TETRA BIO-PHARMA INC.

(formerly GrowPros Cannabis Ventures Inc.)

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the years ended November 30, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Tetra Bio-Pharma Inc.:

We have audited the accompanying consolidated financial statements of Tetra Bio-Pharma Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at November 30, 2016 and 2015, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tetra Bio-Pharma Inc. and its subsidiaries as at November 30, 2016 and 2015, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

UHY McGovern Hurley LLP

UHY McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 24, 2017

Tetra Bio-Pharma Inc.
Formerly GrowPros Cannabis Ventures Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	**November 30, 2016**	November 30, 2015
	$	$
ASSETS		
Current assets		
Cash	**1,218,639**	20,125
Accounts receivable (Note 6)	**62,703**	5,106
Prepaid expenses	**90,869**	833
Total current assets	**1,372,211**	26,064
Non-current assets		
Intangible assets (Note 9 & 10)	**216,000**	-
Deferred building costs (Note 7)	**-**	13,899
Total assets	**1,588,211**	39,963
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**191,667**	270,183
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 10)	**2,511,021**	602,881
Warrants (Note 11)	**503,195**	8,990
Contributed surplus	**337,922**	116,537
Accumulated deficit	**(1,902,885)**	(958,628)
Equity attributable to equity holders of the Company	**1,449,253**	(230,220)
Equity attributable to non controlling interest (Note 13)	**(52,709)**	-
Total equity (deficiency)	**1,396,544**	(230,220)
Total liabilities and shareholders' equity (deficiency)	**1,588,211**	39,963

Commitments and contingencies (Note 24)
Subsequent events (Note 25)
Going concern (Note 2)

Approved on behalf of the Board of Directors

Andre Audet, Director

Andre Rancourt, Interim CEO and Director

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

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

	Year ended November 30, 2016	Year ended November 30, 2015
	$	$
Operating expenses		
Management fees (Note 19)	**347,512**	99,027
Research and development	**263,544**	-
Stock based compensation (Note 12)	**125,400**	73,200
Travel and promotion expense	**106,390**	109,707
Professional fees	**96,497**	156,824
Exchange and regulatory fees	**54,430**	42,890
Listing expense (Note 14)	**-**	116,961
Land lease expense (Note 8)	**6,000**	6,000
Impairment expense (Note 7)	**13,899**	15,000
General and administrative expense	**37,370**	29,062
Total operating expenses	**1,051,042**	648,671
Other income		
Interest and other income	**(55,762)**	(4,126)
Assigment of letters of intent (Note 15)	**-**	(50,000)
Foreign exchange loss	**1,686**	235
Total other income	**(54,076)**	(53,891)
Net loss and total comprehensive loss	**996,966**	594,780
Attributable to:		
Equity holders of the Company	**944,257**	594,780
Non controlling interest (Note 13)	**52,709**	-
	996,966	594,780
Basic and diluted loss per common share (Note 16)	**(0.02)**	(0.01)
Basic and diluted weighted average number of common shares outstanding	**64,807,092**	55,466,812

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

Tetra Bio-Pharma Inc.
Formerly GrowPros Cannabis Ventures Inc.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Share Capital		Warrants	Contributed Surplus	Accumulated Deficit	Equity attributable to equity holders Company	Non controlling interest (note 13)	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 Inc.	-	-	-	1,395	-	1,395	-	1,395
Warrants issued for acquisition of Mazorro Resources Inc.	-	-	12,171	-	-	12,171	-	12,171
Expiry of warrants	-	-	(41,326)	41,326	-	-	-	-
Issuance of stock options	-	-		73,200	-	73,200	-	73,200
Transactions with owners	32,770,387	285,547	(29,155)	116,537	-	372,929	-	372,929
Net loss	-	-	-	-	(594,780)	(594,780)	-	(594,780)
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	18,466,369	1,532,956	-	-	-	1,532,956	-	1,532,956
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 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	-	(470,891)	470,891	-	-	-	-	-
Warrants and options issued for services	-	-	39,079	102,344	-	141,423	-	141,423
Expiry of warrants	-	-	(815)	815	-	-	-	-
Share issue costs	81,600	(82,244)	22,074	-	-	(60,170)	-	(60,170)
Issuance of stock options	-	-		125,400	-	125,400	-	125,400
Transactions with owners	26,943,369	1,908,140	494,205	221,385	-	2,623,730	-	2,623,730
Net loss	-	-	-	-	(944,257)	(944,257)	(52,709)	(996,966)
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**

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

Tetra Bio-Pharma Inc.
Formerly GrowPros Cannabis Ventures Inc.
Consolidated Statements of Cash Flows
(*Expressed in Canadian dollars)*

	Year ended November 30, 2016	Year ended November 30, 2015
	$	$
OPERATING ACTIVITIES		
Net loss for the year	**(996,966)**	(594,780)
Adjustments for:		
Finance costs	**62**	380
Non cash performance bonuses	**141,423**	-
Listing expense	**-**	116,961
Stock-based compensation	**125,400**	73,200
Impairment expense	**13,899**	15,000
Changes in working capital items (Note 17)	**(226,149)**	172,517
Cash flows from operating activities	**(942,331)**	(216,722)
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	**-**	-
Cash flows from investing activities	**-**	201,585
FINANCING ACTIVITIES		
Finance costs	**(62)**	(380)
Common shares and warrants issued	**1,532,956**	-
Warrants exercised during the year	**527,696**	-
Stock options exercised during the year	**15,000**	-
Agent options exercised during the year	**125,425**	-
Share issue costs	**(60,170)**	-
Cash flows from financing activities	**2,140,845**	(380)
Increase (decrease) in cash	**1,198,514**	(15,517)
Cash, beginning of the year	**20,125**	35,642
Cash, end of the year	**1,218,639**	20,125

Supplemental cash flow information is provided in Note 17

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 has not received approvals from the Food and Drug Administration to commence its planned clinical trials 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 24) 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 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 $1,902,885 as at November 30, 2016 (November 30, 2015 - $958,628).

As at November 30, 2016, the Company had a working capital surplus of $1,180,544 (November 30, 2015 – deficit of $244,119), including $1,218,639 (November 30, 2015 - $20,125) in cash and current liabilities totalling $191,667 (November 30, 2015 - $270,183). 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

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by International Accounting Standards Board (“IASB”).

These consolidated financial statements were authorized for issue by the Board of Directors on March 24, 2017.

The preparation of the consolidated 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.

(Expressed in Canadian Dollars)

4. Significant accounting policies (continued)

(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.

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

The subsidiaries of the Company at November 30, 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 ("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.

(d) Impairment of long-lived assets

Long-lived assets, including equipment and intangible assets, are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

4. Significant accounting policies (continued)

(e) Financial Instruments

Financial instruments are defined as any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial assets of the Company are classified into the following categories at their initial recognition:

- loans and receivables;
- available for sale investments;
- fair value though profit or loss.

Financial assets and liabilities are initially measured at fair value, plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the financial asset or liability. In a purchase or sale of financial assets, recognition and derecognition occurs using trade date accounting.

<u>Loans and receivables</u>
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and accounts receivable, except sales tax, fall into this category of financial instruments.

<u>Available-for-sale financial assets</u>
Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company does not have any assets designated as available for sale.

Available-for-sale financial assets are measured at fair value. Net change in fair value is recognized in other comprehensive income and reported within the accumulated other comprehensive income reserve within equity. When the asset is derecognized, the cumulative gain or loss recognized in other comprehensive income is reclassified to profit or loss as a gain (loss) on sale of marketable securities, if applicable, and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognized in profit or loss within finance income.

<u>Financial liabilities at amortized cost</u>
The Company's financial liabilities include accounts payable and accrued liabilities. Financial liabilities are measured subsequently at amortized cost using the effective interest method. All interest-related charges are reported in profit and loss, if applicable.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when all of the substantial risks and rewards are transferred.

Financial liabilities are derecognized when they are extinguished, discharged, cancelled, or expire.

4. Significant accounting policies (continued)

(e) Financial Instruments (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of financial assets classified as loans and receivables, where the carrying amount is reduced through the use of an allowance account. When these assets are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(f) Impairment of non-financial assets

The Company assesses non-financial assets including property and equipment for impairment when facts and circumstances suggest that the carrying amount of the assets are impaired. An impairment review is undertaken when indicators of impairment arise.

Where such an indication exists, the recoverable amount of the asset is estimated. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are largely independent cash inflows (Cash-generating units or "CGU"). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, subject to the amount not exceeding the carrying amount that would have been determined had impairment not been recognized for the asset in prior periods. Any reversal of impairment is recognized immediately in profit or loss.

(g) Provisions and contingent liabilities

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The Company had no material provisions as at November 30, 2016 and November 30, 2015.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

4. Significant accounting policies (continued)

(h) Equity

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options and share warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share capital
Share capital represents the amount received on the issue of shares. Transaction costs directly attributable to the issuance of common shares are recognized as a reduction of share capital. If shares are issued when options and warrants are exercised, the share capital account also comprises the compensation costs previously recorded as contributed surplus and warrants. In addition, if shares are issued as consideration for the services provided or some other form of non-monetary assets, they are measured at their fair value according to the quoted price on the day of the conclusion of the agreement.

Unit placements
Proceeds from unit placements are allocated between shares and warrants issued according to their fair value using the proportional method. The Company uses the Black-Scholes pricing model to estimate the fair value of warrants issued.

Warrants
Warrants include charges related to the issuance of warrants until the warrants are exercised or expired. Amounts related to exercised warrants are moved to share capital while amounts related to expired warrants are moved to contributed surplus.

Share based payments
Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, any increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the estimated fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

4. Significant accounting policies (continued)

(h) Equity (continued)

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in contributed surplus, until exercised or expired. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid. The value of expired options remains in contributed surplus.

(i) Income taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items are recognized directly in equity.

Current income tax assets and/or liabilities are the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets and liabilities are recognized as deferred income tax expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

(j) Segmented reporting

The Company presents and discloses segmented information based on information that is regularly reviewed by the Company's CEO who is the chief operating decision-maker. The CEO has primary responsibility for allocating resources to the Company's operating segments and assessing their performance. The Company is currently in the research and development stage and has determined that there is only one operating segment being the sector of medical marijuana. The Company does not have a production licence. All of the Company's operations and material assets are in Canada.

4. Significant accounting policies (continued)

(k) Basic and diluted loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. The Company's diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive, by reducing the loss per share.

(l) Intangible assets

Intangible assets are comprised of natural product numbers acquired by the Company. A natural product number is an eight-digit number located on natural health products legally licensed for sale in Canada. The Company acquired all formulations, raw material supplier information, trade secrets and intellectual property relative to the natural product numbers. These intangible assets are recorded at cost net of accumulated amortization and impairment losses. The natural product numbers will be amortized on a straight-line basis over an estimated useful life of 30 years once they are ready for use.

(m) 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. 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.

4. Significant accounting policies (continued)

(m) Standards, amendments and interpretations not yet effective (continued)

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.

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.

<u>Significant management judgments</u>

<u>Estimates</u>

- 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 November 30, 2016, 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.

(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 November 30, 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 a stock exchange (See note 6). 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.

- 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.

6. Accounts receivable

	November 30, 2016	November 30, 2015
	$	$
Sales tax receivable	**62,703**	5,106

On April 9, 2015, the Company entered into a loan agreement with Export Hydro and made advances of $17,500 to Export Hydro. The advances carried an annual interest rate of prime lending rate plus 1% and were payable on demand. On September 25, 2015, Export Hydro repaid the advances and accrued interest in full. During the year ended November 30, 2015, the loan had accrued $341 of interest income recorded in the consolidated statements of comprehensive loss.

(Expressed in Canadian Dollars)

6. Accounts receivable (continued)

On July 16, 2015, the Company transferred its letters of intent ("LOI") with 0971224 B.C. Ltd. (a Canadian private company) and Export Hydro (a private Hong Kong based company) to Cannabis Accelerators Limited ("CAL") for $250,000. The $250,000 is payable in two tranches with $50,000 payable on September 15, 2015 (received) and $200,000 payable on December 15, 2015. During the year ended November 30, 2015, management assessed that the collectability of $200,000 receivable from the sale of LOI's was uncertain and as a result of this uncertainty no proceeds were recorded for the $200,000 payment. There were no reversal of impairments in the year ended November 30, 2016.

7. Deferred building costs

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

As at November 30, 2016, the Company had deferred $Nil (November 30, 2015 - $13,899) of building costs for the design of the future production facility. During the year ended November 30, 2016, due to prolonged delays in obtaining 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 - $15,000).

8. Deposit on land

On August 31, 2015, the Company assessed that under Quebec Agricultural Law it would not be able to directly own the land in Low, Quebec, intended for the construction of a facility to grow medical marijuana under its current MMPR application with Health Canada. As a result, an impairment has been recognized on the deposit of $Nil (November 30, 2015 - $15,000) in the consolidated statements of loss for the year ended November 30, 2016.

During the year ended November 30, 2016, the Company made land lease payment of $6,000 (November 30, 2015 - $6,000).

9. Intangible assets

The following is a summary of intangible assets as at November 30, 2016 and 2015:

Cost	$
Balance as at November 30, 2014 and 2015	-
Acquired during the year (Note 10)	216,000
Balance as at November 30, 2016	216,000

Intangible assets consist of 8 natural product numbers registered with Health Canada.

As these assets are not ready for use, there has not been any amortization recorded relating to these assets.

10. 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>2016 Fiscal year issuances</u>

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 with the private placements listed above have been recorded at a value of $46,191 based on the Black Scholes option pricing model, using the following assumptions: share price of $0.04, a weighted average exercise price of $0.07, risk free interest rate of 0.49%, contractual life of warrants of 1 year, expected volatility rate of 96% (based on the Company's historical volatility for 1 year up to the issuance date) and an expected 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 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 0.49%, expected life of warrants of 1 year, expected volatility rate of 96% (based on the Company's historical volatility for 1 year up to the issuance date) and expected 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 Black Scholes option pricing model, using the following assumptions: share price of $0.04, a weighted average exercise price of $0.07, risk free interest rate of 0.58%, contractual life of warrants of 2 years, expected volatility rate of 115% (based on the Company's historical volatility for 2 years up to the issuance date) and expected 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 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, expected volatility rate of 115% (based on the Company's historical volatility for 2 years up to the issuance date) and expected dividend rate of 0%.

On September 27, 2016, the Company completed the acquisition of 8 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 (Note 9).

10. Share capital (continued)

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.

The 5,000,000 warrants issued in connection to the private placements listed above have been recorded at a value of $80,215 based on the Black Scholes option pricing model, using the following assumptions: share price of $0.03, a weighted average exercise price of $0.07, risk free interest rate of 0.51%, contractual life of warrants of 2 years, expected volatility rate of 123% (based on the Company's historical volatility for 2 years up to the issuance date) and expected dividend rate of 0%.

In connection with the private placement, the Company paid a cash finder’s fee of $9,280 and issued 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. The finder’s warrants have been recorded at a value of $6,400 based on the Black Scholes option pricing model using the following assumptions: share price of $0.03, an average exercise price of $0.07, risk free interest rate of 0.51%, expected life of warrants of 2 years, expected volatility rate of 123% (based on the Company's historical volatility for 2 years up to the issuance date) and expected dividend rate of 0%.

On November 4, 2016, the Company completed a non-brokered private placement of 6,096,369 units at a price of $0.15 per unit for aggregate gross proceeds of $914,456. 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 $0.20 per share for a period of twelve months expiring November 4, 2017.

The 6,096,369 warrants issued in connection to the private placements listed above have been recorded at a value of $304,185 based on the Black Scholes option pricing model, using the following assumptions: share price of $0.10, a weighted average exercise price of $0.20, risk free interest rate of 0.69%, contractual life of warrants of 1 year, expected volatility rate of 180% (based on the Company's historical volatility for 1 year up to the issuance date) and expected dividend rate of 0%.

In connection with the private placement, the Company paid a cash finder’s fee of $37,080 and issued 157,600 non-transferable finder’s warrants. Each finder’s warrant entitles the holder to purchase one unit at a price of $0.20 per unit. Each unit consists of one common share and one warrant, with a whole warrant entitling the holder to purchase one common share of the Company at a price of $0.20 per share for a period of twelve months expiring November 4, 2017. The finder’s warrants have been recorded at a value of $10,400 based on using the following assumptions: share price of $0.10, an average exercise price of $0.20, risk free interest rate of 0.69%, expected life of warrants of 1 year, expected volatility rate of 180% (based on the Company's historical volatility for 1 years up to the issuance date) and expected dividend rate of 0%.

During the year ended November 30, 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.

During the year ended November 30, 2016, a total of 5,292,800 common share purchase warrants were exercised for gross proceeds of $527,696. The warrants had an average exercise price of $0.10 with expiry dates between September 30, 2016 and September 28, 2018. As a result of the exercise of the warrants $37,024 has been reclassified from warrants to share capital.

During the year ended November 30, 2016, a total of 300,000 stock options were exercised for gross proceeds of $15,000. The options had an exercise price of $0.05 with expiry date of November 5, 2017. As a result of the exercise of the stock options $5,779 has been reclassified from contributed surplus to share capital.

(Expressed in Canadian Dollars)

10. Share capital (continued)

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 GrowPros 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.

11. 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	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**

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
	$	$	
2,998,000	4,890	0.15	December 30, 2016
2,550,000	23,780	0.07	February 25, 2017
1,300,000	33,869	0.05	June 15, 2017
2,200,000	41,060	0.07	August 15, 2018
5,167,200	85,011	0.07	September 28, 2018
6,253,969	314,585	0.20	November 4, 2017
20,469,169	**503,195**		

11. 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 $39,079 based on the Black Scholes option pricing model using the following assumptions: share price of $0.05, an average exercise price of $0.05, risk free interest rate of 0.49%, expected life of warrants of 1 year, expected volatility rate of 141% (based on the Company's historical volatility for 1 year up to the issuance date) and expected dividend rate of 0%.

On September 26, 2016, the Company extended 5,013,000 warrants for a period until December 30, 2016. The warrants originally expired on September 29, 2016, and were exercisable at $0.15.

During the year ended November 30, 2016, a total of 5,292,800 common share purchase warrants was exercised for gross proceeds of $527,696. The warrants had an average exercise price of $0.10 with expiry dates between September 30, 2016 and September 28, 2018. As a result of the exercise of the warrants $37,024 has been reclassified from warrants to share capital.

2015 Fiscal year activity

In October 2015, a total of 9,950,000 warrants expired unexercised. The warrants had a weighted average exercise price of $0.08.

The weighted average fair value of each warrant issued during the year ended November 30, 2016 was approximately $0.10 (2015 - $0.000787).

12. Stock options

Refer to Note 24 in regards to contingent warrants reserved for issuance in association to the acquisition of the pre-CTA clinical trial.

2016 stock option activity

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 $102,344 based on the Black Scholes option pricing model using the following assumptions: share price of $0.05, an average exercise price of $0.05, risk free interest rate of 0.52%, expected life of warrants of 5 years, expected volatility rate of 119% (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.

On October 19, 2016, 800,000 stock options were granted to directors of the Company. The stock options are exercisable at $0.18 and expire on October 19, 2021. The options have been recorded at a value of $125,400 based on the Black Scholes option pricing model using the following assumptions: share price of $0.18, an average exercise price of $0.18, risk free interest rate of 0.68%, expected life of warrants of 5 years, expected volatility rate of 135% (based on the Company's historical volatility for 5 years up to the issuance date) and expected dividend rate of 0%.

During the year ended November 30, 2016, a total of 300,000 stock options was exercised for gross proceeds of $15,000. The options had an exercise price of $0.05 and an expiry date of November 5, 2017. As a result of the exercise of the stock options $5,779 has been reclassified from contributed surplus to share capital.

(Expressed in Canadian Dollars)

12. Stock options (continued)

2015 stock option activity

In December 2014, the Company issued 1,225,000 stock options valued at $0.0005 per option using the Black-Scholes option pricing model, to the former option holders of Mazorro under the terms of the amalgamation agreement for total deemed consideration of $616. The stock options have an average exercise price of $0.30 and expire between January 4, 2016 and March 29, 2017. The options have been recorded at a value of $616 based on the Black Scholes option pricing model using the following assumptions: share price of $0.02, an average exercise price of $0.30, risk free interest rate of 1.09%, expected life of warrants of 1.58 years, expected volatility rate of 100% and expected dividend rate of 0%.

On November 5, 2015, the Company issued 3,800,000 stock options to directors, officers and consultants of the company. The options vested immediately and are exercisable at $0.05 until November 5, 2017. The stock options have an estimated pricing value of $73,200 and have been recorded in the consolidated statement of loss and comprehensive loss, based on the Black Scholes option pricing model using the following assumptions: share price of $0.03, an average exercise price of $0.05, risk free interest rate of 0.63%, expected life of warrants of 2 years, expected volatility rate of 152% (based on the Company's historical volatility for 2 years up to the issuance date) and expected dividend rate of 0%.

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	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**

Number of options	Number of options vested	Grant date fair value	Exercise price	Expiry date
		$	$	
3,500,000	3,500,000	67,421	0.05	November 5, 2017
800,000	800,000	125,400	0.18	October 18, 2021
2,500,000	2,500,000	102,344	0.05	June 15, 2021
6,800,000	**6,800,000**	**295,165**		

(Expressed in Canadian Dollars)

12. Stock options (continued)

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: expected 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.

In September 2016, 501,300 compensation options were exercised for cash proceeds of $125,325.

13. Non-controlling interest

Balance, November 30, 2014 and 2015	**$ -**
Share of net loss for the year	(52,709)
Balance, November 30, 2016	**$ (52,709)**

	Proportion of ownership interests and voting rights held by NCI		**Loss and comprehensive loss allocation to NCI**		**Accumulated NCI**	
Name	**November 30, 2016**	November 30, 2015	**November 30, 2016**	November 30, 2015	**November 30, 2016**	November 30, 2015
PPP	**20%**	-%	**$ 52,709**	$ -	**$ 52,709**	$ -

No dividends were paid to the NCI during the years ended November 30, 2016 and 2015.

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

	November 30, 2016	November 30, 2015
	$	$
Current assets	**877**	-
Total assets	**877**	-
Current liabilities	**237,310**	-
Total liabilities	**237,310**	-
Deficiency attributable to owners of the parent	**(210,835)**	-
Deficiency attributable to NCI	**(52,709)**	-
Total deficiency	**(263,544)**	-

	November 30, 2016	November 30, 2015
	$	$
Loss attributable to the owners of the parent	**(210,835)**	-
Loss attributable to NCI	**(52,709)**	-
Total loss	**(263,544)**	-

(Expressed in Canadian Dollars)

13. Non-controlling interest (continued)

	November 30, 2016	November 30, 2015
	$	$
Net cash from operating activities	**(236,433)**	-
Net cash from investing activities	**-**	-
Net cash from financing activities	**-**	-
Net cash flow	**(236,433)**	-

14. Acquisition of Mazorro

On December 29, 2014, GrowPros MMP through an amalgamation agreement, acquired the shares of Mazorro Resources Inc., a public company under the laws of Canada from its shareholders, through the issuance of 32,770,387 common shares, 1,225,000 stock options, 501,300 agent options and 7,463,000 warrants. Mazorro Resources Inc. owned 100% of Minera Mazorro, S. de R.L. de C.V., a private corporation registered under the laws of Mexico.

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 under IFRS 2 Share Based Payment and therefore the financial statements have been prepared as a continuation of GrowPros MMP Inc. Consequently, through the period ended December 29, 2014, the consolidated statements of loss and comprehensive loss and the consolidated statements of cash flows relate only to GrowPros MMP., the acquirer. Subsequent to December 29, 2014, the net assets of GrowPros MMP are included in the consolidated statement of financial position at their carrying values, and the acquisition of Mazorro is accounted for by the acquisition method, with the net assets of Mazorro recorded at their estimated fair values.

A summary of the transaction is presented below:

Consideration paid	**Deemed value ($)**
32,770,387 Common shares (note 10)	285,547
7,463,000 Warrants (note 11)	12,171
1,225,000 Stock Options (note 12)	616
501,300 Agent options (note 12)	1,395
Total considerations paid	**299,729**

Net assets acquired	**$**
Cash	207,577
Accounts receivable	34,737
Prepaid expenses	61,250
Accounts payable	(120,796)
Total net assets acquired	**182,768**

(Expressed in Canadian Dollars)

15. Assignment of letter of intent

The Company has accounted for the transaction as an asset acquisition under the scope of IFRS 2, Share Based Payments. Consideration consisted entirely of shares, options and warrants of the Company which were measured at the fair value of the GrowPros MMP's shares issued to existing GrowPros MMP shareholders at the fair market value of the GrowPros MMP's shares at the date of the acquisition. The recognition of a listing expense as part of the acquisition of a public company is determined as the proceeds paid by the Company less the net assets acquired by the Company as a result of the takeover. The Company recognized a listing expense of $116,961 in the statement of loss for the year ended November 30, 2015.

On March 5, 2015, and April 2, 2015, GrowPros entered into letters of intent ("LOI") with Export Hydro (a private Hong Kong based company) and 0971224 B.C. Ltd (a Canadian private company), manufacturers and exporters of indoor gardening equipment based in Hong Kong and Canada respectively.

Pursuant to the letters of intent, GrowPros may acquire 100% of the outstanding shares of Export Hydro for USD$1,000,000 (CND $1,335,300) and 100% of the outstanding shares of 0971224 B.C. Ltd. for $1,250,000 plus the value of inventory, fixed assets and accounts receivable, to be determined on closing.

On July 16, 2015, the Company transferred the letters of intent with 0971224 B.C. Ltd. and Export Hydro to Cannabis Accelerators Ltd. ("CAL") for $250,000 and 1,000,000 compensation options to purchase shares of CAL at an exercise price of $0.20 per option. The $250,000 is payable in two tranches with $50,000 payable on September 15, 2015 (received) and $200,000 payable on December 15, 2015. As at November 30, 2015, the Company had not yet received the stock options. During the year ended November 30, 2015, management assessed that the collectability of $200,000 receivable from the sale of LOI's was uncertain and as a result of this uncertainty the $200,000 payment and these options have not been reflected in these financial statements. As at November 30, 2016, management assesses the receivable as uncollectable.

16. Loss per common share

Diluted loss per share did not include the effect of 6,800,000 stock options (November 30, 2015 – 4,650,000), nil agent options (November 30, 2015 – 501,300) and 20,469,169 warrants (November 30, 2015 – 5,513,000) outstanding at November 30, 2016, as they are anti-dilutive.

17. Changes in non-cash working capital items

	Year ended	
	November 30, 2016	November 30, 2015
	$	$
Accounts receivable	**(57,597)**	4,290
Prepaid expenses	**(90,036)**	16,382
Accounts payable and accrued liabilities	**(78,516)**	151,517
Total	**(226,149)**	172,517

<u>Non-cash transactions</u>

The Company made cash payments for interest of $Nil (November 30, 2015 - $Nil) and income taxes of $Nil (November 30, 2015 - $Nil) during the year ended November 30, 2016.

During the year ended November 30, 2016, the Company acquired natural product numbers through the issuance of 1,800,000 common shares with a value of $216,000 (2015 - $Nil).

(Expressed in Canadian Dollars)

18. Income taxes

a) Provision for income taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian Federal and Provincial statutory rate of 26.5% (2015 – 26.5%) were as follows:

	November 30, 2016	November 30, 2015
	$	$
Net loss before income tax	**(996,966)**	(594,780)
Combined federal and provincial income tax rate	**26.50%**	26.50%
Expected tax recovery calculated using the combined federal and provincial income tax rate in Canada	**(264,000)**	(158,000)
Adjustments for the following items:		
Stock-based compensation	**71,000**	19,000
Other	**15,000**	(3,000)
Expenses not deductible for tax purposes	**1,000**	32,000
Changes in temporary differences not recorded	**-**	(1,342,000)
Changes in unrecognized tax assets	**177,000**	1,452,000
Deferred income tax recovery	**-**	-

b) Deferred income tax

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	November 30, 2016	November 30, 2015
	$	$
Non-capital loss carry-forward	**4,258,000**	3,497,000
Share issue costs	**12,000**	48,000
Mineral property costs	**2,281,000**	2,281,000
Other temporary differences	**(51,000)**	3,000
Deferred income tax recovery	**6,500,000**	5,829,000

The tax losses expire from 2027 to 2036. The other temporary differences do not expire under current legislation.

Deferred tax assets have not been recognized in respect of these items because it is not probable that the future taxable profit will be available against which the Company can use the benefit.

(Expressed in Canadian Dollars)

18. Income taxes (continued)

c) Tax loss carry-forward

As at November 30, 2015, the Company has available non-capital losses carry-forward for Canadian tax purposes that have not been recognized in the financial statements and that will expire as follows:

Expire in	Amount
	$
2027	131,000
2028	487,000
2029	328,000
2030	327,000
2031	433,000
2032	416,000
2033	178,000
2034	709,000
2035	488,000
2036	761,000
	4,258,000

19. 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:

	Years ended	
	November 30, 2016	November 30, 2015
	$	$
Salaries	**-**	60,000
Consulting fees (including bonuses)	**283,200**	95,400
Professional fees	**16,350**	-
	299,550	155,400
Stock-based compensation	**125,400**	52,974
Compensation options and warrants	**141,423**	-
	566,373	208,374

As at November 30, 2016, directors and key management personnel were owed $4,328 (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.

19. Related party balances and transactions (continued)

During the year ended November 30, 2016, consulting fees of $60,000 (2015 – salary of $60,000) was paid/payable to Ryan Brown, the Company's Former 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 November 30, 2016, there was a balance of $Nil (November 30, 2015 - $68,000) owing to him. 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 year ended November 30, 2016, consulting fees of $43,200 (2015 – $35,400) were paid/payable to Sabino Di Paola, the Company's CFO. As at November 30, 2016, there was a balance of $Nil (November 30, 2015 - $8,170) owing to him.

During the year ended November 30, 2016, consulting fees of $60,000 (2015 – $60,000) were paid/payable to Woodcliff Capital a company controlled by a director of the Company. As at November 30, 2016, there was a balance of $2,455 (November 30, 2015 - $37,550) owing.

During the year ended November 30, 2016, professional fees of $16,350 (2015 – $18,000) were paid/payable to K. Smutylo Professional Corporation, a company controlled by a former director of the Company. As at November 30, 2016, there was a balance of $Nil (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 year ended November 30, 2016, consulting fees of $60,000 (2015 – $Nil) were paid/payable to 9315-4466 Quebec Inc. a company controlled by a senior officer of the Company's subsidiary. As at November 30, 2016, there was a balance of $Nil (November 30, 2015 - $Nil) owing. During the year ended November 30, 2016, the Company issued 1,250,000 compensation options and 750,000 compensation warrants to 9315-466 Quebec Inc., with a Black-Scholes value of $70,711. Refer to notes 11, 12 and 24 for more details.

During the year ended November 30, 2016, consulting fees of $60,000 (2015 – $Nil) were paid/payable to 9206-8618 Quebec Inc. a company controlled by a senior officer of the Company's subsidiary. As at November 30, 2016, there was a balance of $Nil (November 30, 2015 - $Nil) owing. During the year ended November 30, 2016, the Company issued 1,250,000 compensation options and 750,000 compensation warrants to 9315-466 Quebec Inc., with a Black-Scholes value of $70,711. Refer to notes 11, 12 and 24 for more details.

20. 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 $1,449,253 as at November 30, 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.

20. Capital management (continued)

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 years end November 30, 2016 and 2015.

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

21. 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.

22. 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 23. 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.

(Expressed in Canadian Dollars)

22. Financial risk factors (continued)

(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 November 30, 2016, the Company had cash of $1,218,639 (November 30, 2015 - $20,125) and current liabilities of $191,667 (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.

23. Categories of financial instruments

	November 30, 2016 **$**	November 30, 2015 $
Financial assets:		
Loans and receivables		
Cash	**1,218,639**	20,125
Accounts receivable (1)	**-**	-
Financial liabilities		
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	**(191,667)**	(270,183)

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

As of November 30, 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.

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 November 30, 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.

24. Commitments and contingencies

Contingent payments
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.

24. Commitments and contingencies (continued)

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 November 30, 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 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.

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 November 30, 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 (Notes 11 and 12).

24. Commitments and contingencies (continued)

On February 16, 2017, the second milestone had been reached and as a result 4,000,000 warrants had been issued (Note 25).

25. Events after the reporting period

Exercised warrants
Subsequent to November 30, 2016, a total of 17,464,947 common share purchase warrants were exercised for gross proceeds of $2,416,699. The warrants had an average exercise price of $0.14 and expired between December 20, 2016 and December 5, 2019.

Exercised options
Subsequent to November 30, 2016, 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.

Private placements
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.

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 $479,100. 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.

Stock option grant
On February 23, 2017, the Company issued 750,000 stock options to directors and officers of the Company. The stock options are exercisable at $0.70 for a period of 5 years.

Contingent stock options and warrants
On February 16, 2017, the Company received notification from Health Canada that it had no objections to the commencement of the Phase 1 clinical trials. As a result of obtaining the acceptance letter, the Company had effectively reached the second milestone and issued 4,000,000 common shares warrants at $0.05 for 2 years (Note 24).