TETRA BIO-PHARMA INC.

(Formerly GROWPROS CANNABIS VENTURES INC.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended August 31, 2016

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
Interim Chief Executive Officer

(signed)
Sabino Di Paola
Chief Financial Officer

Ottawa, Canada
October 20, 2016

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.

Formerly GrowPros Cannabis Ventures Inc.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

As at	**August 31, 2016**	November 30, 2015
	$	$
ASSETS		
Current assets		
Cash	**47,676**	20,125
Accounts receivable (note 6)	**12,860**	5,106
Prepaid expenses	**25,490**	833
Total current assets	**86,026**	26,064
Non-current assets		
Deferred building costs (note 7)	**-**	13,899
Total assets	**86,026**	39,963
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**269,527**	270,183
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (note 8)	**837,753**	602,881
Warrants (note 9)	**140,313**	8,990
Contributed surplus	**188,152**	116,537
Accumulated deficit	**(1,345,495)**	(958,628)
Equity attributable to equity holders of the Parent Company	**(179,277)**	(230,220)
Equity attributable to non controlling interest (Note 11)	**(4,224)**	-
Total equity (deficiency)	**(183,501)**	(230,220)
Total liabilities and shareholders' equity (deficiency)	**86,026**	39,963

Commitments and contingencies (note 19)
Events after the reporting date (Note 20)
Going concern (note 2)

Approved on behalf of the Board of Directors

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

	Three months ended August 31, 2016	Three months ended August 31, 2015	**Nine months ended August 31, 2016**	Nine months ended August 31, 2015
	$	$	**$**	$
Operating expenses				
Management fees (note 14)	**164,200**	23,800	**258,400**	74,155
Travel and promotion expense	**8,019**	22,180	**18,346**	95,843
Professional fees	**17,035**	29,191	**76,677**	133,886
Exchange and regulatory fees	**10,595**	7,672	**24,818**	39,264
Listing expense	**-**	-	**-**	116,961
Land lease expense	**-**	-	**6,000**	-
Impairment expense (Note 7)	**-**	15,000	**13,899**	15,000
General and administrative expense	**7,091**	7,489	**21,029**	24,447
	206,940	105,332	**419,169**	499,556
Other income				
Interest and other loss/(income)	**(125)**	(250,637)	**(28,068)**	(253,261)
Foreign exchange loss/(gain)	**37**	7	**(10)**	292
	(88)	(250,630)	**(28,078)**	(252,969)
Net loss and total comprehensive loss	**206,852**	(145,298)	**391,091**	246,587
Attributable to:				
Equity holders of the Parent Company	**202,628**	(145,298)	**386,867**	246,587
Non controlling interest (note 11)	**4,224**	-	**4,224**	**-**
	206,852	(145,298)	**391,091**	246,587
Basic and diluted loss per common share (note 12)	**(0.00)**	0.00	**(0.01)**	(0.01)
Basic outstanding common shares	**65,440,487**	58,070,487	**65,440,487**	58,070,487
Fully diluted common shares (notes 9 & 10)	**85,981,287**	74,633,487	**85,981,287**	74,633,487
Basic and diluted weighted average number of common shares outstanding	**63,656,139**	47,511,140	**61,776,850**	47,511,140

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

Tetra Bio-Pharma Inc.
Formerly GrowPros Cannabis Ventures 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, 2014	**25,300,100**	**317,334**	**38,145**	**-**	**(363,848)**	**(8,369)**	**-**	**(8,369)**
Shares issued for acquisition of Mazorro Resources Inc.	32,770,387	285,547	-	-	-	285,547	-	285,547
Options issued for acquisition of Mazorro Resources Inc.	-	-	-	616	-	616	-	616
Agent options issued for acquisition of Mazorro Resources I	-	-	-	1,395		1,395	-	1,395
Warrants issued for acquisition of Mazorro Resources Inc.	-	-	12,171	-	-	12,171	-	12,171
Transactions with owners	32,770,387	285,547	12,171	2,011	-	299,729	-	299,729
Net loss	-	-	-	-	(246,587)	(246,587)	-	(246,587)
Balance, August 31, 2015	**58,070,487**	**602,881**	**50,316**	**2,011**	**(610,435)**	**44,773**	**-**	**44,773**
Expiry of warrants	-	-	(41,326)	41,326	-	-	-	-
Issuance of stock options	-	-		73,200	-	73,200	-	73,200
Transactions with owners	-	-	(41,326)	114,526	-	73,200	-	73,200
Net loss	-	-	-	-	(348,193)	(348,193)	-	(348,193)
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	7,370,000	368,500	-	-	-	368,500	-	368,500
Warrants issued as part of a private placement	-	(110,464)	110,464	-	-	-	-	-
Warrants and options issued for services		-	18,500	68,700	-	87,200	-	87,200
Share issue costs	-	(23,164)	5,274		-	(17,890)	-	(17,890)
Expiry of warrants	-	-	(2,915)	2,915	-	-	-	-
Transactions with owners	7,370,000	234,872	131,323	71,615	-	437,810	-	437,810
Net loss	-	-	-	-	(386,867)	(386,867)	(4,224)	(391,091)
Balance, August 31, 2016	**65,440,487**	**837,753**	**140,313**	**188,152**	**(1,345,495)**	**(179,277)**	**(4,224)**	**(183,501)**

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

Tetra Bio-Pharma Inc.

Formerly GrowPros Cannabis Ventures Inc.
Condensed Consolidated Interim Statements of Cash Flows
(*Expressed in Canadian dollars)*

	Three months ended August 31, 2016	Three months ended August 31, 2015	**Nine months ended August 31, 2016**	Nine months ended August 31, 2015
	$	$	**$**	$
OPERATING ACTIVITIES				
Net loss for the period	**(206,852)**	145,298	**(391,091)**	(246,587)
Adjustments for:				
Finance costs	**-**	306	**-**	306
Non cash performance bonuses	**87,200**	-	**87,200**	-
Listing expense	**-**	-	**-**	116,961
Impairment expense	**-**	15,000	**13,899**	15,000
Changes in working capital items (note 13)	**13,454**	(177,469)	**(33,067)**	(114,672)
Net cash (used in) operating activities	**(106,198)**	(16,865)	**(323,059)**	(228,992)
INVESTING ACTIVITIES				
Cash realized on acqusition of subsidiaries	**-**	-	**-**	207,577
Elimination of the loan from Mazorro Resources Inc. upon consolidation	**-**	-	**-**	(5,017)
Capitalized building costs	**-**	-	**-**	(975)
Deferred research and development	**-**	-	**-**	-
Net cash provided by (used in) investing activities	**-**	**-**	**-**	**201,585**
FINANCING ACTIVITIES				
Finance costs	**-**	(306)	**-**	(306)
Common shares and warrants issued	**108,000**	-	**368,500**	-
Share issue costs	**(4,250)**	-	**(17,890)**	-
Net cash (used in) provided by financing activities	**103,750**	**(306)**	**350,610**	**(306)**
(Decrease) Increase in cash	**(2,448)**	(17,171)	**27,551**	(27,713)
Cash, beginning of the period	**50,124**	25,100	**20,125**	35,642
Cash, end of the period	**47,676**	7,929	**47,676**	7,929

Supplemental cash flow information is provided in Note 13

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

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 a pain management research including medical marijuana, consultations and acquisition firm, with an ongoing license application as 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 99-5460 Canotek Road, Ottawa, Ontario, K1J 9G9. Tetra is not a licensed producer under the MMPR.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on October 20, 2016.

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 it will be awarded a license to produce medical marijuana from the Canadian Government and has not generated any operating revenues or positive cash flows from its operations from inception to date. The Company has a deficit of $1,345,495 as at August 31, 2016 (November 30, 2015 - $958,628).

As at August 31, 2016, the Company had a working capital deficit of $183,501 (November 30, 2015 - $244,119), including $47,676 (November 30, 2015 - $20,125) in cash and current liabilities totalling $269,527 (November 30, 2015 - $270,183). The Company must secure additional financing to be able to fund its ongoing working capital requirements, develop its 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. Therefore due to the losses incurred and insufficient working capital, there remains significant doubt regarding the Company's ability to continue as a going concern.

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 policies applied in these unaudited condensed consolidated interim financial statements are based on IFRSs issued and outstanding as of August 31, 2016. 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, 2015. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending November 30, 2016, could result in restatement of these unaudited condensed consolidated interim financial statements.

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) 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.

(b) 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.

(c) 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.

(Expressed in Canadian Dollars)

4. Significant accounting policies (continued)

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 August 31, 2016, and November 30, 2015, the Company did not have any associates.

The subsidiaries of the Company at August 31, 2016, 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 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 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.

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.

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 August 31, 2016, due to prolonged delays in getting 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.

(Expressed in Canadian Dollars)

5. Critical accounting estimates and judgements (continued)

- 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.

- The collectability of accounts receivable. At August 31, 2016 and November 30, 2015, management assessed that the collectability of $200,000 receivable from the sale of LOI's was uncertain due to the purchasing company being unable to complete a listing on stock exchange. As a result $200,000 of proceeds were not recorded from the sale. Should the purchasing company be able to complete its listing and make the $200,000 payment to Tetra the proceeds will be recognized in the period that the payment is received by the Company.

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.

6. Accounts receivable

	August 31, 2016 $	November 30, 2015 $
Sales tax receivable	**12,860**	5,106
Other receivables	**-**	-
	12,860	5,106

7. Deferred building costs

	August 31, 2016 $	November 30, 2015 $
Deferred building costs	**-**	13,899

As at August 31, 2016, the Company had deferred $Nil (November 30, 2015 - $13,899) of building costs for the design of the future production facility. At August 31, 2016, due to prolonged delays in getting Health Canada's approval on an MMPR license, management assessed that the deferred building costs were impaired and recorded an impairment expense of $13,899 (2015 - $Nil).

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”).

2016 Fiscal year issuances

On February 25, 2016, the Company completed a non-brokered private placement of 5,210,000 units at a price of $0.05 per unit for aggregate gross proceeds of $260,500. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.07 up to February 24, 2017.

The 5,210,000 warrants issued in connection to the private placements listed above have been recorded at a value of $70,164 based on the proportional method based on the Black Scholes option pricing model, using the following assumptions: share price of $0.05, an average exercise price of $0.07, risk free interest rate of 0.49%, expected life of warrants of 1 year, annualized volatility rate of 96% (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 $13,640 and issued 272,800 non-transferable finder’s warrants. Each finder’s warrant entitles the holder to purchase one common share of the Company at a price of $0.07 per share for a period of 12 months expiring February 24, 2017. The finders’ warrants have been recorded at a value of $3,674 based on the proportional method using the following assumptions: share price of $0.05, an average exercise price of $0.07, risk free interest rate of 0.49%, expected life of warrants of 1 year, annualized volatility rate of 96% (based on the Company's historical volatility for 1 year up to the issuance date) and dividend rate of 0%.

On August 15, 2016, the Company completed a non-brokered private placement of 2,160,000 units at a price of $0.05 per unit for aggregate gross proceeds of $108,000. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.07 up to August 15, 2018.

The 2,160,000 warrants issued in connection to the private placements listed above have been recorded at a value of $40,300 based on the proportional method based on the Black Scholes option pricing model, using the following assumptions: share price of $0.04, an average exercise price of $0.07, risk free interest rate of 0.58%, expected life of warrants of 2 years, annualized volatility rate of 115% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

In connection with the private placement, the Company paid a finder’s fee of $4,250 and issued 85,000 non-transferable finder’s warrants. Each finder’s warrant entitles the holder to purchase one common share of the Company at a price of $0.07 per share for a period of 24 months expiring August 15, 2018. The finders’ warrants have been recorded at a value of $1,600 based on the proportional method using the following assumptions: share price of $0.04, an average exercise price of $0.07, risk free interest rate of 0.58%, expected life of warrants of 2 years, annualized volatility rate of 115% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

On September, 28, 2016, the Company completed a non-brokered private placement of 5,000,000 units at a price of $0.05 per unit for aggregate gross proceeds of $250,000 (Note 20).

(Expressed in Canadian Dollars)

8. Share capital (continued)

Subsequent to the quarter end, 501,300 agent options at a price of $0.10 per option as well as the 501,300 underlying agent warrants at a price of $0.15 were exercised for cash proceeds of $125,325. As a result of the exercise of the agent options $1,395 has been reclassified from contributed surplus to share capital. In addition 924,000 warrants were exercised for gross proceeds of $92,280 (Note 20).

2015 Fiscal year issuances

In December 2014, the Company issued 32,770,387 common shares with an assigned value of $0.02 per share to the former shareholders of Mazorro based on the fair value of the Grow Pros MMP last financing prior to the transaction, under the terms of the amalgamation agreement for total deemed consideration of $ 285,547. The Company also issued 7,463,000 warrants, 1,225,000 stock options, and 501,300 compensation options as part of the purchase of Mazorro.

9. Warrants

The following table reflects the continuity of warrants:

	Number of warrants	Grant date fair value	Weighted average exercise price
		$	$
Outstanding, November 30, 2014	**8,000,000**	**38,145**	**0.05**
Issued to acquire Mazorro	2,450,000	3,995	0.20
Issued to acquire Mazorro	5,013,000	8,176	0.15
Expired	(8,000,000)	(38,145)	0.05
Expired	(1,950,000)	(3,181)	0.20
Outstanding, November 30, 2015	**5,513,000**	**8,990**	**0.15**
Issued as part of a private placement	5,210,000	70,164	0.07
Issued as part of a private placement	2,160,000	40,300	0.07
Broker warrants issued as part of private placement	85,000	1,600	0.07
Broker warrants issued as part of private placement	272,800	3,674	0.07
Issued as compensation	1,500,000	18,500	0.05
Expired	(500,000)	(2,915)	0.20
Outstanding, August 31, 2016	**14,240,800**	**140,313**	**0.10**

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

Number of warrants	Grant date fair value	Exercise price	Expiry date
	$	$	
5,210,000	70,164	0.07	February 24, 2017
272,800	3,674	0.07	February 24, 2017
2,160,000	40,300	0.07	August 15, 2018
85,000	1,600	0.07	August 15, 2018
1,500,000	18,500	0.05	June 15, 2017
5,013,000	6,075	0.15	December 29, 2016
14,240,800	**140,313**		

(Expressed in Canadian Dollars)

9. Warrants (continued)

On June 15, 2016, 1,500,000 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 June 15, 2017. The compensation warrants have been recorded at a value of $18,500 based on the proportional method using the following assumptions: share price of $0.04, an average exercise price of $0.05, risk free interest rate of 0.62%, expected life of warrants of 1 years, annualized volatility rate of 119% (based on the Company's historical volatility for 1 year up to the issuance date) and dividend rate of 0%.

Subsequent to the end of the quarter the company extended 5,013,000 warrants for a period of three months. The warrants originally expired on September 29, 2016, and are exercisable at $0.15 (Note 20).

The weighted average fair value of each warrant issued during the nine months ended August 31, 2016, of approximately $0.0145 (2015 - $0.000787) is estimated using the Black-Scholes option pricing model with the following weighted average assumption:

	2016			2015
	February 24, 2016	June 15, 2016	August 15, 2016	January 1, 2015
Average share price at date of grant	$ 0.05	$ 0.04	$ 0.04	$ 0.02
Expected dividend yield	-	-	-	-
Expected share price volatility	96%	119%	115%	100%
Risk-free interest rate	0.49%	0.62%	0.58%	1.09%
Expected life of warrants	1	1	2	1.77
Average exercise price at date of grant	$ 0.07	$ 0.05	$ 0.07	$ 0.17
Number of warrants issued	5,482,800	1,500,000	2,245,000	7,463,000
Black-Scholes value	$ 73,838.00	$ 18,500.00	$ 41,900.00	$ 12,171.00

Refer to Note 19 in regards to contingent warrants reserved for issuance in association to the acquisition of the pre-CTA clinical trial.

10. Stock options

The following table shows the continuity of options:

	Number of options	Amount	Weighted average exercise price
		$	$
Outstanding, November 30, 2014	**-**	**-**	**-**
Granted to acquire Mazorro	125,000	63	0.20
Granted to acquire Mazorro	125,000	63	0.20
Granted to acquire Mazorro	750,000	377	0.32
Granted to acquire Mazorro	225,000	113	0.32
Granted	3,800,000	73,200	0.05
Expired	(375,000)	(189)	0.28
Outstanding, November 30, 2015	**4,650,000**	**73,627**	**0.10**
Granted	2,500,000	68,700	0.05
Expired	(850,000)	(427)	0.30
Outstanding, August 31, 2016	**6,300,000**	**141,900**	**0.05**

(Expressed in Canadian Dollars)

10. Stock options (continued)

On June 15, 2016, 2,500,000 stock options were granted as management compensation on achieving the first milestone in the clinical trial application process. The stock options are exercisable at $0.05 and expire on June 15, 2021. The compensation options have been recorded at a value of $68,700 based on the proportional method using the following assumptions: share price of $0.04, an average exercise price of $0.05, risk free interest rate of 0.62%, expected life of warrants of 5 years, annualized volatility rate of 119% (based on the Company's historical volatility for 5 years up to the issuance date) and dividend rate of 0%.

Refer to Note 19 in regards to contingent stock options reserved for issuance in association to the acquisition of the pre-CTA clinical trial.

Number of options	Number of options vested	Grant date fair value	Exercise price	Expiry date
		$	$	
3,800,000	3,800,000	73,200	0.05	November 5, 2017
2,500,000	2,500,000	68,700	0.05	June 15, 2021
6,300,000	**6,300,000**	**141,900**		

Compensation options

The Company provided 501,300 compensation options in connection with the acquisition of Mazorro. These compensation options are exercisable for one common share and one common share purchase warrant at $0.10 per share on or before September 29, 2016. The underlying warrants have an exercise price of $0.10 and expire on September 29, 2016. These compensation options were recorded at a value of $1,395 (per option fair value of $0.0028) which was estimated using the Black-Scholes option pricing model. The assumptions used for the valuation of compensation options are as follows: dividend yield of nil, expected volatility 100%, risk-free interest rate of 1.09% and an expected life of the options of 21 months. The weighted average market price of the Company's common shares at the time of issue was $0.02.

Subsequent to the quarter end 501,300 compensation options were exercised (Note 20).

11. Non-controlling interest

Balance, November 30, 2015	$	-
Share of net loss		(4,224)
Balance, August 31, 2016	**$**	**(4,224)**

	Proportion of ownership interests and voting rights held by NCI		**Loss and comprehensive loss allocation to NCI**		**Accumulated NCI**	
Name	**August 31, 2016**	November 30, 2015	**August 31, 2016**	November 30, 2015	**August 31, 2016**	November 30, 2015
PhytoPain	**20%**	-%	**$ 4,224**	$ -	**$ 4,224**	$ -

No dividends were paid to the NCI during the periods ended August 31, 2016 and year ended November 30, 2015.

(Expressed in Canadian Dollars)

11. Non-controlling interest (continued)

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

	August 31, 2016	November 30, 2015
	$	$
Non-current assets	**-**	-
Current assets	**3,146**	-
Total assets	**3,146**	-
Non-current liabilities	**-**	-
Current liabilities	**24,267**	-
Total liabilities	**24,267**	-
Equity attributable to owners of the parent	**(16,897)**	-
Equity attributable to NCI	**(4,224)**	-
Total equity	**(21,121)**	-

	August 31, 2016	November 30, 2015
	$	$
Loss attributable to the owners of the parent	**(16,897)**	-
Loss attributable to NCI	**(4,224)**	-
Total loss	**(21,121)**	-

	August 31, 2016	November 30, 2015
	$	$
Net cash from operating activities	**(24,267)**	-
Net cash from investing activities	**-**	-
Net cash from financing activities	**-**	-
Net cash flow	**(24,267)**	-

12. Loss per common share

Diluted loss per share did not include the effect of 6,300,000 stock options (2015 – 4,650,000), 501,300 agent options (2015 – 501,300) and 14,240,800 warrants (2015 – 5,513,000) outstanding at August 31, 2016, as they are anti-dilutive.

13. Changes in non-cash working capital items

	Three months ended		**Nine months ended**	
	August 31, 2016	August 31, 2015	**August 31, 2016**	August 31, 2015
	$	$	**$**	$
Accounts receivable	**(654)**	(253,034)	**(7,754)**	(264,756)
Prepaid expenses	**(21,140)**	24,093	**(24,657)**	4,507
Accounts payable and accrued liabilities	**35,248**	51,472	**(656)**	145,577
Total	**13,454**	(177,469)	**(33,067)**	(114,672)

<u>Non-cash transactions</u>

The Company made cash payments for interest of $Nil (2015 - $Nil) and income taxes of $Nil (2015 - $Nil) during the three and nine months ended August 31, 2016.

(Expressed in Canadian Dollars)

14. 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.

(a) Transactions with key management personnel

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

	Three months ended		**Nine months ended**	
	August 31, 2016	August 31, 2015	**August 31, 2016**	August 31, 2015
	$	$	$	$
Salaries	**-**	15,000	**-**	45,000
Consulting fees (including bonuses)	**72,000**	16,300	**171,200**	53,400
Professional fees	**6,350**	7,500	**16,350**	10,000
	78,350	38,800	**187,550**	108,400
Compensation options and warrants	**87,200**	-	**87,200**	-
	165,550	38,800	**274,750**	108,400

As at August 31, 2016, directors and key management personnel were owed $96,168 (November 30, 2015 - $117,429). This amount is included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing and due on demand.

During the three and nine months ended August 31, 2016, consulting fees of $15,000 and $45,000 (2015 – salary of $15,000 and $45,000) respectively, was paid/payable to Ryan Brown, the Company's CEO. Starting January 1, 2016, Ryan Brown ceased taking salary and started to invoice the Company through his consulting company. There was no change to the monthly remuneration paid to Mr. Brown. As at August 31, 2016, there was a balance of $42,248 (November 30, 2015 - $68,000) owing to him.

During the three and nine months ended August 31, 2016, consulting fees of $12,000 and $31,200 (2015 – $8,800 and $26,400) respectively, were paid/payable to Sabino Di Paola, the Company's CFO. As at August 31, 2016, there was a balance of $62 (November 30, 2015 - $8,170) owing to him.

During the three and nine months ended August 31, 2016, consulting fees of $15,000 and $45,000 (2015 – $15,000 and $35,000) respectively, were paid/payable to Woodcliff Capital a company controlled by a director of the Company. As at August 31, 2016, there was a balance of $53,860 (November 30, 2015 - $37,550) owing.

During the three and nine months ended August 31, 2016, professional fees of $6,350 and $16,250 (2015 – $2,000 and $10,000) respectively, were paid/payable to K. Smutylo Professional Corporation, a company controlled by a director of the Company. As at August 31, 2016, there was a balance of $3,000 (November 30, 2015 - $2,825) owing. 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 and nine months ended August 31, 2016, consulting fees of $15,000 and $25,000 (2015 – $Nil and $Nil) respectively, were paid/payable to 9315-4466 Quebec Inc. a company controlled by a senior officer of the Company's subsidiary. As at August 31, 2016, there was a balance of $Nil (November 30, 2015 - $Nil) owing. During the nine months ended August 31, 2016, the Company issued 1,250,000 compensation options and 750,000 compensation warrants to 9315-466 Quebec Inc., refer to notes 9 & 10 for more details.

14. Related party balances and transactions (continued)

During the three and nine months ended August 31, 2016, consulting fees of $15,000 and $25,000 (2015 – $Nil and $Nil) respectively, were paid/payable to 9206-8618 Quebec Inc. a company controlled by a senior office of the Company's subsidiary. As at August 31, 2016, there was a balance of $Nil (November 30, 2015 - $Nil) owing. During the nine months ended August 31, 2016, the Company issued 1,250,000 compensation options and 750,000 compensation warrants to 9206-8618 Quebec Inc., refer to notes 9 & 10 for more details.

15. 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 deficit which totalled $179,277 as at August 31, 2016 (November 30, 2015 – deficit $230,220).

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 periods August 31, 2016 and November 30, 2015.

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

16. Segmented information

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

All assets are located in Canada.

(Expressed in Canadian Dollars)

17. 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 18. 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.

(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 August 31, 2016, the Company had cash of $47,676 (November 30, 2015 - $20,125) and current liabilities of $269,527 (November 30, 2015 - $270,183). 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.

18. Categories of financial instruments

	August 31, 2016 **$**	November 30, 2015 $
Financial assets:		
Loans and receivables		
Cash	**47,676**	20,125
Accounts receivable (1)	**-**	-
Financial liabilities		
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	**(269,527)**	(270,183)

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

As of August 31, 2016 and November 30, 2015, the estimated fair value of all the Company's financial instruments, approximated the carrying value due to the short-term nature of these instruments.

18. Categories of financial instruments (continued)

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 August 31, 2016 and November 30, 2015, the Company does not have any financial instruments recorded at fair value and that require classification in the fair value hierarchy.

19. Commitments and contingencies

<u>Contingent payments</u>

The Company is party to a management contract with its 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.

<u>Delta 9 Strategic Cooperation Agreement</u>

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.

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 August 31, 2016, and October 20, 2016, there has been no notice from Delta 9 or Health Canada in regards to the section 29 amendment on Delta 9’s current license.

<u>Contingent stock options and warrants</u>

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

19. Commitments and contingencies (continued)

As consideration for the acquisition of the clinical trial GrowPros 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 ("PPP0001"): 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 August 31, 2016, only the first milestone had been reached and as a result 1,500,000 common share warrants and 2,500,000 stock options have been issued (Note 9 & 10).

20. Events after the reporting period

Agent options
On September 29, 2016, 501,300 agent options at a price of $0.10 per option as well as the 501,300 underlying agent warrants at a price of $0.15 were exercised for cash proceeds of $125,325. As a result of the exercise of the agent options $1,395 has been reclassified from contributed surplus to share capital.

Exercised warrants
In October 2016, a total of 1,840,000 common share purchase warrants was exercised for gross proceeds of $192,000. 1,050,000 of the warrants had an exercise of $0.07 and expiry date of February 24, 2017, with the remaining 790,000 common share purchase warrants had an exercise price of $0.15 and expired on December 30, 2016.

Private placement
On September, 28, 2016, the Company completed a non-brokered private placement of 5,000,000 units at a price of $0.05 per unit for aggregate gross proceeds of $250,000. Each unit consists of one common share and one transferable warrant, with a whole warrant entitling the holder to purchase one common share at a price of $0.07 for a period of twenty-four months expiring September 28, 2018.

In connection with the private placement, the Company will pay a cash finder's fee of $9,280 and will issue 185,600 non-transferable finder's warrants. Each finder's warrant entitles the holder to purchase one common share of the Company at a price of $0.07 per share for a period of twenty-four months expiring September 28, 2018.

Warrant extension
On September 26, 2016, the Company extended 5,013,000 warrants for a period of three months. The warrants originally expired on September 29, 2016, and are exercisable at $0.15.

Acquisition of the assets of Laboratoires Holizen Inc.
Subsequent to the end of the quarter, the Company was unable to make the required payments and allowed the acquisition agreement to expire.

Alumina draw-down equity facility
October 6, 2016 the Company entered into a non-binding letter of intent for a draw-down equity facility of up to $2,000,0000. The letter of intent provides for equity private placement offerings (the "Offerings"), to be conducted between the Company and Alumina Partners LLC, a New York-based private equity firm, in draw down amounts at the sole discretion of the Company, of up to $25,000.

Pursuant to the terms of the Offerings, Alumina Partners will commit to purchase up to $2,000,0000 of units of the Company, consisting of one common share and one common share purchase warrant, the placement will be at a discount of 20% of the market price of the Shares. The exercise price of the Warrants will be at a 25% premium over the market price of the Shares.