TETRA BIO-PHARMA INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three months ended February 28, 2017

Management's Responsibility for
the condensed consolidated interim financial statements

The accompanying financial statements of Tetra Bio-Pharma Inc. (the "Company") are the responsibility of management and the Board of Directors.

The financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the financial position date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in compliance with all applicable International Financial Reporting Standards.

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

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed)
Andre Rancourt
Chief Executive Officer

(signed)
Sabino Di Paola
Chief Financial Officer

Ottawa, Canada
April 24, 2017

Notice of no review or audit

Under National Instrument 51-102, Part 4, subsection 4.3(3(a)), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review or audit of these condensed consolidated interim financial statements.

Tetra Bio-Pharma Inc.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)

As at	**February 28, 2017**	November 30, 2016
	$	$
ASSETS		
Current assets		
Cash	**3,083,187**	1,218,639
Accounts receivable (Note 6)	**108,980**	62,703
Prepaid expenses	**275,734**	90,869
Total current assets	**3,467,901**	1,372,211
Non-current assets		
Intangible assets (Note 7)	**214,200**	216,000
Total assets	**3,682,101**	1,588,211
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**130,777**	191,667
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 8)	**4,930,948**	2,511,021
Warrants (Note 9)	**942,287**	503,195
Contributed surplus	**728,640**	337,922
Accumulated deficit	**(2,941,193)**	(1,902,885)
Equity attributable to equity holders of the Parent Company	**3,660,682**	1,449,253
Equity attributable to non controlling interest (Note 11)	**(109,358)**	(52,709)
Total equity (deficiency)	**3,551,324**	1,396,544
Total liabilities and shareholders' equity (deficiency)	**3,682,101**	1,588,211

Commitments and contingencies (Note 20)
Subsequent Events (Note 21)
Going concern (Note 2)

Approved on behalf of the Board of Directors

Tetra Bio-Pharma Inc.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Three Months Ended February 28, 2017	Three Months Ended February 29, 2016
	$	$
Operating expenses		
Research and development	**283,245**	-
Stock based compensation (Note 10)	**480,000**	-
General and administrative expense (Note 12)	**320,728**	84,298
	1,083,973	84,298
Other income		
Interest and other income	**-**	(28,000)
Foreign exchange loss	**10,984**	(47)
	10,984	(28,047)
Net loss and total comprehensive loss	**1,094,957**	56,251
Attributable to:		
Equity holders of the Parent Company	**1,038,308**	56,251
Non controlling interest (Note 11)	**56,649**	**-**
	1,094,957	56,251
Basic and diluted loss per common share (Note 13)	**(0.01)**	(0.00)
Basic outstanding common shares	**107,691,223**	63,280,487
Fully diluted common shares (Notes 8, 9 & 10)	**131,569,025**	78,302,587
Basic and diluted weighted average number of common shares outstanding	**97,282,056**	58,299,497

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Tetra Bio-Pharma Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency

(Expressed in Canadian dollars)

	Share Capital		Warrants	Contributed Surplus	Accumulated Deficit	Equity attributable to equity holders Company	Non controlling interest (note 11)	Total
	# of shares	$	$	$	$			$
Balance, November 30, 2015	**58,070,487**	**602,881**	**8,990**	**116,537**	**(958,628)**	**(230,220)**	**-**	**(230,220)**
Shares issued as part of a private placement	5,210,000	260,500	-	-	-	260,500	-	260,500
Warrants issued as part of a private placement	-	(70,164)	70,164	-	-	-	-	-
Expiry of warrants	-	-	(815)	815	-	-	-	-
Share issue costs	-	(19,114)	3,674	-	-	(15,440)	-	(15,440)
Transactions with owners	5,210,000	171,222	73,023	815	-	245,060	-	245,060
Net loss	-	-	-	-	(56,251)	(56,251)	-	(56,251)
Balance, February 29, 2016	**63,280,487**	**774,103**	**82,013**	**117,352**	**(1,014,879)**	**(41,411)**	**-**	**(41,411)**
Shares issued as part of a private placement	13,256,369	1,272,456	-	-	-	1,272,456	-	1,272,456
Shares issued as part of warrants exercised	5,292,800	564,720	(37,024)	-	-	527,696	-	527,696
Shares issued as part of options exercised	300,000	20,779	-	(5,779)	-	15,000	-	15,000
Shares issued as part of a agent options exercised	1,002,600	126,820	-	(1,395)	-	125,425	-	125,425
Shares issued for acqusition of natural health numbers	1,800,000	216,000	-	-	-	216,000	-	216,000
Warrants issued as part of a private placement	-	(400,727)	400,727	-	-	-	-	-
Warrants and options issued for services	-	-	39,079	102,344	-	141,423	-	141,423
Share issue costs	81,600	(63,130)	18,400	-	-	(44,730)	-	(44,730)
Issuance of stock options	-	-	-	125,400	-	125,400	-	125,400
Transactions with owners	21,733,369	1,736,918	421,182	220,570	-	2,378,670	-	2,378,670
Net loss	-	-	-	-	(888,006)	(888,006)	(52,709)	(940,715)
Balance, November 30, 2016	**85,013,856**	**2,511,021**	**503,195**	**337,922**	**(1,902,885)**	**1,449,253**	**(52,709)**	**1,396,544**
Shares issued as part of a private placement	7,395,500	1,479,100	-	-	-	1,479,100	-	1,479,100
Shares issued as part of warrants exercised	12,031,867	1,219,429	(158,492)	-	-	1,060,937	-	1,060,937
Shares issued as part of options exercised	3,250,000	252,198	-	(89,698)	-	162,500	-	162,500
Warrants issued as part of a private placement	-	(524,000)	524,000	-	-	-	-	-
Warrants issued for services	-	-	74,000	-	-	74,000	-	74,000
Expiry of warrants	-	-	(416)	416	-	-	-	-
Share issue costs	-	(6,800)	-	-	-	(6,800)	-	(6,800)
Issuance of stock options	-	-	-	480,000	-	480,000	-	480,000
Transactions with owners	22,677,367	2,419,927	439,092	390,718	-	3,249,737	-	3,249,737
Net loss	-	-	-	-	(1,038,308)	(1,038,308)	(56,649)	(1,094,957)
Balance, February 28, 2017	**107,691,223**	**4,930,948**	**942,287**	**728,640**	**(2,941,193)**	**3,660,682**	**(109,358)**	**3,551,324**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Tetra Bio-Pharma Inc.
Condensed Consolidated Interim Statements of Cash Flows
(*Expressed in Canadian dollars)*

	Three months ended February 28, 2017	Three months ended February 29, 2016
	$	$
OPERATING ACTIVITIES		
Net loss for the period	**(1,094,957)**	(56,251)
Adjustments for:		
Non cash performance bonuses	**74,000**	-
Stock-based compensation	**480,000**	-
Depreciation	**1,800**	-
Changes in working capital items (note 14)	**(292,032)**	(89,119)
Net cash (used in) operating activities	**(831,189)**	(145,370)
INVESTING ACTIVITIES		
Capitalized building costs	**-**	(3,001)
Net cash used in investing activities	**-**	(3,001)
FINANCING ACTIVITIES		
Common shares and warrants issued	**1,479,100**	260,500
Warrants exercised during the period	**1,060,937**	-
Stock options exercised during the period	**162,500**	-
Share issue costs	**(6,800)**	(15,440)
Net cash provided by financing activities	**2,695,737**	245,060
Increase in cash	**1,864,548**	96,689
Cash, beginning of the period	**1,218,639**	20,125
Cash, end of the period	**3,083,187**	116,814

Supplemental cash flow information is provided in Note 14

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of operations

Tetra Bio-Pharma Inc. ("Tetra" or the "Company"), was incorporated under the name Mazorro Resources Inc. (“Mazorro”) under the Canada Business Corporations Act on May 17, 2007. On December 29, 2014, GrowPros MMP Inc. (“GrowPros MMP”) completed an amalgamation agreement with Mazorro and 9048073 Canada Inc., a newly-incorporated subsidiary of Mazorro, in order to effect the November 1, 2014 definitive agreement. Legally, Mazorro is the parent of GrowPros MMP; however, as a result of the share exchange, control of the combined companies passed to the former shareholders of GrowPros MMP, which for accounting purposes is deemed to be the acquirer. For financial reporting purposes the transaction has been accounted for as an acquisition of Mazorro by GrowPros MMP under IFRS 2 Share Based Payment and therefore the financial statements have been prepared as a continuation of GrowPros MMP. As part of the amalgamation agreement Mazorro changed its name to GrowPros Cannabis Ventures Inc.

On September 28, 2016, the Company formally changed its name from GrowPros Cannabis Ventures Inc. to Tetra Bio-Pharma Inc. The Company’s common shares are listed for trading on the Canadian Securities Exchange (“CSE”’) under the symbol “TBP”.

The principal business of the Company is that of pain management research including medical marijuana, consultations and acquisitions, with an ongoing license application to become a producer of medical marijuana in Canada pursuant to Health Canada’s Marijuana for Medical Purposes Regulations (“MMPR”). The Company’s head office is located at 200-2742 St. Joseph Blvd., Orleans, Ontario, K1C 1G5. Tetra submitted the Phase I study protocol for review to Food and Drug Administration as part of the pre-IND meeting package to ensure acceptability of the clinical trial data and is not yet a licensed producer under the MMPR as of the date of the approval of these financial statements.

As a condition of obtaining a licence, Health Canada requires significant steps to be taken, including the construction of an indoor growing facility equipped with physical barriers, visual monitoring, recording devices, intrusion detection, air filtration systems, as well as other important controls around distribution and access.

At this time, the Company is in the security clearance stage with respect to this application. As a result, none of the infrastructure required to support the Company’s licence application has as yet been ordered, purchased or assembled.

The amount of time required to obtain a licence is dependent on Health Canada's timeline for reviewing licence applications. Further, the amount of time the Company may need to resolve any comments received from Health Canada during the application process will not be known until such comments are received. As a result, the Company is currently at too early a stage in its due diligence process to provide any estimate of the amount of time required in order to obtain a licence. However, the Company has entered into an arrangement (see Note 20) that is expected to facilitate the Health Canada process. Until a facility meeting the requirements of MMPR is constructed, available for inspection by Health Canada and the Company is in receipt of a final licence from Health Canada, the Company cannot begin production of medical marijuana.

There can be no assurance that the Company's medical marijuana licence application will be approved by Health Canada, or that any prospective projects in the industry will be successfully completed.

2. Going concern

These condensed consolidated interim financial statements ("consolidated financial statements") have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company has not yet determined whether its clinical trials will produce revenue generating pharmaceuticals or whether it will be awarded a license to produce medical marijuana from the Canadian Government. The Company has not generated any operating revenues or positive cash flows from its operations from inception to date. The Company has a deficit of $2,941,193 as at February 28, 2017 (November 30, 2016 - $1,902,885).

As at February 28, 2017, the Company had a working capital surplus of $3,337,124 (November 30, 2016 – 1,180,544), including $3,083,187 (November 30, 2016 - $1,218,639) in cash and current liabilities totalling $130,777 (November 30, 2016 - $191,667). The Company must secure additional financing to be able to fund its ongoing clinical trials and to continue its process for application to obtain a license to produce medical marijuana. Management is evaluating various alternatives to secure the necessary financing so that the Company can continue as a going concern. Nevertheless, there is no assurance that these initiatives will be successful.

The carrying amount of assets, liabilities and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material.

3. Statement of compliance

The Company applies IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The preparation of the condensed consolidated interim financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgements in applying the Company's accounting policies. The areas involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

4. Significant accounting policies

(a) Accounting policies applied in interim financial statements

The policies applied in these consolidated financial statements are based on IFRSs issued and outstanding as of February 28, 2017. The same accounting policies and methods of computation are followed in these unaudited condensed consolidated interim financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended November 30, 2016. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending November 30, 2017 could result in restatement of these unaudited condensed consolidated interim financial statements.

(b) Basis of presentation and measurement

These consolidated financial statements have been prepared on a historical cost basis. Historical cost is generally based upon the fair value of the consideration given in exchange for assets. The expenses within the statements of loss and comprehensive loss are presented by nature.

(Expressed in Canadian Dollars)

4. Significant accounting policies (continued)

(c) Functional currency

The functional currency for the parent entity, and each of its subsidiaries, is the currency of the primary economic environment in which the entity operates. Management has determined the functional currency of each entity is the Canadian dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment. The parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

(d) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Tetra Bio-Pharma Inc. is the ultimate parent company of the consolidated group. Subsidiaries are consolidated from the date on which the Company obtains control and continue to be consolidated until control ceases. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

Where the ownership of a subsidiary is less than 100%, and a non-controlling interest thus exists, any losses of that subsidiary are attributed to the non-controlling interests even if that results in a deficit. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

An associate is an entity in which the Company or its subsidiaries have significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in, without having control over, the financial and operating policy decisions of the entity, and generally exists where between 20% and 50% of the voting power of the entity is held by the Company. As at February 28, 2017, and November 30, 2016, the Company did not have any associates.

The subsidiaries of the Company at February 28, 2017, and their principal activities are described below:

Name of subsidiary	Place of incorporation	Ownership interest	Principal activity
PhytoPain Pharma Inc.	Canada	80%	Marijuana related clinical trials
GrowPros Agro-Tek Inc.	Canada	100%	Development of health products
Grow Pros MMP Inc.	Canada	100%	Medical Marijuana
Minera Mazorro, S. de R.L. de C.V.	Mexico	100%	Inactive

PhytoPain Pharma ("PPP) was incorporated on May 11, 2016, and owned 80% by Tetra and 20% owned by Dr. Guy Chamberland, M.Sc., Ph.D. and Mr. André Rancourt as co-founders. The mission of PPP is the development and commercialization of botanical based pharmaceuticals. PPP is a clinical stage drug research and development company engaged in the development of medication to alleviate symptoms related to pain, insomnia and anxiety disorders in patients suffering from cancer and other chronic and terminal diseases that cause uncontrolled pain and or insomnia.

(e) Standards, amendments and interpretations not yet effective

Certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of each pronouncement and has not yet determined the impact of these new standards and amendments on its financial statements. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below.

4. Significant accounting policies (continued)

Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's consolidated financial statements.

IFRS 2 Share-Based Payment
IFRS 2 – Share-Based Payment ("IFRS 2") was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 provides a single, principles-based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:
- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. IFRS 15 is in effect for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 9 Financial Instruments
IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any changes in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit and loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is in effect for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

IAS 7 Statement of Cash Flows
IAS 7 – Statement of Cash Flows ("IAS 7") was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017.

5. Critical accounting estimates and judgements

The preparation of these consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

5. Critical accounting estimates and judgements (continued)

In particular, the Company has identified the following areas where significant judgments, estimates, and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated financial statements.

Significant management judgments

Estimates

- The estimated useful lives and residual value of deferred building costs relating to the construction of the Company's building and its material components. At February 28, 2017, due to prolonged delays in obtaining Health Canada's approval on an MMPR license, management assessed that the deferred building costs were impaired. Should the Company get a favourable response from Health Canada and proceed to construct the building, the Company will assess if a reversal of impairment is appropriate at that time.

- The estimation of share-based payment costs requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Company's own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model.

- Determining whether facts and circumstances suggest that the carrying amount of deferred building costs may exceed their recoverable amount. Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

- When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash generating units must be estimated.

- Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgments. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

- Management has estimated the life of natural product numbers to be 30 years based on similar health products in the market.

Judgements

- The assessment of the Company's ability to execute its strategy by funding future working capital requirements. Further information regarding going concern is outlined in note 2.

- By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

(Expressed in Canadian Dollars)

6. Accounts receivable

	February 28, 2017	November 30, 2016
	$	$
Sales tax receivable	**108,980**	62,703

7. Intangible assets

The following is a summary of intangible assets as at February 28, 2017 and November 30, 2016:

Cost	$
Balance as at November 30, 2015	-
Acquired during the year	216,000
Balance as at November 30, 2016	**216,000**
Amortization expense	(1,800)
Balance as at February 28, 2017	**214,200**

Intangible assets consist of 9 natural product numbers registered with Health Canada.

On September 27, 2016, the Company completed the acquisition of 9 natural health product numbers related to the initiation of manufacturing and distribution of products for natural health care including products containing extracts or oils derived from Cannabis sativa for 1,800,000 common shares. The estimated fair value of the common shares was $216,000 based on the quoted market price of the Company's shares on the date of the transaction.

8. Share capital

Authorized: the authorized share capital consists of an unlimited number of each of the following classes of shares: Class A Common shares, Class B Common shares, Class C Common shares, Class A Special shares, Class B Special shares, Class C Special shares, Class D Special shares and Class E Special shares, each with no par value.

Currently, there are only Class A Common shares issued and outstanding (the "common shares").

<u>2017 Fiscal year issuances</u>

On December 6, 2016, the Company completed a non-brokered private placement with Aphria Inc. of 5,000,000 units at a price of $0.20 per unit for aggregate gross proceeds of $1,000,000. Each unit consists of one common share and one non-transferable warrant, with a whole warrant entitling the holder to purchase one common share of the Company at a price of $0.26 per share for a period of 3 years following the closing date. The warrants are subject to an accelerated expiry if the Company's shares trade above $0.45 for thirty consecutive trading days at which time the warrants will expire in 30 days if not exercised.

The 5,000,000 warrants issued in connection to the private placements listed above have been recorded at a value of $397,000 based on the proportional method based on the Black Scholes option pricing model, using the following assumptions: share price of $0.12, an average exercise price of $0.26, risk free interest rate of 0.87%, expected life of warrants of 3 year, annualized volatility rate of 135% (based on the Company's historical volatility for 3 year up to the issuance date) and dividend rate of 0%.

There were no finders' fees issued in connection with this private placement.

(Expressed in Canadian Dollars)

8. Share capital (continued)

On December 30, 2016, the Company completed a non-brokered private placement for 2,395,500 units at a price of $0.20 per unit for aggregate gross proceeds of $397,000. Each unit consists of one common share and one non-transferable warrant, with a whole warrant entitling the holder to purchase one common share at a price of $0.26 per share for a period of twelve months expiring December 30, 2017.

The 2,395,500 warrants issued in connection to the private placements listed above have been recorded at a value of $127,000 based on the proportional method based on the Black Scholes option pricing model, using the following assumptions: share price of $0.15, an average exercise price of $0.26, risk free interest rate of 0.76%, expected life of warrants of 1 year, annualized volatility rate of 135% (based on the Company's historical volatility for 1 year up to the issuance date) and dividend rate of 0%.

In connection with the private placement, the Company paid a finder’s fee of $6,800.

During the period ended February 28, 2017, a total of 12,031,867 common share purchase warrants were exercised for gross proceeds of $1,050,837. The warrants had an average exercise price of $0.14 and expired between December 20, 2016 and September 28, 2018.

During the period ended February 28, 2017, a total of 3,750,000 stock options were exercised for gross proceeds of $187,500. The stock options had an exercise price of $0.05 and expired between November 5, 2017 and June 15, 2021.

9. Warrants

The following table reflects the continuity of warrants:

	Number of warrants	Grant date fair value	Weighted average exercise price
		$	$
Outstanding, November 30, 2015	**5,513,000**	**8,990**	**0.15**
Issued as part of a private placement	18,466,369	470,891	0.11
Broker warrants issued as part of private placement	782,600	22,074	0.10
Issued as compensation	1,500,000	39,079	0.05
Expired	(500,000)	(815)	0.20
Exercised	(5,292,800)	(37,024)	0.10
Outstanding, November 30, 2016	**20,469,169**	**503,195**	**0.08**
Issued as part of a private placement	7,395,500	524,000	0.26
Issued as compensation	4,000,000	74,000	0.05
Expired	(255,000)	(416)	0.15
Exercised	(12,031,867)	(158,492)	0.12
Outstanding, February 28, 2017	**19,577,802**	**942,287**	**0.18**

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

(Expressed in Canadian Dollars)

9. Warrants (continued)

Number of warrants	Grant date fair value	Exercise price	Expiry date
	$	$	
870,000	16,240	0.07	August 15, 2018
1,175,000	19,331	0.07	September 28, 2018
4,000,000	74,000	0.05	February 16, 2019
6,137,302	308,716	0.20	November 4, 2017
5,000,000	397,000	0.26	December 5, 2019
2,395,500	127,000	0.26	December 30, 2017
19,577,802	**942,287**		

On February 16, 2017, 4,000,000 warrants were granted as management compensation on achieving the first milestone in the clinical trial application process. The warrants are exercisable at $0.05 and expire on February 16, 2019. The compensation warrants have been recorded at a value of $74,000 based on the Black Scholes option pricing model using the following assumptions: share price of $0.03, an average exercise price of $0.03, risk free interest rate of 0.78%, expected life of warrants of 2 year, expected volatility rate of 136% (based on the Company's historical volatility for 2 year up to the issuance date) and expected dividend rate of 0%.

Refer to Note 20 in regards to contingent warrants reserved for issuance in association to the acquisition of the pre-CTA clinical trial.

10. Stock options

2017 stock option activity

On February 23, 2017, 750,000 stock options were granted to directors and officers of the Company. The stock options are exercisable at $0.70 and expire on February 23, 2022. The stock options have been recorded at a value of $480,000 based on the Black Scholes option pricing model using the following assumptions: share price of $0.70, an average exercise price of $0.70, risk free interest rate of 1.16%, expected life of warrants of 5 years, expected volatility rate of 151% (based on the Company's historical volatility for 5 years up to the issuance date) and dividend rate of 0%. This option is included in research and development on the statement of loss and comprehensive loss.

The following table shows the continuity of options:

	Number of options	Amount	Weighted average exercise price
		$	$
Outstanding, November 30, 2015	**4,650,000**	**73,627**	**0.10**
Granted	3,300,000	227,744	0.08
Exercised	(300,000)	(5,779)	0.05
Expired	(850,000)	(427)	0.30
Outstanding, November 30, 2016	**6,800,000**	**295,165**	**0.07**
Granted	750,000	480,000	0.70
Exercised	(3,250,000)	(89,698)	0.05
Outstanding, February 28, 2017	**4,300,000**	**685,467**	**0.19**

(Expressed in Canadian Dollars)

10. Stock options (continued)

Number of options	Number of options vested	Grant date fair value	Exercise price	Expiry date
		$	$	
1,500,000	1,500,000	28,895	0.05	November 5, 2017
800,000	800,000	125,400	0.18	October 18, 2021
750,000	750,000	480,000	0.70	February 23, 2022
1,250,000	1,250,000	51,172	0.05	June 15, 2021
4,300,000	**4,300,000**	**685,467**		

11. Non-controlling interest

Balance, November 30, 2015	**$**	**-**
Share of net loss for the year		(52,709)
Balance, November 30, 2016	**$**	**(52,709)**
Share of net loss for the period		(56,649)
Balance, February 28, 2017	**$**	**(109,358)**

	Proportion of ownership interests and voting rights held by NCI		**Loss and comprehensive loss allocation to NCI**		**Accumulated NCI**	
Name	**February 28, 2017**	November 30, 2016	**February 28, 2017**	February 29, 2016	**February 28, 2017**	November 30, 2016
PhytoPain Pharma Inc.	**20%**	20%	**$ 56,649**	$ -	**$ 109,358**	$ 52,709

No dividends were paid to the NCI during the three months ended February 28, 2017 and the year ended November 30, 2016.

Summarized financial information for PPP, before intragroup eliminations, is set below:

	February 28, 2017	November 30, 2016
	$	$
Current assets	**157,508**	877
Total assets	**157,508**	877
Current liabilities	**677,186**	237,310
Total liabilities	**677,186**	237,310
Deficiency attributable to owners of the parent	**(410,320)**	(210,835)
Deficiency attributable to NCI	**(109,358)**	(52,709)
Total deficiency	**(519,678)**	(263,544)

	February 28, 2017	February 29, 2016
	$	$
Loss attributable to the owners of the parent	**(226,596)**	-
Loss attributable to NCI	**(56,649)**	-
Total loss	**(283,245)**	-

(Expressed in Canadian Dollars)

11. Non-controlling interest (continued)

	February 28, 2017	February 29, 2016
	$	$
Net cash from operating activities	**(283,245)**	-
Net cash from investing activities	**-**	-
Net cash from financing activities	**-**	-
Net cash flow	**(283,245)**	-

12. General and administrative expense

	February 28, 2017	February 29, 2016
	$	$
Management fees	**128,000**	39,200
Professional fees	**58,223**	17,953
Exchange and regulatory fees	**16,767**	10,411
Land lease expense	**11,000**	-
Travel and promotion expense	**81,405**	6,062
Depreciation	**1,800**	-
Administrative expenses	**23,533**	10,672
General and administrative expense	**320,728**	84,298

13. Loss per common share

Diluted loss per share did not include the effect of 4,300,000 stock options (November 30, 2016 – 6,800,000), and 19,577,802 warrants (November 30, 2016 – 20,469,169) outstanding at February 28, 2017, as they are anti-dilutive.

14. Changes in non-cash working capital items

	Three months ended	
	February 28, 2017	February 29, 2016
	$	$
Accounts receivable	**(46,277)**	(72,514)
Prepaid expenses	**(184,865)**	833
Accounts payable and accrued liabilities	**(60,890)**	(17,438)
Total	**(292,032)**	(89,119)

Non-cash transactions

The Company made cash payments for interest of $Nil (February 29, 2016 - $Nil) and income taxes of $Nil (February 29, 2016 - $Nil) during the three months ended February 28, 2017.

15. Related party balances and transactions

Related parties include the Board of Directors and key management personnel, as well as, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received.

(Expressed in Canadian Dollars)

15. Related party balances and transactions (continued)

(a) Transactions with key management personnel

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

	Three months ended	
	February 28, 2017	February 29, 2016
	$	$
Consulting fees	**84,000**	39,200
Professional fees	**-**	7,500
	84,000	46,700
Stock-based compensation	**480,000**	-
Compensation warrants	**74,000**	-
	638,000	46,700

As at February 28, 2017, directors and key management personnel were owed $1,898 (November 30, 2016 - $4,328). This amount is included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing and due on demand.

During the three months ended February 28, 2017, consulting fees of $19,000 (2016 – $9,200) were paid/payable to Sabino Di Paola, the Company's CFO. As at February 28, 2017, there was a balance of $1,898 (November 30, 2016 - $Nil) owing to him.

During the three months ended February 28, 2017, consulting fees of $15,000 (2015 – $15,000) were paid/payable to Woodcliff Capital a company controlled by a director of the Company. As at February 28, 2017, there was a balance of $Nil (November 30, 2016 - $2,455) owing.

During the three months ended February 28, 2017, consulting fees of $30,000 (2016 – $Nil) were paid/payable to 9315-4466 Quebec Inc. a company controlled by a senior officer of the Company's subsidiary. As at February 28, 2017, there was a balance of $Nil (November 30, 2016 - $Nil) owing. During the three months ended February 28, 2017, the Company issued 2,000,000 compensation warrants to 9315-466 Quebec Inc., with a Black-Scholes value of $37,000.

During the three months ended February 28, 2017, consulting fees of $30,000 (2015 – $Nil) were paid/payable to 9206-8618 Quebec Inc. a company controlled by a senior officer of the Company's subsidiary. As at February 28, 2017, there was a balance of $Nil (November 30, 2015 - $Nil) owing. During the three months ended February 28, 2017, the Company issued 2,000,000 compensation warrants to 9315-466 Quebec Inc., with a Black-Scholes value of $37,000.

On September 19, 2016, Mr. Brown resigned as the CEO of the Company and was no longer considered a related party after that date. During the three months ended February 29, 2016, a company controlled by Ryan Brown charged $15,000 in consulting fees.

Effective September 19, 2016, at the Company's shareholder meeting, Mr. Smutylo did not stand for reappointment as a director of the Company and as a result is no longer a related party. During the three months ended February 29, 2016, a company controlled by Ryan Brown charged $7,500 in consulting fees.

16. Capital management

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. Management adjusts the capital structure as necessary in order to support the acquisition of a medical marijuana production license. The Board of Directors 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 retained earnings which totalled $3,660,682 as at February 28, 2017 (November 30, 2016 – $1,449,253).

The Company is currently in a start-up stage and as of the date of these financial statements does not have a Health Canada License to produce medical marijuana, and has not yet received final approvals from Health Canada and the FDA to commence its marijuana related clinical trials. As such the Company is dependent on external financing to fund its activities. In order to carry out its operations and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

(i) minimizing discretionary disbursements;
(ii) focusing on obtaining Health Canada and FDA approval to commence clinical trials;
(iii) exploring alternative sources of liquidity and
(iv) focusing on obtaining its Health Canada License to produce medical marijuana.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

The Company’s capital management objectives, policies and processes have remained unchanged during the three month ended February 28, 2017 and the year end November 30, 2016.

The Company is not subject to any external capital requirements or restrictions.

17. Segmented information

Upon receiving a production license from Health Canada, the Company will operate in three segments, research and development of pain management through clinical trials, development of natural health products, and production and sale of medical marijuana through an MMPR license.

All assets are located in Canada.

18. Financial risk factors

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 19. 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 of Directors. The Board of Directors also provides regular guidance for overall risk management.

(Expressed in Canadian Dollars)

18. Financial risk factors (continued)

(i) 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 banks, 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.

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

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

(ii) 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 28, 2017, the Company had cash of $3,083,187 (November 30, 2016 - $1,218,639) and current liabilities of $130,777 (November 30, 2016 - $191,667). 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.

19. Categories of financial instruments

	February 28, 2017 **$**	November 30, 2016 $
Financial assets:		
Loans and receivables		
Cash	**3,083,187**	1,218,639
Accounts receivable (1)	**-**	-
Financial liabilities		
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	**(130,777)**	(191,667)

(1) The accounts receivable do not include sales taxes receivable.

As of February 28, 2017 and November 30, 2016, the estimated fair value of all the Company's financial instruments, approximated the carrying value due to the short-term nature of these instruments.

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 28, 2017 and November 30, 2016, the Company does not have any financial instruments recorded at fair value and that require classification in the fair value hierarchy.

20. Commitments and contingencies

Contingent payments
The Company is party to a management contract with its former Chief Executive Officer. The contract requires that additional payments of $30,000 be made upon termination. As a triggering event has not taken place, the contingent payments have not been reflected in these financial statements.

During the three months ended February 28, 2017, the former Chief Executive Officer provided noticed to the Company that this contingent payment clause was no longer in effect.

Delta 9 Strategic Cooperation Agreement
On March 11, 2016, the Company entered into a Strategic Cooperation Agreement (“Agreement”) with Delta-9 Bio Tech Inc. (“DELTA 9”) a licensed producer under Canada’s Marijuana for Medical Purposes Regulation (“MMPR”) in which DELTA 9 will i) submit an application for amendment under section 29 of the MMPR to add a Quebec Facility to its license, ii) including security clearance applications for critical Tetra employees, iii) collaborate on the design of the Quebec Facility to ensure that it meets with the requirements under the MMPR, iv) advance all materials provided by Tetra in respect of the facility to Health Canada including but not limited to building site specifications, building specifications, security specifications, security clearance applications, etc. v) send staff to meet with Health Canada inspectors for any pre-license inspection of the facility.

Under the terms of the Agreement Tetra will i) finance 100% of the costs relating to the construction of the Quebec production facility, ii) design, development, construction, fixturing, municipal and provincial licensing, and any other services required to prepare the facility for inspection by Health Canada.

In exchange for DELTA 9’s services, Tetra will make payments in cash or common shares to DELTA 9 based on an aggregate valuation at the time of issuance of $2,000,000, based on the greater of the (i) closing market price of Tetra shares on the day immediately prior to the day of issuance and (ii) $0.05 per share, over 5 milestones.

Tetra is required to make the following milestone payments: i) upon Health Canada’s confirmation of the submission of Tetra’s complete application: $400,000 payable in Tetra’s common shares; ii) upon Health Canada’s notification of its pre-license inspection: $400,000 payable in cash or shares; iii) upon Health Canada’s issuance of cultivation license: $400,000 payable in cash or shares; iv) upon Health Canada’s issuance of sales license: $400,000 payable in cash or shares; and e) upon first sale of product from the Quebec Facility (the final milestone): $400,000 payable in cash or shares.

In the event DELTA 9 elects to receive cash in lieu of shares for successful completions of each milestone, such cash shall only be payable on the completion of the final milestone.

Upon the final milestone being achieved and provided all the payments to DELTA 9 have been made by Tetra, DELTA 9 will transfer the licence to Tetra.

Tetra will provide DELTA 9 with a right of first refusal to purchase all dried marijuana product which is produced at the Quebec Facility for a period of two years from the date of acquisition of the production licence.

As at February 28, 2017, there has been no notice from Delta 9 or Health Canada in regards to the section 29 amendment on Delta 9’s current license and no milestones have been reached. As a result, the contingent payments have not been reflected in these financial statements.

Contingent stock options and warrants
On May 17, 2016, the Company entered into a service agreement with two private companies for the acquisition of a Health Canada pre-approved clinical trial for the inhalation of cannabis drug products for management of chronic pain.

20. Commitments and contingencies (continued)

As consideration for the acquisition of the clinical trial, Tetra is required to make the following milestone payments: a) upon submission of pre-CTA information package: 2,500,000 options at $0.05 for 5 years and 1,500,000 common shares warrants at $0.05 for 1 year; b) upon commencement of Phase 1 clinical trials of (“PPP001”): 4,000,000 common shares warrants at $0.05 for 2 years; and c) upon successful completion of Phase 1 clinical trials of: 4,000,000 common shares warrants at $0.05 for 3 years.

As at February 28, 2017, the first and second milestones had been reached and as a result 5,500,000 common share warrants and 2,500,000 stock options have been issued.

21. Subsequent events

Warrants exercised
Subsequent to the end of the reporting period a total of 5,497,080 common share purchase warrants were exercised for gross proceeds of $1,378,662. The warrants had an average exercise price of $0.25 and expired between November 4, 2017 and December 5, 2019.

Stock Options exercised
Subsequent to the end of the reporting period, a total of 500,000 stock options were exercised for gross proceeds of $25,000. The stock options had an exercise price of $0.05 and expired on November 5, 2017.