**225 - 1 PLACE DU COMMERCE, VERDUN, QUEBEC H3E 1A2**

March 4, 2019

VIA SEDAR

Autorité des marchés financiers
Ontario Securities Commission
Alberta Securities Commission
British Colombia Securities Commission

Dear Sirs and Mesdames,

**Re: Medexus Pharmaceuticals Inc. ("Medexus") SEDAR re-filing of Interim Financial Statements and Interim MD&A**

Medexus is re-filing its condensed consolidated interim financial statements and associated management discussion and analysis ("**MD&A**") for the interim period ended December 31, 2018. Enclosed herewith is the re-filed MD&A.

The originally filed financial statements and MD&A, which were filed on February 25, 2019, contained incorrect figures relating to selling and administrative expenses for the period ended December 31, 2017 as a result of an administrative error. The correction was made to both the financial statements and MD&A to reflect the numbers as previous disclosed accurately in 2017. The correction in the financial statements only impacted note 9 of the financial statements and does not impact any of the amounts in the Condensed Interim Consolidated Statements of Cash Flows, Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss), Condensed Interim Consolidated Statements of Changes in Shareholders' Equity, the Condensed Interim Consolidated Statements of Financial Position, or any of the other notes to the financial statements. No other significant changes have been made to the financial statements or MD&A.

Sincerely,

**MEDEXUS PHARMACEUTICALS INC.**

***/s/"Roland Boivin"***

Roland Boivin
Chief Financial Officer


# MANAGEMENT DISCUSSION AND ANALYSIS
# FOR THE THREE AND NINE-MONTH PERIODS ENDED DECEMBER 31, 2018

DATED, FEBRUARY 25, 2019

**SCOPE OF THIS MANAGEMENT DISCUSSION & ANALYSIS AND NOTICE TO INVESTORS**

This management discussion and analysis of financial position and results of operations ("MD&A"), is prepared as of February 25, 2019, and complements the unaudited condensed interim consolidated financial statements of Medexus Pharmaceuticals Inc. (the "Company"), for the three and nine-month periods ended December 31, 2018, which are compared to the three and nine-month periods ended December 31, 2017.

All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all amounts are in Canadian dollars unless otherwise indicated. This MD&A should be read in conjunction with the information contained in the audited consolidated financial statements of the Company and the notes thereto for the twelve-month period ended March 31, 2018.

The unaudited condensed interim consolidated financial statements and the MD&A have been reviewed by the audit committee and approved by the Company's board of directors ("Board") on February 25, 2019. These documents and more information about the Company are available on SEDAR at www.sedar.com.

**FORWARD LOOKING STATEMENTS**

Certain statements made in this MD&A are forward-looking statements or information. The Company is hereby providing cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Company has assumed that the current market will continue and grow and that the risks listed below will not adversely impact the business of the Company. By their nature, forward looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Company that could influence actual results include, but are not limited to: future capital requirements and dilution; intellectual property protection and infringement risks; competition (including potential for generic competition); reliance on key management personnel; the Company's ability to implement its business plan; the Company's ability to leverage its United States and Canadian infrastructure to promote additional growth, including with respect to the infrastructure of Medexus Inc. and Medac Pharma, Inc. and the potential benefits the Company expects to derive therefrom, regulatory approval by the Canadian Health authorities; product reimbursement by third party payers; patent litigation or patent expiry; litigation risk; stock price volatility; government regulation; potential third party claims. The Company's expected revenue in the Future Outlook section is based on historical revenue growth. Further, unless otherwise noted, any forward-looking statement speaks only as of the date of this MD&A, and, except as required by applicable law, the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement.

**KEY HIGHLIGHTS-PERIOD ENDED DECEMBER 31, 2018**

**The following highlights include results for the period of October 1, 2018 to December 31, 2018 for Pediapharm Inc. (pre-transaction) as well as the period of October 16, 2018 to December 31, 2018 for the entities acquired on October 16, 2018 (Medexus Inc. and Medac Pharma, Inc.).**

For the three-month period ended December 31, 2018, the Company achieved **record** quarterly revenue of $14,421,084 for the three-month period ended December 31, 2018, versus $2,356,782 for the three-month period ended December 31, 2017, representing an increase of $12,064,302. Additional highlights for this quarter include:

- Gross profit increased 657% to $8.9 million compared to $1.2 million for Q3 2018
- Gross margin increased to 62.1% compared to 50.0% for the same period last year
- Adjusted EBITDA increased to $2.2 million compared to ($582,381) for Q3 2018
- Finished quarter with cash and cash equivalents of $28.9 million as of December 31, 2018
- Working capital surplus as of December 31, 2018 increased to $34.6 million compared to $4.8 million as of March 31, 2018

**Offering and Transaction Description**

On October 11, 2018, the Company completed a private placement offering (the "Offering") of Subscription Receipts (as defined below) for aggregate gross proceeds of $61,949,979.40. The Offering consisted of both a brokered private placement, co-led by Cormark Securities Inc. and Mackie Research Capital Corporation (the "Agents"), and a concurrent non-brokered private placement (the "Non-Brokered Offering").

The Offering consisted of the issuance of a combination of (i) subscription receipts ("Unit Subscription Receipts") convertible into units ("Units"), at a price of $0.42 per Unit Subscription Receipt, and (ii) subscription receipts ("Debenture Subscription Receipts", and, together with the Unit Subscription Receipts, the "Subscription Receipts") convertible into convertible debentures ("Convertible Debentures"), at a price of $1,000 per Debenture Subscription Receipt. Each Unit was comprised of one pre-consolidation common share (0.0667 post-consolidation common share) and one half (1/2) of one pre-consolidation common share purchase warrant (0.0333 post-consolidation common share purchase warrant) (each whole common share purchase warrant, an "Offering Warrant"), with each whole pre-consolidation Offering Warrant being exercisable into one pre-consolidation common share for a period of five years at an exercise price of $0.63 per share. Following the Share Consolidation, one post-consolidation Offering Warrant entitles the holder to purchase one post-consolidation common share at an exercise price of $9.45 per share.

The Convertible Debentures are convertible into units ("Conversion Units") consisting of one pre-consolidation common share (0.0667 post-consolidation common share) and one half (1/2) of one pre-consolidation Offering Warrant (0.0333 post-consolidation Offering Warrant), at a price of $0.42 per pre-consolidation Conversion Unit ($6.30 per post-consolidation Conversion Unit). Pursuant to the Offering, the Company issued 58,676,397 Unit Subscription Receipts, for aggregate gross subscription proceeds of $19,949,979.40, and 42,000 Debenture Subscription Receipts, for aggregate gross subscription proceeds of $42,000,000. The Convertible Debentures will mature on October 16, 2023 and shall be repaid in full by the Company with a payment equal to 125% of such outstanding principal amount, with such repayment to be made in cash or, at the Company's option, in common shares of the Company. The Convertible Debentures bear interest at a rate of 6.0% per annum beginning October 16, 2018, payable semi-annually in cash, or, at the Company's option and subject to the prior approval of the TSX Venture Exchange, in common shares of the Company.

The aggregate gross proceeds of the Offering were placed into escrow pursuant to the terms of the Subscription Receipts. On October 16, 2018, the Company satisfied all of the conditions necessary for the Subscription Receipts to automatically convert into an aggregate of (i) 58,676,397 Units, and (ii) $42 million principal amount of Convertible Debentures, and consequently, the aggregate net proceeds of the

Offering of approximately $58.46 million were released to the Company. In connection with the Offering, the Agents (a) earned cash commissions in the aggregate amount of approximately $2,236,498, equal to a cash fee of 7.0% of the aggregate gross proceeds raised under the Offering in excess of $30,000,000, and (b) received 2,867,306 pre-consolidation common share purchase warrants (191,154 post-consolidation common share purchase warrants) ("Compensation Warrants"), each whole pre-consolidation Compensation Warrant being exercisable for one pre-consolidation common share at an exercise price of $0.63 per share. Following the Share Consolidation, one post-consolidation Compensation Warrant entitles the holder to purchase one post-consolidation common share until October 11, 2021 at an exercise price of $9.45 per share. The Company also paid cash commissions in the total amount of $1,090,089.97 to registered dealers involved in the Non-Brokered Offering.

**Acquisitions**

On October 16, 2018, the Company completed the acquisition of all of the issued and outstanding shares of Medexus Inc. ("Medexus") indirectly through a subsidiary created for the purposes of the acquisition and pursuant to the terms of an amalgamation agreement dated September 6, 2018 (the "Amalgamation Agreement"). Medexus is a Canadian pharmaceutical innovator with strategic partnerships in key international markets (the "Medexus Acquisition"). The total consideration paid by the Company for the Medexus Acquisition was approximately $20 million, which was satisfied through the issuance of 67,646,009 pre-consolidation common shares (approximately 4,509,734 post-consolidation common shares) to former holders of Medexus shares, at a deemed issue price of $0.30 per pre-consolidation common share, being the "market price" (as such terms is defined in the policies of the TSX Venture Exchange) of the Company's common shares on the date of issuance ($4.50 per post-consolidation common share). Pursuant to the terms of the Amalgamation Agreement, the negotiated value of the transaction was approximately $23 million based on a deemed issue price of $0.34 per pre-consolidation common share of the Company.

On October 16, 2018 the Company also completed the acquisition of all of the issued and outstanding shares of Medac Pharma, Inc. ("Medac Pharma") by way of a stock purchase agreement dated September 6, 2018, indirectly through a United States subsidiary (MI Acquisitions, Inc.) created for the purposes of the acquisition. Medac Pharma was a privately held specialty pharmaceutical company focusing primarily in the area of rheumatology in the United States and was acquired from medac Gesellschaft für klinische Spezialpräparate m.b.H. ("medac GmbH") (the "Medac Pharma Acquisition" and, together with the Medexus Acquisition, the "Acquisitions"). The total consideration payable by the Company for the Medac Pharma Acquisition is up to USD$50 million, of which a cash payment of USD$13.1 million was paid on closing, together with the issuance of 7,260,235 pre-consolidation units (approximately 484,016 post-consolidation units) of the Company (the "Consideration Units") with a value of approximately USD$1.9 million and a deemed issue price of $0.34 per pre-consolidation Consideration Unit. Each pre-consolidation Consideration Unit consisted of one pre-consolidation common share (0.0667 post-consolidation common share) and one half (1/2) of one pre-consolidation common share purchase warrant (each whole common share purchase warrant, a "Consideration Unit Warrant"), with each pre-consolidation Consideration Unit Warrant being exercisable into one pre-consolidation common share for a period of five years at an exercise price of $0.63 per share. Following the Share Consolidation, one post-consolidation Consideration Unit Warrant entitles the holder to purchase one post-consolidation common share at an exercise price of $9.45 per share.

A contingent cash payment of USD$5 million and annual payments in an amount equal to 7.5% of the aggregate consolidated EBITDA of the Company, subject to certain agreed-upon adjustments and until such time as an aggregate of USD$30 million in annual payments have been made, are also payable in connection with the Medac Pharma Acquisition.

Concurrent with closing of the Medac Pharma Acquisition, medac GmbH, the Company and Medac Pharma entered into a manufacturing and supply agreement (the "Medac Supply Agreement") for an initial term of 12 years from the completion of the Medac Pharma Acquisition, which Medac Supply Agreement will provide for the continued supply of products by medac GmbH to the Company for sale in the United States by the Company, including a right of first refusal granted to the Company with respect to the

commercialization in the United States or Canada of certain specified products of medac GmbH that medac GmbH wishes to commercialize for use in the United States or Canada during the term of the Medac Supply Agreement. In addition, an existing supply agreement between medac GmbH and Medexus was extended, on its existing financial terms, such that it expires 12 years from the date of the completion of the Medac Pharma Acquisition.

**Consolidation of Common Shares**

On December 12, 2018, the Company completed the consolidation of its common shares on the basis of 15 pre-consolidation common shares for each one post-consolidation common share (the "Share Consolidation"), as well as a name change from "Pediapharm Inc." to "Medexus Pharmaceuticals Inc." following receipt of shareholder approval for both the name change and Share Consolidation at the Company's annual and special meeting of shareholders held on the same date. Under the Share Consolidation, fractional interests were rounded up to the nearest whole number of common shares if 0.5 or greater, and rounded down to the nearest whole number of common shares if less than 0.5. The exercise prices and number of common shares issuable upon the exercise of outstanding options, warrants, convertible debentures and other convertible securities of the Company were proportionately adjusted as a result of the Share Consolidation. At the opening of trading on December 19, 2018, the Company's common shares began trading on the TSX Venture Exchange under the name Medexus Pharmaceuticals Inc., on a post-consolidated basis, and under the new stock symbol "MDP".

**Repayment of 2015 Debentures**

On December 12, 2018, the Company announced that it repaid its outstanding convertible secured debentures issued in 2015 (the "2015 Debentures"), for a total aggregate payment of $5,743,833, representing the principal amount of the 2015 Debentures and accrued interest thereon, plus the required 2% early repayment fee.

**Management Changes**

On December 17, 2018, the Company announced that the Board had appointed Ken d'Entremont as Chief Executive Officer of the Company. Mr. d'Entremont joined the Company as a director and Chief Operating Officer following the acquisition of Medexus, of which he was the founder, President, Chief Executive Officer and a director. Sylvain Chrétien, the founder of the Company, was appointed as President of the Canadian Operations of the Company, and Terri Shoemaker, the President of Medac Pharma prior to the Medac Pharma Acquisition, was appointed as President of the United States Operations of the Company. On the same date, the Company announced the retirement of Pierre Lapalme from the Board and the appointment of Peter van der Velden as Chair of the Board.

## NON-IFRS FINANCIAL MEASURES

### EBITDA AND ADJUSTED EBITDA

EBITDA and Adjusted EBITDA are non-IFRS financial measures. The term EBITDA (earnings before interest, taxes, depreciation and amortization) does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing a further understanding of operations from management's perspective. The Company defines Adjusted EBITDA as earnings before financing costs, interest expenses, income taxes, interest income, depreciation of property and equipment, amortization of intangible assets, non-cash share-based compensation, income from sale of asset, impairment of intangible assets as well as fees related to the transactions and financing announced on October 16, 2018. The Company considers Adjusted EBITDA as a key metric in assessing business performance and considers Adjusted EBITDA to be an important measure of operating performance and cash flow, providing useful information to investors and analysts. These non-IFRS measures presented are not intended to represent cash provided by operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.

Adjusted EBITDA for the three-month period ended December 31, 2018 was $2,191,272 compared to ($582,381) for the three-month period ended December 31, 2017. The improvement is mainly due to

Acquisitions, as well as increase in gross profit driven by increase in revenue from the Company pre-Acquisitions.

Adjusted EBITDA for the nine-month period ended December 31, 2018 was $2,370,859 compared to ($1,191,899) for the nine-month period ended December 31, 2017. The improvement is mainly due to the Acquisitions, as well as increase in gross profit driven by increase in revenue from the Company pre-Acquisitions.

| | For the 3-month period ended December 31, 2018 $ | For the 3-month period ended December 31, 2017 $ | For the 9-month period ended December 31, 2018 $ | For the 9-month period ended December 31, 2017 $ |
|---|---|---|---|---|
| **Net Loss** | (1,328,842) | (1,006,092) | (5,639,371) | (2,460,651) |
| Add Back: | | | | |
| Depreciation & Amortization (property, equipment, intangible assets) | 1,122,401 | 60,316 | 1,276,549 | 158,419 |
| Interest expenses | 785,404 | 168,667 | 1,122,704 | 504,167 |
| Convertible debenture interest accretion net of deferred financing fee amortization | 685,395 | 133,649 | 939,723 | 378,871 |
| Interest income | (219,828) | (12,809) | (237,194) | (28,909) |
| **EBITDA** | **1,044,530** | **(656,269)** | **(2,537,589)** | **(1,448,103)** |
| Impairment Loss | 124,746 | | 124,746 | |
| Share-based compensation | 94,107 | 73,888 | 184,907 | 256,204 |
| Transaction fees (legal, tax, IP, etc) | 927,889 | - | 4,598,795 | - |
| **ADJUSTED EBITDA** | **2,191,272** | **(582,381)** | **2,370,859** | **(1,191,899)** |

**FUTURE OUTLOOK**

On October 16, 2018, the Company completed the transformative Acquisitions after completing the Offering for total gross proceeds of $62 million. The net proceeds raised through this offering were used to partially finance the Medac Pharma Acquisition and to provide a strong financial position for future growth opportunities. The Company is now a North American specialty pharma company with a solid portfolio of products in the rheumatology, auto-immune, oncology, and other sectors, plus its traditional pediatric business in Canada. From this much larger base, the Company will seek business development opportunities which leverage its commercial infrastructure in both the USA and Canada. These business development efforts will be supported by a strong balance sheet with close to $29 million in cash as of December 31, 2018.

The combination of these three entities (the Company, Medexus and Medac Pharma) creates a solid platform for growth and improved profitability. Prior to the Acquisitions, each entity (including the Company) was generating double digit revenue growth and was either generating positive Adjusted EBITDA or was on the verge of generating positive Adjusted EBITDA. Together, the post-combination Company has increased scale, a strong balance sheet and is expected to be cash flow positive. Management believes the additional business development activities will further leverage the existing commercial infrastructure and improve the financial results.

The Company has decided it will further enhance its business development efforts with additional resources to find opportunities that help build scale in the short to medium term. The Company is determined to accelerate its organic growth through product licensing and/or product and company acquisitions.

Among its specific product lines, the Company is experienced 274% year-over-year revenue growth of Metoject in Canada due, in part, to public reimbursement. Metoject is a pre-filled syringe of methotrexate, which is indicated for the treatment of rheumatoid arthritis and psoriasis. Metoject is a highly effective and cost-efficient treatment for these debilitating diseases. Public reimbursement creates access for a large group of patients who previously could not get the product.

The Company is also experiencing strong revenue growth from Rasuvo in the USA, which increased 14% compared to the same period last year. Rasuvo is a once-weekly, subcutaneous, single-dose auto-injector of methotrexate indicated for the treatment of rheumatoid arthritis, psoriasis and juvenile idiopathic arthritis ("JIA"). It has excellent payor, prescriber and patient acceptance which has positioned the Company as an emerging leader in the methotrexate auto-injector market. Management expects this growth to continue as prescribers adopt the most effective and convenient form of methotrexate for their patients.

The Company recently launched three new products, Rupall™, Otixal™ and Cuvposa™. Each of these products are generating solid year over year prescription growth. Rupall™, launched in January 2017, grew 89.5% for the third quarter compared to the same period last year, as physicians are switching patients from either the generic prescription antihistamines or over-the-counter products. Rupall™ is expected to be a leading prescription anti-histamine in a total market valued at $131.4 million, including $42.6 million from the prescription market, which is growing at annual rate of 17% (IMS Data-MAT June 2018). Otixal™ a prescription product that was launched in May 2017 for the treatment of acute otitis media with tympanostomy tubes in pediatric patients is also growing at a strong pace, with sales increasing 187% for the third quarter compared to the same period last year. In April 2018, the Company launched Cuvposa™, which is indicated for sialorrhea in patients aged 3-18 years with neurologic conditions such as cerebral palsy. Receptivity to Cuvposa from the medical community and patients has been positive, as this product addresses a significant unmet need.

In Canada, there has been a long-standing drug shortage of Triamcinolone Hexacetinide (TH), a leading treatment for JIA. In October 2018, the Company launched its own TH product, which was being made available, by the Company, to children with JIA through the Special Access Program of Health Canada. With the commercial launch of TH, children with JIA now have a reliable source for a product which is a key component for the management of their disease.

The Company has a first right of refusal on current products from the previous owner of Medac Pharma with whom the Company has entered into a Supply Agreement. The Company believes that several of these products represent a commercial opportunity in North America and is in the process of assessing the licensing of these drugs. The Company is also in discussion with several partners regarding other licensing agreements and believes that those products have the potential to make a material contribution within the next few years.

***In summary, the Company believes it has built a highly scalable business platform which should provide significant incremental earnings potential. The Company continues to grow revenue, leverage its North American sales force across products, realize synergies of the combined entities, and maintain strict financial discipline. The Company also has a solid cash position from which to execute its business plan, including the launch of several new products. Management estimates that the upcoming expected revenue growth and stable operational expenses will continue to bring the Company into a positive Adjusted EBITDA situation in the current and future fiscal years.***

**CORPORATE STRUCTURE OF MEDEXUS PHARMACEUTICALS INC. (FORMERLY PEDIAPHARM)**

The Company's predecessor was incorporated in 2003 under the federal laws of Canada and commenced its operations in late 2007. In December of 2013, it completed an amalgamation with Chelsea Acquisition Corporation to form the Company, which transaction constituted a "Qualifying Transaction" pursuant to the policies of the TSX Venture Exchange. The head office and registered and records office of the Company are both located at 225 - 1 Place du Commerce, Verdun, Québec, H3E 1A2.

As of the date of this MD&A, the Company has two active subsidiaries (Medac Pharma and Medexus), one inactive subsidiary (Pediapharm Licensing Inc.) and one United States subsidiary which was created for the sole purpose of the Medac Pharma Acquisition (MI Acquisitions, Inc.).

Medexus is a direct, wholly owned active subsidiary of the Company which was amalgamated under federal laws in Canada in 2018. Medexus is a Canadian specialty pharmaceutical company focused on the licensing, registration, marketing, sales and distribution of innovative pharmaceutical products in Canada with strategic partnerships in key international markets. The head office of Medexus is in Bolton, Ontario and the registered office is located at 1600, 333 – 7 Avenue S.W., Calgary, Alberta T2P 2Z1.

Medac Pharma is an indirect, wholly owned active subsidiary of the Company which was incorporated in 2012 under the laws of Delaware. Medac Pharma is a specialty pharmaceutical company focusing primarily in the area of rheumatology in the United States through a solid implemented commercial infrastructure. The head office of Medac Pharma is in Chicago, Illinois and the registered office is located at 1209 Orange Street, Wilmington, Delaware 19801.

Pediapharm Licensing Inc. is a direct, wholly-owned, inactive subsidiary of the Company which was incorporated in 2011 under the laws of Ontario. Pediapharm Licensing Inc. was granted a drug establishment license by Health Canada, which has since been transferred to, and is currently held by, the Company. The registered office of Pediapharm Licensing Inc. is located at 4 Innovation Drive, Dundas, Ontario L9H 7P3.

MI Acquisitions, Inc. is a direct, wholly-owned subsidiary of the Company which was incorporated on September 4, 2018 under the laws of Delaware, for the sole purpose of the Medac Acquisition. MI Acquisitions, Inc. does not carry on active business other than ownership of 100% of the issued and outstanding shares of Medac Pharma.

On December 12, 2018, the Company completed the Share Consolidation and changed its name to "Medexus Pharmaceuticals Inc." At the opening of trading on December 19, 2018, the Company's common shares began trading on the TSX Venture Exchange under the name Medexus Pharmaceuticals Inc., on a post-consolidated basis, and under the new stock symbol "MDP".

**SELECTED FINANCIAL INFORMATION**

**FINANCIAL POSITION ANALYSIS**

**ASSETS**

At December 31, 2018, total assets were $112,529,329 compared to $9,257,462 as of March 31, 2018. Current assets were $50,527,902 at December 31, 2018 vs $6,635,033 as of March 31, 2018.

Cash at December 31, 2018 was $28,888,043 compared to $3,608,506 as of March 31, 2018, due in part to the Offering for aggregate gross proceeds of approximately $62 million, which was partially offset by the repayment in December 2018 of the 2015 Debentures.

Accounts receivable were $14,621,925 as of December 31, 2018 versus $738,454 as of March 31, 2018.

The increase was due in part to the additional receivables resulting from the Acquisitions.

Inventory was $4,744,140 million vs 2,189,278, which also reflects the inventory increase due to the Acquisitions.

Intangible Assets were $60,543,149 as of December 31, 2018 versus $2,602,330 as of March 31, 2018, as a result of the Acquisitions. A large component of intangible assets was based on the preliminary purchase price allocation. The final determination of the fair value of identifiable assets and liabilities acquired will be completed within the prescribed period of one year following the Acquisitions, as per IFRS 3.

**LIABILITIES**
At December 31, 2018, total current liabilities were $15,948,177 compared with $1,874,067 at March 31, 2018. Accounts payable and accrued liabilities increased by $13,735,000 as a result of the Acquisitions.

Due to the repayment of the 2015 Debentures of $5,500,000 in December 2018, the only remaining interest payable on the balance sheet is related to the $42,000,000 Convertible Debentures issued pursuant to the Offering.

At December 31, 2018, total long-term liabilities were $39,361,818 compared to $4,345,627 at March 31, 2018. The increase is due to the aforementioned issuance of the principal amount of $42,000,000 of Convertible Debentures, offset by the repayment of the aforementioned $5,500,000 2015 Debentures, as well as the fair value of the contingent consideration associated with the Acquisitions.

**EQUITY**
At December 31, 2018, Shareholders' Equity was $57,219,334 compared to $3,037,768 as of March 31, 2018.

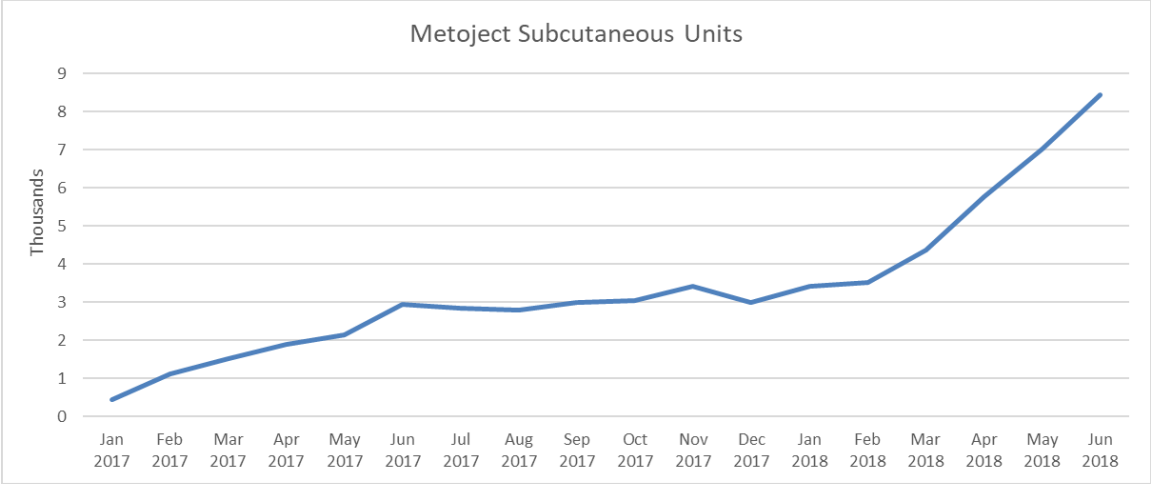
**OPERATING RESULTS ANALYSIS**

| | **December 31, 2018 (3 months) $** | **December 31, 2017 (3 months) $** | **December 31, 2018 (9 months) $** | **December 31, 2017 (9 months) $** |
|---|---|---|---|---|
| Revenue | 14,421,084 | 2.356,782 | 21,119,426 | 7,905,728 |
| Cost of goods sold | 5,470,328 | 1,178,128 | 8,575,349 | 3,724,795 |
| Gross Profit | 8,950,757 | 1,178,654 | 12,544,078 | 4,180,933 |
| Selling and administrative expenses | 7,874,559 | 1,881,129 | 11,459,340 | 5,799,022 |
| Transaction and financing expenses | 927,889 | - | 4,548,795 | - |
| Operating loss | (77,871) | (716,585) | (3,814,138) | (1,606,522) |
| Net loss | (1,328,842) | (1,006,092) | (5,637,371) | (2,460,651) |
| Adjusted EBITDA | 2,191,272 | (582,381) | 2,370,859 | (1,191,899) |
| Cash flow used in operating activities | (1,436,288) | (286,282) | (1,961,715) | (3,213,771) |
| Cash flow used in investing activities | (23,835,764) | (50,218) | (24,175,994) | (349,349) |
| Cash flow from financing activities | 51,179,860 | - | 51,239,185 | 4,956,967 |

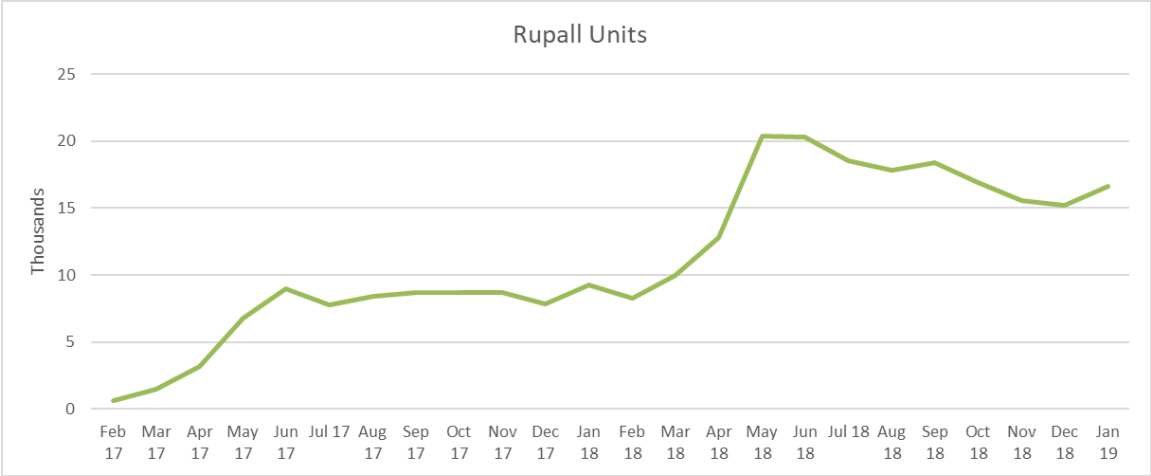
## FINANCIAL INFORMATION COMPARISON

### REVENUE

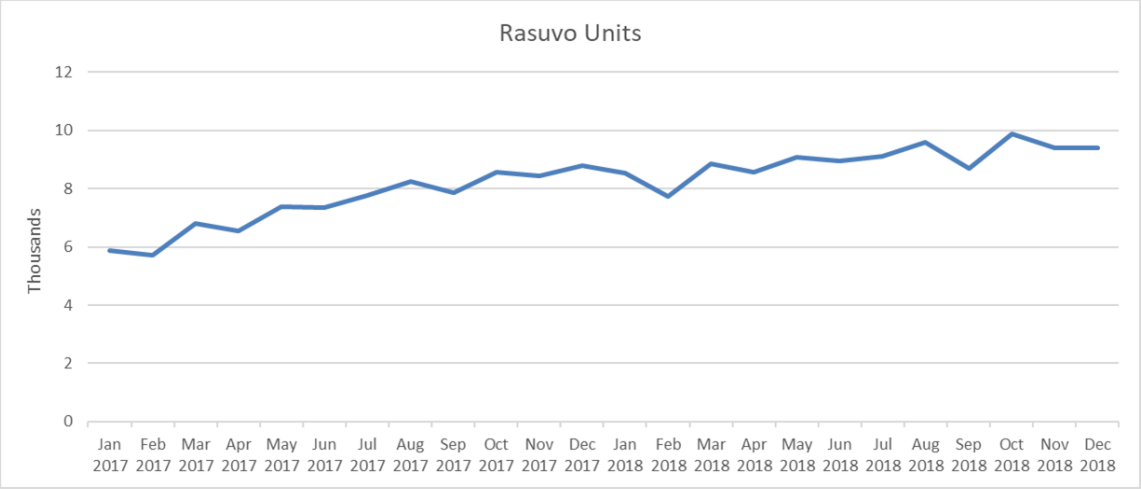
For the three months ended December 31, 2018, total revenue reached $14,421,084 compared to revenue of $2,356,782 for the three months ended December 31, 2017. This was mainly due to the Acquisitions, as well as the increase in revenue from recently launched brands, Rupall™, Otixal™ and Cuvposa™, respectively launched in January 2017, May 2017 and April 2018. As can be seen in the charts below: i) Metoject is experiencing rapid unit growth following the initiation of public reimbursement in March of 2018, ii) Rupall is more than doubling year over year and is taking share from generic anti-histamines, and iii) Rasuvo is growing at a rate of 14% year over year as it continues to gain share from vials of methotrexate.




Source: IQVIA CDH units June 2018




Source: IQVIA TSA units January 2019




Source: Symphony Sub National 12/31/2018 Data & Chargebacks Launch to 12/31/2018 Pulled 1/31/2019, PAP Launch to 12/31/2018 Pulled 1/24/2018

For the nine months ended December 31, 2018, total revenue reached $21,119,426 compared with revenue of $7,905,728 in the nine months ended December 31, 2017, representing an increase of $13,213,698. This was due in part to Acquisitions, as well as the increase in revenue from recently launched brands, Rupall™, Otixal™ and Cuvposa™, respectively launched in January 2017, May 2017 and April 2018.

**GROSS PROFIT AND MARGIN**

In addition to actual cost of goods and royalties paid to partners, gross profit and margins are impacted by amortization of assets generating revenue, allowances for potential product returns as well as warehouse and logistics expenses.

For the three months ended December 31, 2018, gross profit reached $8,950,757 compared to $1,178,654 for the three months ended December 31, 2017. Gross margin increased to 62.1% compared to 50.0% for the same period last year due to higher gross margins derived from the products acquired as part of the Acquisitions.

For the nine months ended December 31, 2018, gross profit reached $12,544,078 compared to $4,180,933 for the nine months ended December 31, 2017. Gross margin increased to 59.4% compared to 52.9% for the same period last year due to higher gross margins derived from the products acquired as part of the Acquisitions.

**SELLING AND ADMINISTRATIVE EXPENSES**

For the three months ended December 31, 2018, selling and administrative expenses reached $7,874,599 compared to $1,881,129 for the three months ended December 31, 2017 as a result of the Acquisitions.

For the nine months ended December 31, 2018, selling and administrative expenses reached $11,459,340 compared to $5,799,022 for the nine months ended December 31, 2017 as a result of the Acquisitions.

**OPERATING PROFIT OR LOSS**

Operating loss for the three months ended December 31, 2018 was $77,871 compared to $716,585 for the three months ended December 31, 2017. There was an additional $927,889 of expenses related to the Acquisitions and the Offering. Furthermore, the additional amortization related to the Acquisitions had a negative impact of $986,811. Excluding transaction-related expenses and all amortization included in cost of good sold, the result would have been an operating income of $1,972,419.

The operating loss for the nine months ended December 31, 2018 was $3,814,138 compared to $1,606,522 for the nine months ended December 31, 2017. There was $4,548,795 of expenses related to the

Acquisitions and Offering. Furthermore, the additional amortization related to the Acquisitions had a negative impact of $986,811. Excluding transaction-related expenses and all amortization included in cost of good sold, the result would have been an operating income of $2,011,206.

**ADJUSTED EBITDA**

Adjusted EBITDA, defined in a previous section of the MD&A, for the three-month period ended December 31, 2018 was $2,191,272 compared to ($582,381) for the three-month period ended December 31, 2017. The improvement is mainly due to the Acquisitions, as well as increase in gross profit driven by increase in revenue from the Company prior to the Acquisitions and Offering.

Adjusted EBITDA for the nine-month period ended December 31, 2018 was $2.370,859 compared to ($1,191,899) for the nine-month period ended December 31, 2017. The improvement is mainly due to the Acquisitions, as well as increase in gross profit driven by increase in revenue from the Company prior to the Acquisitions and Offering.

**CASH FLOW ANALYSIS**

**Operating activities**

For the three months ended December 31, 2018, cash flows used in operating activities were $1,436,288 compared to $286,282 for the three months ended December 31, 2017. The incremental income driven by the Acquisitions was somewhat offset by the negative impact of transaction-related expenses and the non-cash operating working capital items.

For the nine months ended December 31, 2018, cash flows used in operating activities were $1,961,715 compared to $3,213,771 for the nine months ended December 31, 2017. The incremental income driven by the Acquisitions was somewhat offset by the negative impact of transaction-related expenses and the non-cash operating working capital items.

**Investing activities**

Except for cash flows used for acquisitions, as was the case in October 2018, other investing activities for the Company mostly involve the purchase of licenses, as well as the amortization charges as per the Company's accounting policies.

For the three months ended December 31, 2018, cash flows used in investing activities were $23,835,764 for the three months ended December 31, 2018 compared to $50,218 for the three months ended December 31, 2017. For the nine months ended December 31, 2018, cash flows used in investing activities were $24,175,994 for the nine months ended December 31, 2018 compared to $349,349 for the same period last year.

**Financing activities**

In the three months ended December 31, 2018, cash flows from financing activities were $51,179,860 as a result of the Offering, compared to no cash flows from financing activities for the same period last year. For the nine months ended December 31, 2018, cash flows from financing activities were $51,239,185, as a result of the Offering, compared to $4,956,967 for the nine months ended December 31, 2017, as a result of the net proceeds from a non-brokered private placement of $5,000,000.

**SUMMARY OF ANNUAL RESULTS**

The following tables set out financial performance highlights for the past three fiscal years.

| | Twelve months ended March 31, 2018 $ | Twelve months ended March 31, 2017 $ | Twelve months ended March 31, 2016 $ |
|---|---|---|---|
| **Revenues from Products** | 10,006,437 | 5,951,474 | 3,504,696 |
| **Revenues from Commissions** | 2,730 | 255,665 | 245,540 |
| **Total Revenue** | 10,009,167 | 6,207,139 | 3,750,236 |
| **Gross Profit** | 5,401,626 | 3,428,746 | 2,454,237 |
| **Selling and Administrative Expenses** | 7,862,437 | 6,803,665 | 6,750,581 |
| **Other Income** | - | 2,570,200 | 3,134,249 |
| **Operating Loss** | (2,811,472) | (789,545) | (1,339,717) |
| **Total Loss and Comprehensive Loss** | (3,482,645) | (1,831,887) | (2,299,294) |
| **Cash flow used in operations** | (3,861,847) | (1,258,273) | (1,286,300) |
| **Cash & cash equivalents** | 3,608,506 | 3,241,097 | 4,941,494 |
| **Assets** | 9,257,462 | 7,727,641 | 7,653,194 |
| **Long-term liabilities** | 4,345,627 | 4,323,821 | 3,910,695 |
| **Dividends** | - | - | - |

## SUMMARY OF QUARTERLY RESULTS

| | Quarter ended $ | Quarter ended $ | Quarter ended $ | Quarter ended $ | Quarter ended $ | Quarter ended $ | Quarter ended $ | Quarter ended $ |
|---|---|---|---|---|---|---|---|---|
| | **31-Dec-18** | **30-Sep-18** | **30-Jun-18** | **31-Mar-18** | **31-Dec-17** | **30-Sep-17** | **30-Jun-17** | **31-Mar-17** |
| **Revenues from Products** | 14,421,084 | 3,449,203 | 3,249,139 | 2,103,439 | 2,356,782 | 3,083,397 | 2,462,819 | 1,642,538 |
| **Revenues from Commissions** | - | - | - | - | - | - | 2,730 | 16,250 |
| **Total Revenue** | 14,421,084 | 3,449,203 | 3,249,139 | 2,103,439 | 2,356,782 | 3,083,397 | 2,465,549 | 1,658,788 |
| **Gross Profit** | 8,950,757 | 1,855,321 | 1,738,000 | 860,694 | 1,178,654 | 1,715,228 | 1,287,050 | 712,385 |
| **Selling and Administrative Expenses** | 7,874,559 | 1,502,818 | 2,149,219 | 2,063,415 | 1,881,129 | 1,783,377 | 2,134,516 | 1,871,811 |
| **Transaction and Financing expenses** | 927,889 | 3,670,905 | - | - | - | - | - | - |
| **Operating Loss** | (77,871) | (3,314,121) | (422,146) | (1,204,949) | (716,585) | (52,177) | (837,761) | (1,117,704) |
| **Net Loss** | (1,328,842) | (3,616,440) | (692,090) | (1,021,994) | (1,006,092) | (336,631) | (1,117,928) | (1,388,613) |
| **Cash flow from (used in) operations** | (1,436,288) | (191,888) | (333,526) | (648,077) | (286,282) | (852,795) | (2,074,693) | (747,391) |
| **Cash & cash equivalents, end of period** | 28,888,043 | 2,802,174 | 3,267,600 | 3,608,506 | 4,634,944 | 4,971,443 | 5,851,378 | 3,241,097 |
| **Assets** | 112,529,329 | 9,135,070 | 9,060,626 | 9,257,462 | 9,870,804 | 11,073,354 | 11,734,895 | 7,727,641 |
| **Long-term liabilities** | 39,361,818 | 4,599,755 | 4,457,939 | 4,345,627 | 4,702,692 | 4,569,043 | 4,442,893 | 4,323,821 |
| **Dividends** | - | - | - | - | - | - | - | - |

The main reasons explaining volatility in the Company's quarterly revenue are:

- The Acquisitions;
- The launches of Rupall, Otixal and Cuvposa, respectively launched in January 2017, May 2017; and April 2018;
- The public reimbursement Metoject; and
- The seasonality of some of the major products such as Rasuvo, Metoject, Rupall and NYDA.

## LIQUIDITY, CAPITAL RESOURCES AND SOURCES OF FINANCING

The Company finished the nine-month period ended December 31, 2018 with cash amounting to $28,888,043. While the Company expects positive cash flow to be generated in the next twelve months, the cash balance at December 31, 2018 is well in excess of any potential cash outflows for at least the next twelve months. With the exception of the interest payments, payable in cash or in shares at the Company's sole discretion, related to the Convertible Debentures, there is no substantial debt commitment for the next twelve months.

## RELATED PARTY TRANSACTIONS

Transactions with related parties during the period and amounts due to or from these parties as at December 31, 2018 and 2017 are disclosed in these condensed interim consolidated financial statements.
All related party transactions, unless otherwise disclosed, occurred in the normal course of operations.

On December 12, 2018, the Company repaid the outstanding 2015 Debentures pursuant to their terms. For the three-month period ended December 31, 2018, the Company repaid the following amounts:

- $104,433, comprised of $100,000 representing the outstanding principal amount, $2,433 representing accrued interest and $2,000 representing an early repayment fee of 2% on the outstanding principal amount, was paid to a former director of the Company; and

- $104,433, comprised of $100,000 representing the outstanding principal amount, $2,433 representing accrued interest and $2,000 representing an early repayment fee of 2% on the outstanding principal amount, was paid to a director of the Company.

For the three-month period ended December 31, 2018, the amount of $76,747 accrued as interest on the Convertible Debentures issued on October 16, 2018 which are owned or controlled, directly and indirectly, by two directors of the Company.

**CAPITAL RESOURCES**

The Company manages its capital structure and brings about adjustments related to changes in the economic environment and underlying risks of its assets. To preserve or modify its capital structure and to carry on the development and commercialization of technology and fulfill its various financial obligations, the Company may issue additional shares or negotiate new loans.

**CONTRACTUAL COMMITMENTS**

The future minimum payment required under a long-term operating leases for the Company's office spaces is as follows:

| | **$** |
|---|---|
| 2019 | 113,878 |
| 2020 | 456,564 |
| 2021 | 462,267 |
| 2022 | 198,783 |

**DESCRIPTION OF THE COMPANY'S SECURITIES**

The Company's authorized share capital consists of an unlimited number of common shares. As of February 25, 2019, the Company has 14,746,258 shares outstanding. There have been no dividends declared during the current period. The Company had the following securities outstanding as at February 25, 2019:

| **Type of Security** | **Number Outstanding[(1)]** |
|---|---|
| Common shares | 14,746,258 |
| Common share purchase warrants | 2,910,284[(2)] |
| Convertible Debentures | $42,000,000[(3)] |
| Stock options | 464,542 |
| Restricted Share Units ("RSUs") | 1,877,555[(4)] |
| Compensation Warrants | 191,154 |

Notes:

(1) All securities are reported on a post-Share Consolidation basis.

(2) Does not include warrants issuable upon conversion of Convertible Debentures or Compensation Warrants. Of the 2,910,284 common share purchase warrants issued and outstanding, 808 are exercisable at a price of $4.95 per common share until March, 2019, 221,392 are exercisable at a price of $4.95 until March, 2020, and 2,197,888 are Offering Warrants and Consideration Unit Warrants exercisable at a price of $9.45 per Offering Warrant until October 16, 2023.

(3) $42,000,000 represents the principal amount outstanding under the Convertible Debentures. The Convertible Debentures are convertible into Conversion Units at a price of $6.30. Each Conversion unit consists of one common share of the Company and ½ of one Offering Warrant Exercisable at a price of $9.45 per warrant until October 16, 2023. If the Convertible Debentures were converted in full (without giving account to accrued interest, which may be payable in cash or in common shares by the Company), up to an additional 6,666,666 common shares and 3,333,333 Offering Warrants would be issued by the Company.

(4) RSUs were issued on December 19, 2018 and will vest in equal amounts upon the first, second, third and fourth anniversaries of the effective issuance date. The RSUs are exercisable for a nominal payment per share. Each vested RSU entitles the holder to receive one common share of the Company by delivering an exercise notice in accordance with the Plan and the terms of the applicable award agreement.

**OFF -BALANCE SHEET ARRANGEMENTS**
The Company has no off-balance sheet arrangements.

**SIGNIFICANT ACCOUNTING POLICIES**
The Company prepares its condensed interim consolidated financial statements in accordance with IFRS, which require management to make estimates and assumptions that affect the amounts of its assets and liabilities, the information provided with regard to future assets and liabilities as well as the amounts of revenues and expenses for the relevant periods.

The elements in the financial statements that require more use of estimates include valuation of stock options, warrants, RSUs and impairment of fixed and intangible assets. Actual results may differ from these estimates, but management believes they will not result in material changes versus the results being presented. Readers are invited to refer to the audited consolidated financial statements for the year ended March 31, 2018 for a full description of the significant accounting policies of the Company at that date.

**NEW STANDARDS ADOPTED BY THE COMPANY**

**IFRS 9, Financial Instruments**
The IASB previously published versions of IFRS 9 that introduced new classification and measurement requirements in 2009 and 2010 and a new hedge accounting model in 2013. In July 2014, the IASB released the final version of IFRS 9, which replaces earlier versions of IFRS 9 issued and completes the IASB's project to replace IAS 39, Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company assessed the impact of the adoption of IFRS 9 on its consolidated financial statements and determined that there were no significant changes from the adoption of the new standard.

**IFRS 15, Revenue from Contracts with Customers**
The Company adopted IFRS 15 using the modified retrospective method of adoption in its consolidated financial statements for the annual period beginning on April 1, 2018. The standard outlines the principles that must be applied to measure and recognize revenue and the related cash flows.

The principles in IFRS 15 are applied using the following five steps: 1. Identify the contract(s) with a customer 2. Identify the performance obligations in the contract 3. Determine the transaction price 4. Allocate the transaction price to the performance obligations in the contract 5. Recognize revenue when (or as) the entity satisfies a performance obligation

Product revenue performance obligations for product sales are primarily satisfied upon delivery of product to the Company's customers. Revenue is recorded on a net basis, representing the amounts receivable from customers after the deduction for discounts, returns and early payment discounts. The methodology and assumptions used to estimate discounts, returns and early payments discounts are monitored and adjusted in light of contractual and historical information. Invoices are generated at the time of product shipment and are payable in 30 days. The provision for returns is a complex estimate used in the recognition of revenue. The Company has a returns policy that allows wholesalers to return product within a specified period prior to and subsequent to the expiration date. Provisions for returns are recognized in the period in which the underlying sales are recognized, as a reduction of product sales revenue. The Company estimates provisions for returns based upon historical experience if applicable, representing management's best estimate. While such experience has allowed for reasonable estimations in the past, history may not always be an accurate indicator of future returns. The Company continually monitors provisions for returns and adjusts when it believes that actual product returns may differ from established reserves.

## NEW STANDARDS NOT YET ADOPTED BY THE COMPANY

### IFRS 16, Leases

In January 2016, the IASB released IFRS 16. The new standard eliminates the classification of leases as either operating or finance leases and introduces a single accounting model for the lessee under which a lease liability and a right-of-use asset is recognized for all leases with a term of more than 12 months. IFRS 16 also substantially carries forward the lessor accounting requirements; accordingly, a lessor continues to classify its leases as operating leases or finance leases. IFRS 16 supersedes IAS 17, Leases, and related interpretations. IFRS 16 is effective for annual periods beginning on January 1, 2019 for the Company, with earlier application permitted for companies that also apply IFRS 15. The Company is currently evaluating the impact of the new standard on its consolidated financial statements.

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

## USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make estimates and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Management bases its estimates and judgments on historical experience and on various other assumptions that it considers reasonable. The areas involving a high degree of judgment or complexity, or other areas where assumptions and estimates are significant to the condensed interim consolidated financial statements are disclosed below. Actual results could differ from those estimates. Changes will be reported in the period in which they are identified.

a) Fair value of stock options, warrants and RSUs

When the Company issues stock options, warrants, and RSUs, an estimate of fair value is derived for the instrument using the Black-Scholes option pricing model. The application of this option pricing model requires management to make assumptions regarding several variables, including the period for which the instrument will be outstanding, the price volatility of the Company's shares over a relevant time frame, the determination of a relevant risk-free interest rate and an assumption regarding the Company's dividend policy in the future. If different assumptions are used, the value derived for the instruments could be significantly impacted. When the Company issues RSUs, it calculates the fair value by multiplying the number of units by the difference between the share price on the day preceding the issuance and the exercise price.

b) Impairment of intangible assets

Licences are recognized as intangible assets and are amortized over their useful lives when they meet the criteria for capitalization. Forecasted revenue and profitability for the relevant products are used to assess compliance with the capitalization criteria and to assess the recoverable amount of the assets. The useful life is determined by identifying the period in which substantially all of the cash flows are expected to be generated and generally amortization starts either from the date of the distribution approval granted by Health Canada or from the date of the licence contract signature, depending on the contract terms. Whenever licences are tested for impairment, the determination of the assets' recoverable amount involves the use of estimates by

management and can have a material impact on the respective values and ultimately the amount of any impairment.

c) Fair value of Convertible Debentures

The Convertible Debentures are a compound financial instrument under IAS 32, Financial Instruments: Presentation, and have both a liability and an equity component. The fair value of the consideration for the compound instrument must be split into its liability and equity components. The fair value of the consideration in respect of the liability component is first measured at the fair value of a similar liability that does not have any associated equity conversion option. This becomes the liability component's carrying amount at initial recognition, and the residual amount is allocated to the equity components. The most significant assumption used is the discount rate to fair value for the liability component. If other assumptions are used, the values derived could be significantly impacted.

d) Returns provision

The returns provision is calculated using management's best estimate of products that will ultimately be returned by customers. Estimation of the returns provision is based on historical experience with returned products and is deducted from revenues.

e) Business combinations

The Company makes a number of estimates when allocating fair values to the assets acquired and liabilities assumed in a business acquisition. Fair values are estimated using valuation techniques that take into consideration several assumptions such as earnings and expenses, interest rate and discount rate.

## FINANCIAL INSTRUMENTS

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to credit risks, liquidity risks, interest rate risks and foreign currency risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. The Company does not have any hedges in place.

### Liquidity risk

Liquidity risk arises when a company encounters difficulties in meeting commitments associated with liabilities and other payment obligations. Liquidity risk is managed by maintaining adequate reserves and banking facilities and by closely monitoring forecast and actual cash flows. The Company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and Convertible Debentures.

### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed mainly to credit risk on its cash and cash equivalents and accounts receivable. The Company offers credit to its customers in the normal course of its operations. It continually assesses the credit risk of its customers and accounts for an allowance for doubtful accounts, if any. The credit risk on cash and cash equivalents is mitigated by the fact that they are in place with major Canadian financial institutions.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed rate instruments subject the Company to fair value risk, while floating rate instruments subject it to cash flow risk.

**Currency Risk**

Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities when revenue or expenses are denominated in United States or other foreign currency. All of the sales from Medac Pharma, representing a significant portion of gross revenues earned, are in United States dollars. As a result, the Company's competiveness could be impacted by unfavourable fluctuations in currency exchange rates.

**Disclosure controls and procedures**

Disclosure controls and procedures have been established by the Company to ensure that financial information disclosed by the Company in this MD&A, the related annual consolidated financial statements and its interim filings are properly recorded, processed, summarized and reported to its audit committee, its Board and its shareholders.

**Internal controls over financial reporting**

As an issuer on the TSX Venture Exchange, the Chief Executive Officer and the Chief Financial Officer are not required to certify that they have designed and evaluated the effectiveness of disclosure controls and procedures and internal controls over financial reporting. Instead, the Company files a Certification of Annual Filings – Venture Issuer Basic Certificate or Certification of Interim Filings – Venture Issuer Basic Certificate, as the case may be, pursuant to which the Chief Executive Officer and the Chief Financial Officer certify the performance of a review of the information, no knowledge of misrepresentations and the fair presentation of the information in the annual or interim filings, as applicable.

Readers are referred to the more detailed information and risk factors described in other disclosure documents, including the Company's Annual Information Form filed with the applicable Canadian securities regulatory authorities and available at www.sedar.com.

Management of Medexus Pharmaceuticals Inc.