the Company expects that obtaining an import-export permit for these drugs could be delayed due to a redirection of Health Canada's priorities during the COVID-19 crisis. *See* "*Recent Announcements*" and "*Risk Factors – COVID-19 Pandemic*" for additional information.

PPP002: OpioSpare©: Slow Release formulation of Dronabinol (co-development with IntelGenx)

Buccal mucosal administration of THC is possible using the mucoadhesive technology of IntelGenx. There is no first pass metabolism using this mode of administration. In addition, the sustained release reduces the C_{max}, thereby reducing the adverse effects associated with high plasma levels of THC. The pharmacokinetic properties of this mucoadhesive tablet were shown in healthy volunteers.

There have been no developments with PPP002 during the three months ended February 29, 2020.

[2] Non-controlled medicine: a product that is not considered to be a narcotic.

Commercial Products and Product Pipeline

Natural Health Segment

The Company's natural health segment and over-the-counter ("OTC") product candidates will be commercialized by Tetra Natural Health. TNH specializes in commercialization of both cannabinoid and non-cannabinoid-based products for pharmacy self-care within Canada.

OTC DIN portfolio

Tetra's OTC drug product line was created to bring self-care therapies to pharmacies and their consumers.

In January 2020, Health Canada granted OTC DIN numbers for 2 products of the TERPACAN™ banner:

- TERPACAN™ Hemorrhoids: a cream containing Beta C + Benzocaine + Phenylephrine to be used in treating hemorrhoids; and

- TERPACAN™ Back and Muscle Pain: a gel containing Beta C + Trolamine to be used for temporary relief of aches and pains of muscles and joints associated with backache, lumbago, strains, bruises, sprains and arthritic or rheumatic pain, pain of tendons and ligaments.

Tetra is now fully focused on the commercialization of these products. Tetra confirmed that it is finalizing a commercial supply agreement and a sales representatives' agreement with a contract sales organization to provide Tetra with the required manufacturing and sales forces to effectively launch and market the DIN products in Canada.

Tetra Natural Health's was granted one additional NPN number for its AWAYE™ PLUS. This portfolio now includes:

- AWAYE™: A topical cream aimed at the temporary relief of muscle and joint aches and pains due to backache, strains, sprains and arthritis.

- AWAYE™ PLUS: A topical cream aimed at targeting pain associated with conditions such as post-herpetic neuralgia and/or diabetic neuropathy.

- AWAYE™ *Cold Sore*: A topical cream for the relief of symptoms associated with cold sores and oral herpes.

The AWAYE™ product line was originally developed by Panag Pharma Inc based on proprietary information supporting the use that a non-cannabinoid ingredient activated the body's CB2 receptors in the endocannabinoid system to relieve pain. Under the Natural Health Product regulations, complementary activity was claimed for the role of the other medicinal ingredients role in activating the TRPV1 receptors to reduce pain transmission.

Tetra continues to discuss expanding its mandate to include the United States as soon as the products receive the National Drug Code (NDC) from the FDA. The company has entered into discussions with a potential manufacturing partner to secure commercial supply, although there is no assurance that such discussions will allow the Company to secure commercial supply.

OVERALL PERFORMANCE AND SELECT FINANCIAL INFORMATION

As at February 29, 2020, the Company had a working capital surplus of $11,091,116 (November 30, 2019 – $1,467,889), including $11,971,936 (November 30, 2019 - $2,037,599) in cash, assets held for sale $3,739,854 (November 30, 2019 – 2,920,112) and current liabilities totalling $5,160,203 (November 30, 2019 - $3,916,169) of which, liabilities directly related to the assets held for sale represents $2,013,297 (November 30, 2019 - $2,002,049). By the nature of its business as a pharmaceutical company principally focused on identification, development and commercialization of drug candidates, the Company must always secure additional financing to be able to fund its ongoing clinical trials. As such, management is evaluating, on an ongoing basis, various alternatives to secure financing to ensure that the Company is able to continue as a going concern. Nevertheless, there is no assurance that these initiatives will be successful.

The following discussion of the Company's financial performance is based on the unaudited condensed consolidated interim financial statements ("financial statements") for the period ended February 29, 2020.

Financial Position as at	**February 29, 2020**	November 30, 2019
	$	$
Cash	**11,971,936**	2,037,599
Accounts and sales tax receivable	**299,279**	294,085
Prepaid expenses (includes both current and non-current portions)	**240,250**	132,262
Assets held for sale	**3,739,854**	2,920,112
Equipment	**237,683**	227,316
Intangible assets	**23,353,833**	22,956,273
Accounts payable and accrued liabilities	**3,146,906**	1,914,120
Liabilities directly related to the assets held for sale	**2,013,297**	2,002,049
Total equity	**34,682,632**	24,651,478

Assets held for sale and liabilities directly related to the assets held for sale

During the year ended November 30, 2019, the Company began strategic reorganization of its business pursuant to which management decided to divest of the hemp energy drink business unit and as a result, the assets relating to the hemp energy drink unit have been reclassified as held for sale on the Unaudited Condensed Consolidated Interim Statements of Financial Position. As at February 29, 2020, the Company

designated $3,739,854 (November 30, 2019 - $2,920,112) of current assets as assets held for sale and $2,013,297 (November 30, 2019 - $2,002,049) of current liabilities as liabilities directly relating to assets held for sale (refer to the significant transactions section of this MD&A for more detail).

Intangible assets

Carrying amount	Natural Health Product numbers $	Clinical trials $	Licenses $	Total $
Balance as at November 30, 2018	201,600	7,687,090	750,000	8,638,690
Transferred on acquisition of intellectual property	-	250,000	(250,000)	-
Acquired as part of Panag transaction	1,676,238	12,842,945	-	14,519,183
Assets reclassified as assets held for sale	(198,000)			(198,000)
Amortization expense	(3,600)	-	-	(3,600)
Balance as at November 30, 2019	**1,676,238**	**20,780,035**	**500,000**	**22,956,273**
Acquired during the period	-	-	397,560	397,560
Amortization expense (Note 7)	-	-	-	-
Balance as at February 29, 2020	**1,676,238**	**20,780,035**	**897,560**	**23,353,833**

Natural Health product numbers

As at February 29, 2020, the Company incurred $Nil (November 30, 2019 - $1,676,238) in additional costs related to the acquisition of natural health product numbers. As of the date of this MD&A, and as discussed in the "*Commercial Products and Product Pipeline*" section, a third NPN was granted by Health Canada on March 30, 2020. There were no impairments or dispositions of natural health product numbers in the three months ended February 29, 2020.

Clinical Trials

As at February 29, 2020, the Company has 8 ongoing clinical trials including the 6 clinical trials that were acquired as part of its acquisition of Panag on May 1, 2019. The ongoing clinical trials consist of the Company's SERENITY© trial for cancer cachexia, REBORN© trial for breakthrough pain, PLENITUDE © trial for advanced cancer, PPP003 trial for painful dry eye and uveitis pain, PPP004 for pain and inflammation, HCC-011 trial for hepatocellular carcinoma as well as 2 other early stage trials acquired as part of the Panag transaction. As at February 29, 2020, the Company incurred $Nil (November 30, 2019 - $12,842,945) in additional clinical trial acquisition costs. There were no impairments or dispositions of natural health product numbers in the three months ended February 29, 2020.

Licenses

As at February 29, 2020, the Company incurred $397,560 (November 30, 2019 - $Nil) in additional costs related to the acquisition of licenses. As at February 29, 2020, the Company has 2 active licenses as described below:

- A development and commercialization license of a Dronabinol XL Tablet licensed from IntelGenx Corp. See description for PPP002 in the "*Biopharmaceutical Products Pipeline*" section for additional information. As at February 29, 2020, the Company incurred $Nil (November 30, 2019

- $Nil) in additional costs.

- An exclusive license to use Vitiprints LLC.'s printing technology for commercial manufacturing of CAUMZ™. Refer to the disclosure made on "*February 13, 2020*" in the section "*Recent Announcements*" for additional information regarding the exclusive licensing agreement with Vitiprints LLC. The milestones and royalty payments related to the agreement are disclosed in the "*Commitments and Contingencies*" section. As at February 29, 2020, the Company has incurred $397,560 (November 30, 2019 - $Nil).

Equipment

During the period ended February 29, 2020, the Company purchased $17,680 (November 30, 2019 - $254,800) of equipment required to produce test lots of the CAUMZ™ drug as required for the ongoing phase 3 clinical trials.

Shareholders' equity

Shareholders' equity is comprised of share capital of $64,839,002 (November 30, 2019 - $56,420,190), warrants of $17,606,327 (November 30, 2019 - $12,568,888), contributed surplus of $3,974,635 (November 30, 2019 - $3,747,899), and accumulated deficit of $51,737,332 (November 30, 2019 - $48,085,499) for a net surplus of $34,682,632 (November 30, 2019 - $24,651,478).

As at February 29, 2020, 242,254,811 (November 30, 2019 – 212,839,511) Common Shares were issued and outstanding. Refer to the Outstanding Share Data section of this MD&A for more detail on the issuance of Common Shares for the three months ended February 29, 2020.

RESULTS OF OPERATIONS

The following is an analysis of the results of operations for the three months ended February 29, 2020 compared to the three months ended February 28, 2019.

	For the three months ended	
	February 29, 2020	February 28, 2019
	$	$
Expenses		
Research and development	**1,673,210**	1,729,345
Stock based compensation	**226,736**	101,438
General and administrative expense	**2,630,703**	1,812,544
Net loss from continuing operations	**4,530,649**	3,985,414
Net (income) from discontinued operations	**(878,816)**	-
Net loss and total comprehensive loss	**3,651,833**	3,985,414

During the three months ended February 29, 2020, the Company reported a net loss from continuing operations before other items of $4,530,649 (February 28, 2019 - $3,985,414) and a gain from discontinued operations of $878,816 (February 28, 2019 - $Nil).

Research and development expenses

During the three months ended February 29, 2020, Tetra continued its drug development programs, which has resulted in comparable research and development ("R&D") expenses. As the Company's clinical trials progress through the various phases, the costs to complete each phase becomes significantly larger. Tetra's R&D expenses for the three months ended February 29, 2020, represent approximately 35% of Tetra's total cash expenses for the same period in the previous year. For the three months ended February 29, 2020, R&D on the various projects totalled $1,673,210 (February 28, 2019 – $1,729,345) a decrease of $56,135 compared to the same period in the previous year.

Stock-based compensation (non-cash expense)

For the period ended February 29, 2020, stock-based compensation, a non-cash expense, increased by $125,298 compared to the period ended February 28, 2019. Stock-based compensation expense is based on the Black-Scholes value attributed to the number of options granted by the Company during the period as well as any options that were granted in a previous period but vested in the current period. During the period ended February 29, 2020, the Company granted a total of 1,200,000 options of which 650,000 had vested during this period. The vested options had a grant date fair value of $226,736 compared to 375,000 options during the period ended February 28, 2019 with a grant date fair value of $101,438.

General and administrative expenses

General and administrative expenses increased by $818,159 for the three months ended February 29, 2020 when compared to same period in 2019. The increase is primarily related to Payroll and Travel and promotion expenses.

	Three months ended	
	February 29, 2020	February 28, 2019
	$	$
Management fees	**145,851**	136,482
Payroll and benefits	**1,236,930**	436,674
Professional fees	**334,451**	515,328
Exchange and regulatory fees	**90,757**	33,270
Foreign exchange loss	**11,772**	151,585
Other income and interest	**(33,580)**	(33,420)
Travel and promotion expense	**626,909**	204,703
Amortization (Note 6)	**7,313**	1,800
Fees for termination of a contract	**-**	250,000
General and administrative	**210,300**	116,122
Total	**2,630,703**	1,812,544

1- Payroll and benefits increased by $800,256 for the three months ended February 29, 2020 compared to the three months ended February 28, 2019. The cost increase correlates with Tetra's expansion of its professional workforce to 30 employees at February 29, 2020. In the prior period ended February 28, 2019, Tetra had 12 employees.

2- Travel and promotion expenses for the period ended February 29, 2020 increased by $422,206. During Q1 2020 the Company completed several roadshows and marketing in Canada and the US to promote its February 2020 prospectus financing. The Company also funded strategic partners including the University of New Brunswick to support ongoing research.

3- Professional fees decreased by $180,877 for the three months ended February 29, 2020 compared to the three months ended February 28, 2019. In the first quarter of the previous period ended February 28, 2019, the Company had various legal and regulatory fees associated with the acquisition of Panag.

4- Exchange and regulatory fees increased by $57,587 for the period ended February 29, 2020, compared to the primarily due to short form prospectus financing and filed a base shelf prospectus

5- In the first quarter of the previous period ended February 28, 2019, Tetra also incurred a one time penalty of $250,000 for terminating a contract.

Discontinued operations

The gain from discontinued operations for the three months ended February 29, 2020, represents the activity associated with the hemp energy drink business, which was classified as held for sale during the year ended November 30, 2019. There were no discontinued operations during the three months ended February 28, 2019.

SELECTED QUARTERLY INFORMATION

The following summarized financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's annual and interim consolidated statements for those periods.

(In $ for stated values, except per share amounts)	Q1, 2020	Q4, 2019	Q3, 2019	Q2, 2019	Q1, 2019	Q4, 2018	Q3, 2018	Q2, 2018
Revenues from continued operations	-	-	-	1,320,213 [(1)]	-	112,320 [(1)]	-	-
Net loss (gain) from continued operations	**4,530,649**	**3,267,989**	3,349,604	3,643,327	3,985,414	4,531,354	(1,851,898)	3,043,308
Net loss from discontinued operations	**(878,816)** [(1)]	**546,941** [(1)]	489,658 [(1)]	-	-	-	-	-
Net loss (earnings) per share, basic and diluted, from continuing operations	**0.02**	**0.02**	0.02	0.02	0.02	0.03	(0.01)	0.02
Net loss per share, basic and diluted, from discontinued operations	-	-	-	-	-	-	-	-

(1) During the year November 30, 2019, the Company has reclassified the hemp energy drink business as held for sale and as a result

all related revenues and expenses have been reclassified as discontinued operations and are no longer reflected in the financial statements as revenue from continued operations. Prior year's revenues and expenses were not restated as "Net loss from discontinued operations".

Fluctuation in operating results

The Company anticipates that its quarterly and annual results of operations will be impacted for the foreseeable future by several factors including: the timing and launch of new products, the advancement of the company's research and development including any milestones and other payments made pursuant to current and future arrangements.

OFF BALANCE SHEET TRANSACTIONS

The Company does not have any off-balance sheet arrangements other than as discussed in this MD&A in the commitments and contingencies section below.

PROPOSED TRANSACTIONS

In the normal course of business, the Company evaluates potential asset acquisitions and, in some cases, makes proposals to acquire such assets. These proposals, which are subject to Board and sometimes regulatory and shareholder approvals, may involve future payments, and share issuances. These future obligations are usually contingent in nature and generally the Company is only required to incur the obligation if it wishes to continue with the transaction.

LIQUIDITY AND CAPITAL RESOURCES

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company considers its capital to be equity attributable to equity holders, which is comprised of share capital, reserves and surplus which totalled $34,682,632 as at February 29, 2020 (November 30, 2019 – $24,651,478).

The Company currently has no operating revenues from continued operations and relies primarily on equity financing. As at February 29, 2020, the Company had assets of $39,842,835 (November 30, 2019 - $28,567,647) and a working capital surplus of $11,091,116 (November 30, 2019 – $1,467,889).

On February 13, 2020, the Company closed a short form prospectus offering, for a total of 29,245,300 units, each consisting of one Common Share and one Common Share purchase warrant at a price of $0.53 per unit, for aggregate gross proceeds of $15,500,009. Each warrant entitles the holder thereof to purchase one Common Share at a price of $0.75 until February 13, 2023.

In connection with this short form prospectus offering, on March 5, 2020, the Company closed the over-allotment option granted to the underwriter, for a total of 4,386,795 units, each consisting of one Common Share and one Common Share purchase warrant at a price of $0.53 per unit, for aggregate gross proceeds

of $2,325,001. Each warrant entitles the holder thereof to purchase one Common Share at a price of $0.75 until February 13, 2023.

Accordingly, as at the date of this MD&A, management believes that the Corporation's cash balance is sufficient to meet its general working capital requirements and contractual obligations for the next 12 months, however, to complete the subsequent phases of its various ongoing clinical trials, the Company will require additional long-term funding.

On April 1, 2020, the Company filed a final short form base shelf prospectus with the securities commissions in each of the provinces of Canada. The base shelf prospectus will allow Tetra and certain of its security holders to qualify the distribution by way of prospectus of up to $50,000,000 of Common Shares, warrants, units, debt securities, subscription receipts, or any combination thereof, from time to time during the 25-month period that the shelf prospectus is effective.

The Company intends to use any future proceeds from the sale of its securities under the short form base shelf prospectus to fund long term clinical trials capital requirements.

LITIGATION

The Company operates in an industry in which, from time to time, it may be named as a party to claims or involved in proceedings, including legal, regulatory and tax related, in the ordinary course of its business. While the outcome of these matters may not be estimable at period end, the Company makes provisions, where possible, for the estimated outcome of such claims or proceedings. Should a loss result from the resolution of any claims or proceedings differ from these estimates, the difference will be accounted for as a charge to net income (loss) in that period.

As at February 29, 2020, and November 30, 2019, management was not aware of any pending or actual claims outstanding against the Company.

COMMITMENTS AND CONTINGENCIES

Milestones in acquisition of Panag

The Agreement for the acquisition of Panag contemplates the payment by the Company to the Vendors of an aggregate amount of up to $15,000,000 in cash in milestone payments upon achievement of certain operational targets associated with marketing approvals and commercialization of both human and veterinary drug products by FDA and the European Medicines Agency (EMA). The Company is committed to fund Panag's research in an amount no less than $1,200,000 annually until 2029. If this funding commitment is not met the $15,000,000 in milestone payment become due and payable immediately. In addition, in the event of a change of control of the Company prior to May 1, 2021, the vendors would be entitled to receive from Tetra an additional $10,000,000. As a triggering event has not yet taken place, the contingent payments have not been reflected in these financial statements.

Contingent payments

The Company is party to certain management and employment contracts. These contracts require that additional payments of approximately $2,056,000 be made upon termination without cause. As a triggering event has not taken place, the contingent payments have not been reflected in these financial statements.

The Company is party to several contracts related to the research and development of its products. As a result of these contracts the company is committed to future payments of approximately $146,000 which are payable as the contractual services are performed. These services are expected to be performed over the next two years.

The Company is party to several agreements for the research, development and potential commercialization of its products. Potential milestone payments that would become payable upon the achievement of certain research and development milestones approximates $5,050,000 and US$3,000,000 (CAD$4,028,700). Potential milestone payments that would become payable upon the achievement of certain commercialization milestones approximates $37,000,000 and US$24,000,000 (CAD$32,230,000). As a triggering event has not taken place, the contingent payments have not been reflected in these financial statements.

RELATED PARTY TRANSACTIONS

Transactions with key management personnel

	Three months ended	
	February 29, 2020	February 28, 2019
	$	$
Management and professionnal fees	**428,833**	243,750
Payroll and benefits	**376,979**	734,063
	805,812	977,813
Stock-based compensation	**474,078**	656,327
	1,279,890	1,634,140

During the period ended February 29, 2020, consulting fees of $180,500 (November 30, 2019 – $12,250) were paid/payable to 9315-4466 Quebec Inc., a company controlled by a senior officer of one of Tetra's subsidiary. As at February 29, 2020, there was a balance of $Nil (November 30, 2019 - $Nil) owing. These amounts are unsecured, non-interest bearing and due on demand, and are included in accounts payable and accrued liabilities.

See shares issued and stock options issued to related parties in Note 9 and Note 11 of the financial statements.

OUTSTANDING SHARE DATA

Authorized: the authorized share capital consists of an unlimited number of Common Shares each with no par value.

	Share Capital # of shares
Balance, November 30, 2019	**212,839,511**
Shares issued in short form prospectus	29,245,300
Shares issued as part of warrants exercised	170,000
Balance, February 29, 2020	**242,254,811**

2020 Fiscal year issuances

On February 13, 2020, the Company completed a short form prospectus offering for aggregate gross proceeds of $15,500,009. A total of 29,245,300 units were sold at a price of $0.53 per unit. Each unit consists of one Common Share and one transferable Common Share purchase warrant, with a whole warrant entitling the holder to purchase one Common Share at a price of $0.75 per share for a period of 3 years following the closing date. The Company's related parties have purchased a total of 332,000 units for aggregate gross proceeds of $175,960.

The 29,245,300 warrants issued in connection to the short form prospectus offering listed above have been recorded at an estimated value of $4,724,054 based on the proportional method based on the Black Scholes option pricing model, using the following assumptions: a share price of $0.37, an average exercise price of $0.75, risk free interest rate of 1.52%, expected life of warrants of 3 years, expected volatility rate of 93% (based on the Company's historical volatility for 3 years up to the issuance date) and expected dividend rate of 0%.

In connection with this short form prospectus offering, the Company paid an underwriter's fee of $1,085,001 and in addition, issued 2,047,171 underwriter's warrants as commission, with a whole warrant entitling the holder to purchase one Common Share at a price of $0.75 per share for a period of 3 years following the closing date.

The 2,047,171 compensation warrants listed above have been recorded at an estimated value of $330,683 based on the Black Scholes option pricing model, using the following assumptions: a share price of $0.37, an average exercise price of $0.75, risk free interest rate of 1.52%, expected life of warrants of 3 years, expected volatility rate of 93% (based on the Company's historical volatility for 3 years up to the issuance date) and expected dividend rate of 0%.

During the period ended February 29, 2020, a total of 170,000 warrants were exercised for gross proceeds of $68,000. The warrants had an average exercise price of $0.40 and expired August 2, 2022.

In connection with the short form prospectus offering, on March 5, 2020, the Company closed the over-

allotment option, for a total of 4,386,795 units, each consisting of one Common Share and one common share purchase warrant at a price of $0.53 per unit, for aggregate gross proceeds of $2,325,001. Each warrant entitles the holder thereof to purchase one Common Share at a price of $0.75 until February 13, 2023.

Subsequent to February 29, 2020 a total of 805,000 warrants expired. The warrants had an average exercise price of $1.30 and expired March 5, 2020.

Subsequent to February 29, 2020 a total of 275,800 warrants expired. The warrants had an average exercise price of $1.30 and expired March 29, 2020.

OUTSTANDING SECURITIES

As at February 29, 2020, the outstanding securities are as follow:

Securities	Expiry Date	Range of Exercise Price	Number of Securities Outstanding
Common Shares	-	-	242,254,811
Options	Up to January 29, 2025	$0.20 to $0.75	4,910,000
Warrants	Up to February 13, 2023	$0.40 to $1.30	84,252,781

The number of outstanding warrants which could be exercised for an equivalent number of Common Shares is as follows:

	$	$	
805,000	480,545	1.30	March 5, 2020
275,800	136,749	1.30	March 29, 2020
11,500,000	4,683,395	1.30	March 5, 2021
4,292,000	1,747,795	1.30	March 29, 2021
6,900,000	2,613,352	1.29	November 30, 2021
1,654,078	82,444	0.40	July 12, 2021
26,833,332	2,736,082	0.40	July 12, 2022
700,100	71,228	0.40	August 2, 2022
2,047,171	330,683	0.75	February 13, 2023
29,245,300	4,724,054	0.75	February 13, 2023
84,252,781	**17,606,327**		

2020 stock options activity

On January 29, 2020, 1,000,000 stock options were granted to a consultant of the Company. The stock options are exercisable at $0.50 and expire January 29, 2025. The stock options have been recorded at a value of $424,621 based on the Black Scholes option pricing model using the following assumptions: a share price of $0.50, an average exercise price of $0.50, risk free interest rate of 1.38%, expected life of stock option of 5 years, expected volatility rate of 127% (based on the Company's historical volatility for 5 years up to the issuance date) and expected dividend rate of 0%.

The vesting terms for these 1,000,000 options are as follow: 500,000 options on January 29, 2020, 250,000 options (not vested) on the successful completion of a financing further to the February 2020 prospectus financing and the closing of the exercise of the corresponding over-allotment option, and 250,000 options (not vested) on completion of a minimum of $40,000,000 in aggregate private placements.

On February 18, 2020, 200,000 stock options were granted to a consultant company. The stock options are exercisable at $0.42 and expire February 18, 2023. The stock options have been recorded at a value of $49,457 based on the Black Scholes option pricing model using the following assumptions: a share price of $0.42, an average exercise price of $0.42, risk free interest rate of 1.37%, expected life of stock option of 3 years, expected volatility rate of 93% (based on the Company's historical volatility for 3 years up to the issuance date) and expected dividend rate of 0%.

The vesting terms for these 200,000 options are as follow: 50,000 options on February 18, 2020, 50,000 options on May 18, 2020, and 100,000 options upon a successful listing of Tetra's common shares on the NASDAQ exchange.

During the three months ended February 29, 2020, the Company realized and recorded as a non-cash expense, in the profit or loss of $226,736 (February 28, 2019 - $101,438) relating to stock options which vested in the current period.

The number of outstanding options which could be exercised for an equivalent number of Common Shares is as follows:

Options outstanding	Options unvested	Options vested	Grant date fair value	Exercise price	Expiry date
			$	$	
110,000	-	110,000	7,819	0.20	October 22, 2020
2,275,000	-	2,275,000	1,432,274	0.71	July 24, 2021
450,000	-	450,000	288,000	0.70	February 23, 2022
400,000	-	400,000	220,809	0.75	April 4, 2022
100,000	33,334	66,666	20,677	0.32	August 15, 2022
300,000	150,000	150,000	124,398	0.69	December 24, 2022
75,000	-	75,000	55,648	0.69	February 8, 2023
200,000	150,000	50,000	49,457	0.42	February 18, 2023
1,000,000	500,000	500,000	424,621	0.50	January 29, 2025
4,910,000	**833,334**	**4,076,666**	**2,623,703**		

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The carrying values of cash, accounts and sales taxes receivable, and accounts payable and accrued liabilities approximate their fair values due to the immediate or short-term maturity of these financial instruments.

Categories of financial instruments

	February 29, 2020	November 30, 2019
	$	$
Financial assets:		
Amortized cost		
Cash	**11,971,936**	2,037,599
Sales tax receivable	**299,278**	294,085
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	**(3,146,906)**	(1,914,120)

Financial instruments measured at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). As at February 29, 2020 and November 30, 2019, the Company does not have any financial instruments recorded at fair value and that require classification in the fair value hierarchy.

RISK FACTORS

The Company's overall performance and results of operations are subject to a number of risks and uncertainties.

Risks relating to Tetra and its Business

The Company's financial statements for the period ended February 29, 2020 show recurring operating losses and negative cash flows which may have an adverse effect on its relationships with current and future collaborators, contract suppliers and investors.

Financial risk

The Company's activities expose it to a variety of financial risks in relation to financial instruments. The financial assets and liabilities by category are summarized in Note 18 of the financial statements for the period ended February 29, 2020. The main types of risks are credit risk and liquidity risk.

Risk management is carried out by the Company's management team under policies approved by the Board. The Board also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. Cash is held with reputable Canadian chartered bank, from which management believes the risk of loss to be minimal. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at February 29, 2020, the Company had cash of $11,971,936 (November 30, 2019 - $2,037,599) and current liabilities of $5,160,203 (November 30, 2019 - $3,916,169) of which, liabilities directly related to the assets held for sale represents $2,013,297 (November 30, 2019 - $2,002,049). All of the Company's financial liabilities have contractual maturities of less than 30 days, and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The ability to generate revenue sufficient to sustain the operations of the Company and provide positive cash flow from operations depends upon the ability to successfully commercialize its intellectual property or other product candidates that the Company develops or acquires in the future.

There is no assurance that if regulatory approval is achieved for the product candidates, revenues will be generated. The ability to generate revenue further depends on additional factors, including:

- successful completion of development activities, including the additional pre-clinical studies and planned clinical trials for the product candidates;
- completion and submission of new drug applications to the FDA;
- obtaining regulatory approval from the FDA for indications for which there is a commercial market;
- obtaining regulatory approval from Health Canada;
- completion and submission of applications to, and obtaining regulatory approval from, other foreign regulatory authorities; including but not limited to EMA;
- raising substantial additional capital to fund operations;
- securing and maintaining strategic collaborations with partners to test, commercialize and manufacture product candidates;
- manufacturing approved products in commercial quantities and on commercially reasonable terms;

- developing a commercial organization, or finding suitable partners, to market, sell and distribute approved products;
- achieving acceptance among patients, clinicians and advocacy groups for any developed products;
- the successful grant of patents for drugs under development;
- obtaining coverage and adequate reimbursement from third parties, including government payors;
- setting a commercially viable price for any approved products; and
- being supported in pain clinical practice guideline (CPG's).

Any doubt about the Company's ability to continue as a going concern may materially and adversely affect the price of the Common Shares, and it may be more difficult for the Company to obtain financing. Any doubt about the Company's ability to continue as a going concern may also adversely affect the Company's relationships with current and future collaborators, contract manufacturers and investors, who may become concerned about its ability to meet its ongoing financial obligations. If potential collaborators decline to do business with the Company or potential investors decline to participate in any future financings due to such concerns, the Company's ability to increase its financial resources may be limited. The Company has prepared its financial statements on a going concern basis, which assumes that the Company will be able to meet its commitments, realize its assets and discharge its liabilities in the normal course of business. The Company's consolidated financial statements do not include any adjustment to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Risks Relating to Tetra and its Business

COVID-19 Pandemic its impact and influence on our guidance

The spread of COVID-19 has affected segments of the global economy and may affect our operations, including the potential interruption of our clinical trial activities and our supply chain. The recent outbreak of COVID-19 originated in Wuhan, China, in December 2019 and has since spread to multiple countries. While the Company has not yet experienced delays in its clinical trials or delays or disruptions in our supply chain, the continuing COVID-19 crisis may result in a period of business disruption, including significant delays in our clinical trials or delays or disruptions in our supply chain. In addition, there could be a potential effect of COVID-19 to the business at FDA, Health Canada, EMA or other health authorities, which could result in delays of reviews and approvals, including with respect to our product candidates. The continuing COVID-19 crisis could adversely affect our clinical trial operations in Canada and elsewhere, including our ability to recruit and retain patients and principal investigators and site staff who, as healthcare providers, may have heightened exposure to COVID-19 if an outbreak occurs in their geography. Further, some patients may be unable to comply with clinical trial protocols if quarantines or travel restrictions impede patient movement or interrupt healthcare services, or if the patients become infected with COVID-19 themselves, which would delay our ability to conduct clinical trials or release clinical trial results. COVID-19 may also affect employees of third-party contract research organizations located in affected geographies that we rely upon to carry out our clinical trials, which could result in

inefficiencies due to reductions in staff and disruptions to work environments. The spread of COVID-19, or another infectious disease, could also negatively affect the operations at our third-party manufacturers or suppliers, which could result in delays or disruptions in the supply of our product candidates. In addition, we may take temporary precautionary measures intended to help minimize the risk of the virus to our employees, including temporarily requiring all employees to work remotely, suspending all non-essential travel worldwide for our employees, and discouraging employee attendance at industry events and in-person work-related meetings, which could negatively affect our business. We cannot presently predict the scope and severity of any potential business shutdowns or disruptions. If we or any of the third parties with whom we engage, however, were to experience shutdowns or other business disruptions, our ability to conduct our business in the manner and on the timelines presently planned could be materially and negatively affected, which could have a material adverse impact on our business and our results of operation and financial condition.

While the SERENITY©, QIXLEEF™, CAUMZ™ and REBORN© drug development programs remain short-term priorities, current and prospective investors are cautioned that such programs may be delayed or disrupted by the current COVID-19 pandemic. Although the Company has not yet experienced any significant delays or disruptions in its business activities as a result of the current COVID-19 pandemic, the Company expects that, during the next 12 months, the Company's operations could be significantly delayed or disrupted as a result of the current COVID-19 pandemic as a consequence of (i) hospital and clinical resources being diverted to the treatment of patients suffering from COVID-19 and the testing of potential infected individuals, as well as research for potential treatments and vaccines for COVID-19, and (ii) governmental agencies experiencing delays or disruptions due to a lack of resources or personnel or other business interruptions caused by the current COVID-19 pandemic. Due to the speed at which the situation has been developing and the uncertainty of its magnitude, outcome and duration, the Company is not able at this time to estimate with certainty the future impact of COVID-19 on its operations, and whether its clinical trials and regulatory filings will in fact be significantly delayed or disrupted. However, based on the recent experience in China, where the epidemic has started to subside, the Company expects that its clinical trials would be delayed or disrupted during at least three to four months. Because it is currently not possible to accurately assess the magnitude, outcome and duration of the COVID-19 crisis, such crisis may have a longer duration or may result in additional delays or disruptions which are not foreseeable by the Company as at the date of this MD&A. In such event, the Company may need to prioritize other projects.

In the event that the COVID-19 crisis has a longer duration than currently estimated by management of the Company, based on the evolution of the COVID-19 epidemic in China, and that additional delays and disruptions are caused to the Company's clinical trials and regulatory filings, the Company expects that it would, amongst other things, prioritize the development of its PPP003 drug program, including the acceleration of its HU-308 projects. The Company would prioritize these projects because they have a lower barrier to entry since HU-308 does not involve "controlled substances" or substances regulated under the *Cannabis Act* (Canada). However, the Company expects that obtaining an import-export permit for these drugs could be delayed due to a redirection of Health Canada's priorities during the COVID-19 crisis.

General Risks

Prospects for companies in the biopharmaceutical industry generally may be regarded as uncertain given the nature of the industry and, accordingly, investments in bio pharmaceutical companies should be regarded as speculative. Research and development involves a high and significant degree of risk. An investor should carefully consider the risks and uncertainties discussed in detail in the restated annual MD&A for the year ended November 30, 2019 filed on March 30, 2020 and the "Risk Factors" section of the Company's Annual Information Form filed on filed on SEDAR March 30, 2020.

APPROVAL

The Audit Committee as delegated by the Board approved the disclosure contained in this MD&A on April 27, 2020. A copy of this MD&A will be provided to any shareholder who requests it from the Company.

DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. It should be read in conjunction and in context with all other disclosure documents of the Company, including the Company's Annual Information Form. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. No securities commission or regulatory authority has reviewed the accuracy of the information presented.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

Additional information about the Company, including the Company's Annual Information Form, is available on SEDAR at (www.sedar.com).

APPENDIX A: "Biopharmaceutical Segment"

Regulatory Framework

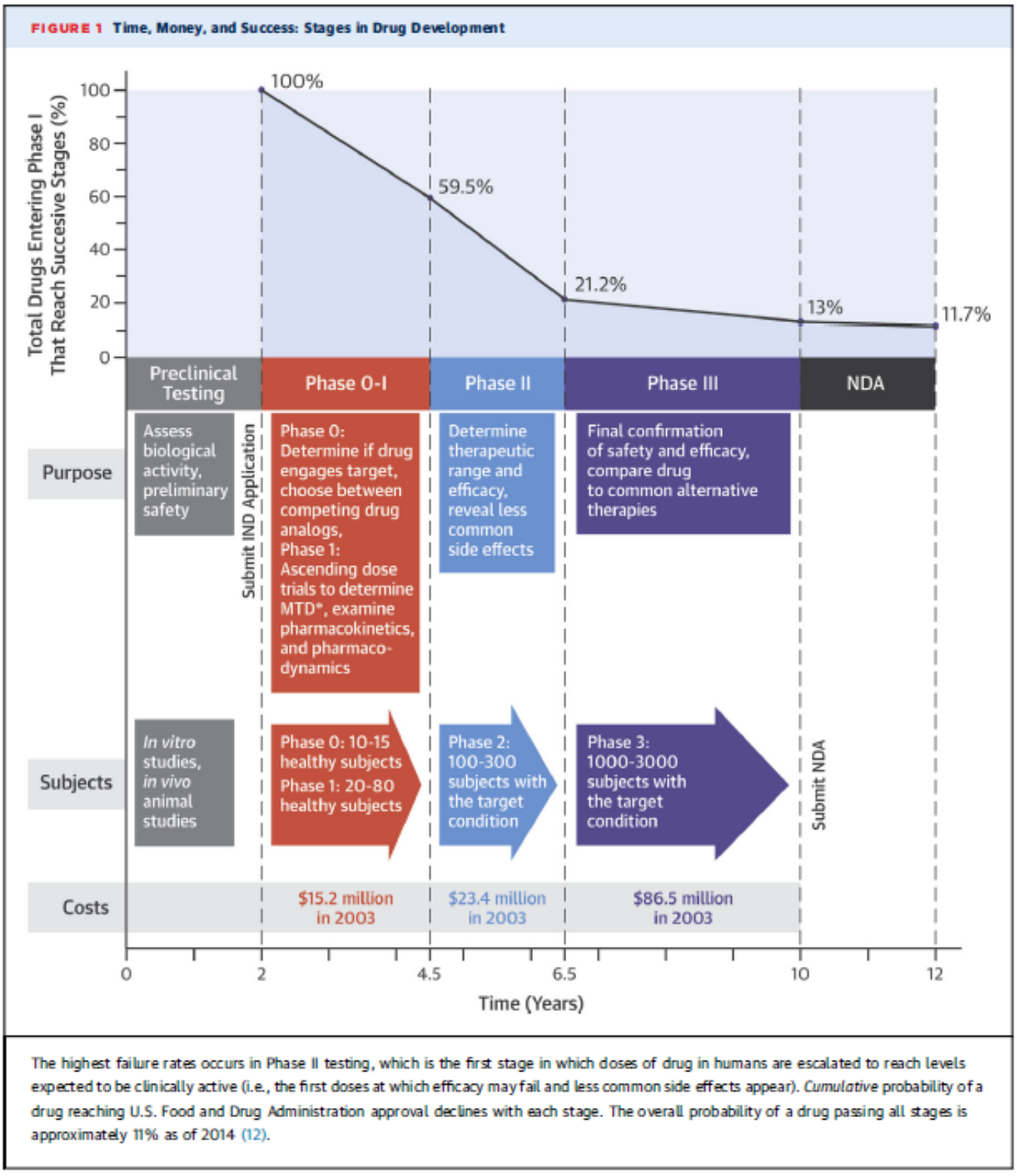
The FDA and Health Canada will ensure scrutiny on drug claims for products containing CBD/THC and will hold the same standard as for prescription drugs. The Company believes itself to be among the most advanced in North America in terms of clinical trial programs with cannabinoid-derived medicines considering its extensive work with Health Canada and the FDA.

The Opioid Crisis

The opioid crisis and epidemic affects millions of people in North America and shows no signs of slowdown. As one of the solutions to this societal problem, there is an increasing demand for alternative to opioids such as cannabis-based drugs that will replace the highly toxic and addictive side effects of opioids. Tetra Bio-Pharma wants to position itself as an important player in this new market and is dedicated to conducting rigorous clinical trials. The goal is to commercialize alternative products to opioids based on scientific evidence.

Regulatory Phases and Timeline

In following chart, as a guideline, we present the regulatory phases and time required from Drug Discovery to the Regulatory Approval process for prescription drugs. In the classical drug development pathway, the drug development process can take up to 15 years. As cannabinoids are unique, in that there is already a large body of preclinical evidence demonstrating safety and efficacy, the Company can significantly speed up the time-to-market and avoid the high costs associated with the Drug Discovery phase. Furthermore, the drug discovery process is high risk with the failure to move to the next phase estimated at 90%.



The highest failure rates occurs in Phase II testing, which is the first stage in which doses of drug in humans are escalated to reach levels expected to be clinically active (i.e., the first doses at which efficacy may fail and less common side effects appear). *Cumulative* probability of a drug reaching U.S. Food and Drug Administration approval declines with each stage. The overall probability of a drug passing all stages is approximately 11% as of 2014 (12).

Van Norman G.A. Drugs, Devices, and the FDA: Part 1 – An overview of approval processes for drugs. J Am Coll Cardiol Basic Trans Science 2016;1:170-179.