AEQUUS PHARMACEUTICALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2021
As of May 28, 2021

This Management Discussion and Analysis ("MD&A") of Aequus Pharmaceuticals Inc. (the "Company" or "Aequus") is for the three months ended March 31, 2021 and is performed by management using information available as of May 28, 2021. We have prepared this MD&A with reference to National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators. This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements as at March 31, 2021 and for the three months then ended, as well as the audited consolidated financial statements for the year ended December 31, 2020, and the related notes thereto ("Annual Financial Statements"), which are prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* in accordance with IFRS. All amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking statements or forward-looking information under applicable Canadian securities legislation that may not be based on historical fact, including, without limitation, statements containing the words "believe", "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect", "predict", "project", "potential", "continue", "ongoing" or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words and similar expressions.

Forward-looking statements are necessarily based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as the factors we believe are appropriate. Forward-looking statements in this annual information form include, but are not limited to, statements relating to:

- our ability to obtain funding for our operations, including funding for research and commercial activities;
- our ability to promote and market third-party products and the anticipated timing thereof, including our ability to successfully market tacrolimus immediate-release ("Tacrolimus IR"), PRVistitan™ ("Vistitan") and Evolve™ ("Evolve") in Canada;
- the expected benefits of Tacrolimus IR, Vistitan, Topiramate XR and Evolve;
- our estimates of the size and characteristics of the potential markets for Tacrolimus IR, Vistitan, Topiramate XR, Evolve and our internal product candidates;
- our ability to achieve profitability;
- our ability to establish and maintain relationships with collaborators with acceptable development, regulatory and commercialization expertise and the benefits to be derived from such collaborative efforts;
- whether our third-party collaborators will maintain their intellectual property rights in the technology we license;
- the manufacturing capacity of third-party manufacturers for our product candidates;
- the implementation of our business model and strategic plans;
- our ability to develop and commercialize product candidates;
- our commercialization, marketing and manufacturing capabilities and strategy;
- our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others;
- our expectations regarding federal, provincial and foreign regulatory requirements;

- whether we will receive, and the timing and costs of obtaining, a development and commercial partner for our product candidates;
- the therapeutic benefits, effectiveness and safety of our product candidates;
- the rate and degree of market acceptance and clinical utility of our future products, if any;
- the timing of, and our ability and our collaborators' ability, if any, to obtain and maintain regulatory approvals for our product candidates;
- our expectations regarding market risk, including interest rate changes and foreign currency fluctuations;
- our ability to engage and retain the employees or consultants required to grow our business;
- the compensation that is expected to be paid to employees and consultants of the Company;
- our future financial performance and projected expenditures;
- developments relating to our competitors and our industry, including the success of competing therapies that are or become available; and
- estimates of our expenses, future revenue, capital requirements and our needs for additional financing.

Such forward-looking statements reflect our current views with respect to future events, are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Aequus as of the date of such statements, are inherently subject to significant medical, scientific, business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. In making the forward looking statements included in this annual information form, the Company has made various material assumptions, including but not limited to: (i) obtaining positive results of clinical trials; (ii) obtaining regulatory approvals; (iii) general business and economic conditions; (iv) the Company's ability to successfully out-license or sell its current products and in-license and develop new products; (v) the assumption that our current good relationships with our manufacturer and other third parties will be maintained; (vi) the availability of financing on reasonable terms; (vii) the Company's ability to attract and retain skilled staff; (viii) market competition; (ix) the products and technology offered by the Company's competitors; (x) the Company's ability to protect patents and proprietary rights; (xi) the Company's ability to integrate acquired or licensed products into the Company's existing pipeline and sales infrastructure; and (xii) the impact of the novel coronavirus (COVID-19) on the Company's operations.

By their very nature, forward-looking statements or information involve known and unknown risks, uncertainties and other factors that may cause our actual results, events or developments, or industry results, to be materially different from any future results, events or developments expressed or implied by such forward-looking statements or information. In evaluating these statements, current and prospective shareholders should specifically consider various factors, including the risks outlined herein, under the heading"Risks" below. Some of these risks and assumptions include, without limitation, risks related to:

- Aequus having a limited history of generating revenue by promoting third-party products;
- Aequus currently generating revenue from a limited number of promotional or distribution services agreements;
- Aequus being subject to potential product liability claims relating to third-party products it markets;
- Aequus having continued access to skilled contractors and consultants;
- Aequus' third-party products potentially being subject to sales quotas and additional regulatory approvals;
- third-party products not achieving market acceptability;
- third parties that Aequus is reliant upon may not meet their commitments with respect to their products;
- Aequus not having reached profitability to date and the risk that the Company may never become profitable;
- Aequus having incurred operating losses since its inception and expecting to incur losses for the foreseeable future;
- Aequus being unable to complete the development or commercialization of its product candidates or obtain their regulatory approval if it fails to obtain the necessary capital to fund its operations;
- Aequus raising additional capital, which may restrict operations or cause dilution to Aequus' existing shareholders;

- Aequus' business to date and future viability being hard for investors to evaluate due to Aequus having a limited history with marketed drug products produced by third parties;
- Aequus having a history of negative operating cash flow, which may continue into the future;
- Aequus not having obtained regulatory approval in any country for any of its internal product candidates;
- Aequus never having submitted, and the potential that it may never be able to submit, an investigational new drug application (or NDA) (as defined below) in the United States for any of its internal product candidates;
- Aequus potentially being required to abandon development of a product if clinical trials are not successful;
- Aequus conducting clinical trials in sites outside the US and the potential that the Food & Drug Administration ("FDA") (as defined below) may not accept such data;
- further clinical trials for Topiramate XR and Oxcarbazepine XR potentially being required, since Health Canada requires different data packages than the FDA;
- regulatory approval of Aequus' products being delayed or unobtainable if additional time or studies are required;
- regulatory approval or sales being affected if Aequus' product candidates or promoted third-party products cause adverse effects;
- the commercial success of Aequus' product candidates being substantially dependent on forming a third-party partnership;
- the difficulty of profitably selling Aequus' product candidates or promoted third-party products if their coverage and reimbursement is limited;
- Aequus' sales and marketing ("S&M") infrastructure potentially being unable to generate enough revenue to cover commercial expenses;
- developments relating to our competitors and our industry, including the success of competing therapies that are or become available;
- potential legislation increasing the difficulty and cost for Aequus to obtain marketing approval of and to commercialize product candidates;
- Aequus' product candidates being subject to labeling and other restrictions;
- third-party coverage, reimbursement, cost containment initiatives and treatment guidelines potentially constraining Aequus' future revenue;
- Aequus' reliance on third-party manufacturing for their clinical and commercial supply;
- Aequus being subject to penalties if it fails to comply with regulatory requirements or experiencing unanticipated problems with its product candidates;
- Aequus' future collaboration arrangements potentially adversely affecting the development and commercialization of Aequus' product candidates;
- Aequus being subject to extensive regulatory review and potentially expensive ongoing obligations even if marketing approval for its product candidates is obtained;
- adverse effects on Aequus' business if Aequus fails to obtain FDA or Health Canada approval for any proposed product candidates;
- Aequus' relationships with physicians, customers and payors being subject to various laws and regulations, which could expose Aequus to various adverse consequences that could diminish profits and future earnings;
- Aequus potentially not being able to protect its proprietary technology in the marketplace;
- Aequus' intellectual property portfolio being comprised of pending patent applications, which may turn out to be unsuccessful or limited in scope;
- Aequus potentially not being able to enforce its intellectual property rights throughout the world;
- patent reform legislation in the US increasing the uncertainty and cost of prosecuting and defending patents;
- obtaining and maintaining patent protection being contingent on ongoing compliance with various requirements imposed by governmental patent agencies;
- Aequus or its consultants or contractors potentially infringing, or facing claims it infringed on, third-party intellectual property rights, including know-how or trade secrets;
- Aequus potentially being unable to adequately prevent disclosure of trade secrets and other proprietary information;

- potential lawsuits relating to infringement of intellectual property rights, which could be costly, time consuming and adversely impact the price of common shares;
- potential intellectual property disputes distracting Aequus' personnel and causing diversion of substantial resources;
- Aequus' growth and profitability being contingent on successfully maintaining and building additional third-party partnerships or commercializing its internal products;
- Aequus being unable to license or acquire additional product candidates or technologies from third parties;
- Aequus' business activities potentially being adversely impacted by the recent outbreak of the novel coronavirus (COVID-19);
- successful implementation of Aequus' business strategy being dependent on attracting and retaining highly qualified personnel;
- potential product liability lawsuits being brought against Aequus and any liabilities incurred potentially limiting commercialization of product candidates;
- any potential benefits of the collaboration with Sandoz Canada, Inc. ("Sandoz") or Medicom Healthcare Ltd. ("Medicom") (as defined below) or any further strategic alliances that Aequus enters into not being realized;
- Aequus' business being affected by macroeconomic conditions;
- Aequus incurring significant costs and devoting substantial time to compliance initiatives;
- potential business interruptions delaying development of Aequus' product candidates and disrupting sales;
- Aequus' business and operations suffering in the event of system failures;
- Aequus' business potentially being significantly harmed by misconduct perpetrated by non-arm's length parties;
- the directors and officers of Aequus being subject to conflicts of interest;
- future sales or issuances of Aequus' securities causing the market price of Aequus' equity securities to decline;
- the common share price fluctuating significantly;
- Aequus potentially being subject to securities litigation, which is expensive and could divert management attention;
- Aequus' existing shareholders, officers and directors being able to exert significant control over matters submitted to Aequus' shareholders for approval due to their substantial equity ownership;
- potential future sales of common shares by existing shareholders causing the common share price to decline;
- Aequus not being required to make representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting due to its status as a venture issuer;
- Aequus never having paid, and not anticipating paying, dividends on its common shares;
- the price of its common shares potentially declining due to equity research analysts publishing negatively about Aequus' business, or not publishing about Aequus' business at all; and
- anti-takeover provisions in Aequus constating documents potentially discouraging third parties from making takeover bids that could benefit Aequus' shareholders.

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined herein under the heading "Risk Factors". Should one or more of these risks or uncertainties, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this annual information form and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

NON-GAAP MEASURES //

The Company uses certain performance measurement within this MD&A that do not have standardized meanings prescribed by generally accepted accounting principles ("GAAP"), including IFRS, and these performance measurements may differ from other companies and accordingly, may not be comparable to measures used by other companies.

Management of the Company believes that these performance measures are useful to provide shareholders and potential investors with additional information for evaluating the Company's performance. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

// OVERVIEW

Aequus is a specialty pharmaceutical company, with a focus on commercializing value-added products in specialty therapeutic areas in the Canadian market. Aequus' sales force currently markets third-party or exclusively licensed products for which the Company receives revenues based on agreed upon percentages of net sales and/or gross sales. The Company continues to build its pipeline in ophthalmology and has recently added a number of commercial stage products through in-licensing agreements. Our commercial infrastructure is currently Canadian-based, with specialty sales representatives currently promoting two specialty medicines to physicians and two over the counter ("OTC") products to eye care professionals.

Our commercial programs are supported and validated by insights from patients, physicians and payers to ensure there is a realizable benefit for them from our work in advancing these products. Aequus' management team has a proven track record of successfully managing the required clinical development, regulatory approval processes and marketing of products either directly or through collaborations. We continue to leverage our internal capabilities and know-how to execute an efficient commercial strategy and development plan to drive shareholder value.

// GROWTH STRATEGY

Aequus is a revenue-generating, specialty pharmaceutical company with commercial activities in Canada. Aequus looks to leverage its core capabilities, commercial infrastructure and existing product portfolio to continue on the Company's current growth trajectory. The Company's near-term growth strategy includes the following key components:

- Progressive build-out of the Company's commercial platform, including leveraging its specialty sales force in Canada to enable Aequus to continue to in-license and sell high-value, branded products in Canada.
- Advance near commercial stage programs through Health Canada required studies.

Aequus has launched promotional activities for four third-party products in the Canadian market. Aequus is also finalizing the Health Canada application for its fifth commercial product, a preservative-free prescription product for glaucoma. In July 2019, Aequus announced a deal with Medicom for five additional ophthalmology products for Canada, with two of these products recently launched after achieving Health Canada approval and a third product expected to be submitted to Health Canada in this current quarter.

Aequus expects to continue to make select investments aimed at expanding and improving the efficiency of its sales channel in Canada through a combination of in-licensing and the acquisition of high-quality, differentiated products in specialty therapeutic areas.

The addition of an e-commerce eye care site and associated digital technology allows for the rapid build out of the eye care professional channel for Aequus. With patient facing material and dedicated professional-only material and resources, Canadian-only professionals can get all their product, transaction and information customized for their needs. The platform can be linked to other ordering websites or with minor integration, can ship direct to patient with professional approval for OTC products. Professionals will be able to utilize Aequus eye care e-commerce to serve patients and capture product revenue in office or share in future affiliate product sales with Aequus.

// Q1 2021 HIGHLIGHTS – For the Quarter Ended March 31, 2021

- The Company recognized $481,463 in promotional services revenue and $10,358 in product sales during the three months ended March 31, 2021. Promotional services revenue was $579,450 in the three months ended March 31, 2020. This is a 16% decrease over the same period last year and 42% decrease over the immediately preceding quarter. There were no product sales in previous periods.

- On February 15, 2021, Marc Lustig joined the Board of Directors. Mr. Lustig holds MSc and MBA degrees from McGill University. Mr. Lustig is an experienced life science professional. He has extensive North American capital markets experience and is a respected entrepreneur who founded and built Origin House before it was acquired by Cresco Labs. Mr. Lustig's expertise is expected to be a significant benefit to Aequus as it enters into commercialization phase of key business areas, including eye care, transplant and critical care across North America.

- On February 26, 2021, the Company closed a private placement of 6,666,666 units at a price of $0.15 per unit, for proceeds of $1,000,000, to Mr. Lustig, a director of the Company. Each unit shall consist of one common share and one-half of one warrant. Each warrant shall entitle the holder to purchase one common share at an exercise price of $0.25 for 24 months.

- In March 2021, Aequus launched the newly approved Evolve products. Plans to add more products to the Dry Eye Line of products are planned for 2021. Lockdowns in several provinces have delayed advertising and marketing campaigns to Q2.

- In March 2021, Aequus launched an e-commerce website to facilitate online sales of the Evolve products and add direct to professional (clinic) capabilities. Building direct to professional e-commerce will add future product marketing, bundling and digital communication integration.

- On March 2, 2021 Aequus announced that it has elected to exercise its right to accelerate the expiry date of the warrant under the terms of a warrant indenture dated August 6, 2020 governing the common share purchase warrants of the Company issued on August 6, 2020. Notice was given to all registered warrant holders that the expiry date for the warrants is accelerated to April 1, 2021.

- In March 2021, the Company issued 317,000 shares at $0.22 per share pursuant to the exercise of warrants for net proceeds of $69,740.

- In March 2021, the Company issued 5,468,750 shares at $0.12 per share pursuant to the exercise of warrants for net proceeds of $656,250.

// KEY STRATEGIC COLLABORATIONS

SANDOZ CANADA, INC. //

In October 2015, Aequus became the exclusive promotional and marketing partner for the first to market generic form of Tacrolimus IR. This product had already been approved by Health Canada. Aequus began promoting Tacrolimus IR for the treatment and prevention of acute rejection following organ transplantation in December 2015.

In April 2016, Aequus launched promotional efforts in Canada for Vistitan, a treatment for the reduction of elevated intraocular pressure ("IOP") in patients with open angle glaucoma or ocular hypertension. Aequus obtained multiple provincial formulary listings within the first six months of Vistitan's launch, including a Limited-Use drug designation on

the Ontario Drug Benefit Plan. In July 2018, Aequus and Sandoz agreed to extend the term of the agreement with improved economics for its promotional service agreement with Sandoz for Vistitan.

MEDICOM HEALTHCARE LTD. //

In July 2019, Aequus signed an exclusive distribution agreement with Medicom, a United Kingdom-based pharmaceutical company with a focus on preservative-free therapies in ophthalmology. Under the distribution agreement, Aequus will receive commercial rights to novel portions of Medicom's portfolio of ophthalmology products, including the Evolve line of preservative-free dry eye products, which contains five commercial products, an undisclosed preservative-free ophthalmic medication, within Canada.

On December 13, 2019, Aequus announced the signing of a term sheet to co-commercialize a portfolio of products in the US with Medicom. Under the proposed agreement, Aequus and Medicom will jointly commercialize Medicom's range of preservative-free ophthalmics in the United States of America. The companies have been working together in 2020, prioritizing programs and developing commercialization plans for the selected programs.

// COMMERCIAL PRODUCT UPDATES

Product	Therapeutic Area	Indication	Stage	Program Status
			Preclinical / Clinical / Approval / Marketed	
Tacrolimus IR[1] (immediate-release oral tablet)	Transplant	Organ Rejection	Marketed	Currently marketed by Aequus in Canada
PTVistitan™ (bimatoprost 0.03%)[1]	Ophthalmology	Glaucoma	Marketed	Currently marketed by Aequus in Canada
Evolve™ Dry Eye Line	Ophthalmology	Dry Eye Disease	Marketed	Two products launched March 2021
Zimed-PF (bimatoprost 0.03% Preservative-free prescription drug)	Ophthalmology	Glaucoma	Clinical	Drug Master File submitted to Health Canada. Regulatory submission expected this current quarter.

Completed — Progress expected for 2021

[1] *Aequus carries out the Canadian promotional activity for products owned by Sandoz*

PRVISTITAN™ //

Aequus' ophthalmology focused sales force markets a branded ophthalmology product, Vistitan (bimatoprost 0.03%, ophthalmic solution). Commercial activities for this product commenced in May 2016. Aequus splits revenues of this product with its partner in a tiered structure.

Bimatoprost 0.03% is a prostaglandin approved by Health Canada for the reduction of elevated IOP in patients with open angle glaucoma or ocular hypertension. It is estimated that there are over 350,000 people living with glaucoma or ocular hypertension in Canada. The disease is the second leading cause of blindness worldwide. The incidence of glaucoma is highest in patients above the age of 80, but onset may be as early as 40 years of age. IOP-lowering drugs are prescribed as soon as the disease is diagnosed and must be taken chronically to prevent vision loss. Prostaglandins are the first-line approach among IOP-lowering agents; in 2015, bimatoprost accounted for 42% of all prostaglandin prescription volume in Canada (IMS Health).

Vistitan, which was approved by Health Canada in 2014, is currently the only marketed version of 0.03% bimatoprost ophthalmic solution in Canada for this indication. Since its launch, and with the support of Aequus' promotional efforts, Vistitan has been successfully listed among 90% of private payor groups, as well as a benefit under key provincial formularies, including the Ontario Drug Benefit Plan, Alberta Health and Manitoba Health.

In a recent study assessing the comparative efficacy of latanoprostene bunod to other treatments for IOP reduction – the main indicator of glaucoma risk – bimatoprost 0.03%, currently only available in Vistitan, was found to be the most successful[1] in lowering IOP. This study adds to a growing body of evidence that Vistitan is the most effective product available for treating glaucoma in Canada.

1. Harasymowycz PJ, Royer C, Jobin Gervais K, et al. Effectiveness of latanoprostene bunod in treating OAG and OHT: network meta-analysis. Presented at: The American Academy of Ophthalmology (AAO) 2019 Annual Meeting; October 12-15, 2019; San Francisco, California. Abstract PO176.

PRESERVATIVE-FREE BIMATOPROST PRESCRIPTION DRUG //

In July 2019, Aequus completed the formal agreement with Medicom for the promotion of an undisclosed prescription preservative-free ophthalmic product in Canada. Under the terms of this exclusive licensing agreement, Medicom will supply the product while Aequus will be responsible for marketing, distribution and sales in Canada upon approval of the product by Health Canada. The Company has previously met with Health Canada to receive regulatory guidance regarding this therapeutic and expects to file the regulatory package required for approval before the Q3 2021.

EVOLVE™ DRY EYE PRODUCTS //

Launched in 2015 in Europe, the Evolve brand has grown to five products across 35 countries with two additional products in development. With an array of products, the brand can address the various symptoms involved with dry eye disease and blepharitis, including discomfort, stinging, burning and dryness. Currently in Canada, the dry eye market is estimated at over $90M, which includes both prescription and OTC products.

- On October 19, 2020, the Company, together with its partner Medicom, has been issued a new Medical Device License for the first of three product submissions made for the Evolve preservative-free dry eye product line. The new Medical Device License has been issued for Evolve Intensive Gel – a unique cross-linked combination of Carbomer 980, Hyaluronate and Glycerol – that act together to provide intensive, durable hydration for patients with moderate to severe forms of dry eye disease. The formulation will be made available in an easy-squeeze eye drop bottle, containing 360 micro-drops, and no preservatives, phosphates or buffers.

- On October 29, 2020, Aequus, together with its partner Medicom, announced that Aequus has been issued a new Medical Device License for the second of three product submissions made for the Evolve preservative-free dry-eye product line. The new Medical Device License was issued for Evolve Daily Intensive – an advanced formulation of 0.2% hyaluronate, free of preservatives and phosphates, and made available in a multidose bottle for ease of use for all patients. The formulation contains 350 micro-drops that can be dispensed with gentle squeezing – an important feature for chronic users and many dry-eye patients.

- In March 2021, Aequus has launched the newly approved Evolve products, while a third drop in the Evolve range was determined to not be a medical device by Health Canada. A regulatory path forward is being discussed with Health Canada.

TACROLIMUS IR //

Aequus began promotional activities for Tacrolimus IR in December 2015 and receives a tiered revenue split on incremental sales of the product over the established baseline set prior to promotion. On October 16, 2020, Aequus and Sandoz

announced an extension to the current marketing agreement. Discussions regarding potential expansions and extensions to the Tacrolimus agreement are ongoing.

Tacrolimus immediate release is an immunosuppressant used for the treatment and prevention of acute rejection following organ transplantation. Tacrolimus is part of a patient's immunosuppressive therapy prescribed chronically in their lifelong management to prevent graft rejection. Tacrolimus is recommended as a first line calcineurin inhibitor treatment by the BC Transplant consensus guidelines and is prescribed in >90% of new kidney transplant patients (OPTN/SRTR 2014).

Due to the chronic risk of graft rejection, Tacrolimus has been classified as a Critical Dose Drug with a Narrow Therapeutic Index. In Canada, Tacrolimus is available in an immediate release form, marketed under the brand name of Prograf® in Canada and in an extended-release form, marketed under the brand name of Advagraf® in Canada. Aequus is promoting the first-to-market and only currently available generic version of Prograf®.

Aequus has been successful in growing market share for Tacrolimus IR in Canada since the initiation of its promotional efforts, and in March 2018, was awarded a three-year contract with Sigma Santé, one of the largest healthcare group purchasing organizations ("GPO") in Quebec and the final GPO in the province to list this first-to-market, generic version of Tacrolimus IR. In late 2019, a major health authority in the province of British Columbia announced a change to their dispensing formulary for Tacrolimus mandating that Sandoz Tacrolimus, co-promoted by Aequus, is to be dispensed for all new patients requiring Tacrolimus for prophylaxis of organ rejection in the province of British Columbia.

Similar applications for Tacrolimus IR to gain generic product access to Saskatchewan and Manitoba are pending with expected approval and subsequent interchangeability with branded Tacrolimus products to follow in Q3 or Q4 2021.

OUT-LICENSING ACTIVITIES //

The Company is committed to focusing on the commercial activities and growing revenues in 2021. However, Aequus continues to pursue development collaborators and marketing partners for AQS1303 and Topiramate XR. The key efforts supported at this time for the development programs are through business development activities, and will continue discussions around advancing Topiramate XR and Oxcarbazepine XR with a partner to meet the requirements of Health Canada.

OTHER //

In February 2016, Aequus entered into an agreement with Supernus Pharmaceuticals Inc. ("Supernus"), which was amended on June 15, 2016 for certain licensing fees (the "Supernus Agreement"), whereby the Company acquired the Canadian commercial rights to Topiramate XR and Oxcarbazepine XR. The Company is no longer actively developing these assets.

During the year ended December 31, 2020, Aequus no longer continued to maintain patents and business development for AQS1304. No direct development expenditures are expected for these programs. All active possible direct product development programs are noted above.

// OVERALL PERFORMANCE

The Company continues to generate revenue from its commercial platform, which was launched in 2016. Since then, Aequus has grown its commercial business and expects to continue growing sales revenues and its portfolio of commercial stage products. In March 2021, the Company began selling Evolve preservative-free lubricating eye drops for dry eye care, available exclusively for sale by eye care clinics in Canada.

The Company has funded its operations with proceeds from revenue, as well as from equity financings, convertible debt and through the exercise of warrants. Aequus expects to seek additional funding through equity or debt financings and

partnership collaborations to finance its product development, commercial product portfolio and corporate growth. However, if Aequus' product development and commercial activities do not show positive progress, or if capital market conditions in general or with respect to the life sciences sector or development stage companies, such as Aequus, are unfavorable, its ability to obtain additional funding will be adversely affected.

// SELECTED FINANCIAL INFORMATION

The following table provides an overview of the financial results in the three months ended March 31, 2021 ("Q1 2021"), as compared to those in the three months ended March 31, 2020 ("Q1 2020"):

	Three Months Ended March 31		
	2021	2020	Change
Revenue			
Promotional	$ 481,463	$ 579,450	$ (97,987)
Product	10,358	-	10,358
	491,821	579,450	(87,629)
Cost of goods sold	2,613	-	(2,613)
	489,208	579,450	(90,242)
Operating expenditures			
Research and development	87,898	14,317	73,581
Sales and marketing	477,830	451,146	26,684
General and administration	547,116	522,693	24,423
	1,112,844	988,156	124,688
Loss before other income (loss)	(623,636)	(408,706)	214,930
Other income (loss)	1,978	2,891	(913)
Net loss	$ (621,658)	$ (405,815)	$ 215,843

// DISCUSSION OF OPERATIONS

Aequus recorded a net loss of $621,658 in Q1 2021, which is 53% higher than the loss of $405,815 in Q1 2020. The Q1 2021 increase in losses was mainly due to a decrease in revenues and increase in consulting fees, as a result of the market access costs related to Vistitan.

During Q1 2021, the Company increased research and development ("R&D") expenses by $73,581 related to the cost of bringing Zimed and Evolve through regulatory approval as the Company continues to focus current efforts on growing commercial revenues.

During Q1 2021, there was an increase in S&M expenses mainly due to the launch of Evolve products and related S&M expenses. We have developed significant remote and virtual selling capabilities that will realize sales growth in subsequent quarters moving forward.

During Q1 2021, the Company had a $215,843 increase in the net loss that was primarily due to $87,629 drop in revenue and $128,154 increase in consulting fees primarily related to the Zimed-PF submission to Health Canada. Also, total expenses increased by $124,688 in Q1 2021 compared to Q1 2020. The change of total expenses consists of a $73,581 increase in R&D, an adjustment to accretion expense due to conversion of debt, a $26,684 increase in S&M, and a $24,423 increase in general and administration ("G&A") expenses, where the latter is mainly related to an increase in commercialization activities for products during Q1 2021.

REVENUES //

The Company continues to receive its revenues by providing promotional services to sell third-party owned products Tacrolimus IR and Vistitan, which were launched in December 2015 and April 2016, respectively. The agreement between Sandoz and the Company contains a tiered profit structure based on agreement duration that saw a reduction in the Company's profit share that took effect on January 1, 2019 for both Vistitan and Tacrolimus. The Company has been able to mitigate the effect of this stepdown by driving unit sales growth in both Vistitan and Tacrolimus.

In Q1 2021, Aequus has also begun generating modest revenue from Evolve products. In October 2020, the Company was issued new Medical Device Licenses for two of three product submissions made for the Evolve preservative-free dry eye product line. The Medical Device Licenses have been issued for Evolve Intensive Gel and Evolve Daily Intensive. The development online and remote selling capabilities bring new growth opportunities to specialty ophthalmic areas across Canada and into the future.

Aequus experienced a decrease of $87,629, or 15%, in the revenue in Q1 2021 compared to Q1 2020. Aequus stands to gain a larger profit share on Vistitan upon successful completion of certain market access and sales milestones agreed upon by both parties, which would further bolster Aequus' revenue. Aequus and Sandoz have agreed to a contract extension for the Tacrolimus agreement to December 2021 under revised terms, and continue to discuss expansion of the original agreement to include other products.

Cumulative revenue related to commercial programs is as follows:

Fiscal 2016	$ 701,633
Fiscal 2017	1,139,424
Fiscal 2018	1,410,240
Fiscal 2019	1,632,524
Fiscal 2020	2,592,613
Q1 2021	481,463
Cumulative revenue related to collaboration agreements [(1)]	$ 7,957,897

(1) This non-GAAP measure is intended to illustrate the gross benefit of the commercial program to the Company over the period of the Sandoz agreement. This cumulative balance is a non-GAAP measure and does not have a standardized meaning under GAAP and, therefore, there are unlikely to be comparable to similar measures presented by other companies. See "Non-GAAP Measures" in this MD&A.

RESEARCH AND DEVELOPMENT EXPENSES //

The Company incurred R&D expenses of $87,898 in Q1 2021 compared to $14,317 in Q1 2020. The majority of the increase was mainly attributable to strategic consulting services on quality assurance support, media engagements and work related to market access, and authorization submissions to Health Canada.

There were no share-based payments or management fees related to R&D in Q1 2021 compared to Q1 2020 ($5,186 and $8,438, respectively), as the Company continued to re-direct efforts from R&D into growing commercial revenues.

The following table summarizes the Company's R&D expenses in Q1 2021 compared Q1 2020:

	Three Months Ended		
	March 31 2021	March 31 2020	Change
Consulting	$ 80,284	$ -	$ 80,284
Development costs	7,528	-	7,528
Management, wages and related	-	8,438	(8,438)
Patent and intellectual property protection	86	610	(524)
Share-based payments	-	5,186	(5,186)
Travel and accommodation	-	83	(83)
	$ 87,898	$ 14,317	$ 73,581

SALES AND MARKETING EXPENSES //

S&M expenses were $477,830 in Q1 2021 compared to $451,146 in Q1 2020; an increase of $26,684. The changes in S&M expenses were primarily impacted by the following items:

- Advertising and promotion costs increased by $37,598 in Q1 2021, as compared to Q1 2020, mainly due to the launch of the Evolve product line.
- Printing and other expenses increased by $20,385. This increase related to acquisition of periodical literature relating to the commercial products.
- Share-based payments increased by $11,105 in Q1 2021, as compared to Q1 2020, due to a greater number of options vested and granted to sales team members during Q1 2021 relative to the same period last year.
- Travel and accommodation costs decreased by $52,978 and sales force costs increased by $61,380 in Q1 2021, as compared to Q1 2020. This change stems from a reduction in travel due to the impact of COVID-19 pandemic related shutdowns, including limited travels to customers' location and reduced in-person meetings; and increases in sales support staff and a re-allocation of human resources from research activities to sales related activities.
- Depreciation and amortization costs decreased by $41,661 in Q1 2021, as compared to Q1 2020. This change was mainly driven by the TeOra asset being fully amortized as at June 30, 2020.

The following table summarizes the Company's S&M expenses in Q1 2021 compared to Q1 2020:

	Three Months Ended		
	March 31 2021	March 31 2020	Change
Advertising and promotion	$ 50,556	$ 12,958	$ 37,598
Consulting	5,855	-	5,855
Depreciation and amortization	2,225	43,886	(41,661)
Management, wages and related	15,000	30,000	(15,000)
Printing and other	22,150	1,765	20,385
Sales force	336,330	274,950	61,380
Share-based payments	43,053	31,948	11,105
Travel and accommodation	2,661	55,639	(52,978)
	$ 477,830	$ 451,146	$ 26,684

GENERAL AND ADMINISTRATION EXPENSES //

G&A expenses were $547,116 in Q1 2021, as compared to $522,693 in Q1 2020, an increase of $24,423. The changes in G&A expenses were mainly driven by the following items:

- Consulting expenses increased by $42,015 mainly due to expenditures on opportunity assessments and corporate development matters.
- Accretion decreased by $35,371 primarily due to $292,000 of conversions of convertible debentures.
- Share-based payments increased by $44,541 due to a greater number of options vested and granted to management, directors and staff during Q1 2021.
- Management, wages and related costs increased by $36,934 in Q1 2021, as compared to Q1 2020. This change was primarily related to re-allocation of human resources from R&D to G&A during Q1 2021.
- Travel and accommodation costs decreased by $25,883 due to a reduction in travel caused by the response to COVID-19 restrictions in Q1 2021.
- Legal and professional fees costs decreased by $34,339 due to fluctuations in business development activity.

The following table summarizes the Company's G&A expenses in Q1 2021 and Q1 2020:

	Three Months Ended		
	March 31 2021	March 31 2020	Change
Accretion	$ 58,280	$ 93,651	$ (35,371)
Consulting	73,828	31,813	42,015
Depreciation of right-of-use lease asset	29,939	29,939	-
Interest	67,382	69,735	(2,353)
Legal and professional fees	22,530	56,869	(34,339)
Management, wages and related	152,919	115,985	36,934
Office and general	68,240	61,055	7,185
Regulatory and transfer agent fees	14,994	23,300	(8,306)
Share-based payments	51,115	6,574	44,541
Travel and accommodation	7,889	33,772	(25,883)
	$ 547,116	$ 522,693	$ 24,423

// QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected unaudited consolidated financial data for each of the last eight fiscal quarters:

	Quarters Ended			
	Q1 2021 March 31	Q4 2020 December 31	Q3 2020 September 30	Q2 2020 June 30
Revenue [1]				
Promotional	$ 481,463	$ 851,187	$ 618,984	$ 542,992
Products	10,358	-	-	-
	491,821	851,187	618,984	542,992
Cost of goods sold	2,613	-	-	-
	489,208	851,187	618,984	542,992
Research and development expenditures	(87,898)	(13,554)	(12,997)	(13,740)
Sales and marketing expenditures	(477,830)	(533,988)	(292,343)	(270,296)
General administration expenditures	(547,116)	(468,395)	(582,525)	(481,608)
Other income (loss)	1,978	(626)	16,960	404
Net loss for the period	$ (621,658)	$ (165,376)	$ (251,921)	$ (222,248)
Basic and diluted loss per common share	(0.01)	(0.00)	(0.00)	(0.00)

	Quarters Ended			
	Q1 2020 March 31	Q4 2019 December 31	Q3 2019 September 30	Q2 2019 June 30
Revenue [1]				
Promotional	$ 579,450	$ 535,466	$ 370,799	$ 397,263
Products	-	-	-	-
	579,450	535,466	370,799	397,263
Cost of goods sold	-	-	-	-
	579,450	535,466	370,799	397,263
Research and development expenditures	(14,317)	(31,976)	(57,280)	(52,493)
Sales and marketing expenditures	(451,146)	(479,247)	(417,950)	(451,185)
General administration expenditures	(522,693)	(582,116)	(560,291)	(575,841)
Other income (loss)	2,891	(479,481)	4,190	4,253
Net loss for the period	$ (405,815)	$ (1,037,354)	$ (660,532)	$ (678,003)
Basic and diluted loss per common share	(0.01)	(0.01)	(0.01)	(0.01)

[1] Service revenue during each quarter is recognized based on actual third-party sales of products for the reporting period, as per data provided by the third-party.

Variations in the Company's net losses and expenses and notable trends for the eight quarters above are as follows:

- On March 1, 2021, the Company announced the commercial availability of Evolve preservative-free lubricating eye drops for dry eye care. Launch activities and advertising has been affected in several provinces due to COVID-19-related reductions in healthcare services and limited direct access to optometry and ophthalmology offices. Although materials and expenses have been realized in Q1, expect Q2/Q3 to campaigns and expenses to create sales growth and penetration into new specialty areas.

- The Company expects to continue to grow product sales for both Tacrolimus and Vistitan, and expects promotional marketing services revenue to increase over the duration of the contract. The Company experienced a one-time reduction in revenue from a reduced profit share percentage that took effect on January 1, 2019 in accordance with the tiered royalty structure set out in the Sandoz agreement, which has had an effect on quarter-over-quarter revenue comparisons throughout 2019. For Vistitan, there are no further reductions in the profit-split allocation under this contract. The Company is currently in discussions with Sandoz regarding contract extensions.

- The Tacrolimus contract was extended to December 2021; however, changes in the competitive market also could impact future Tacrolimus sales. Market access for generic Tacrolimus in Saskatchewan and/or Manitoba looks promising, with subsequent interchangeability with branded products potentially being realized before year-end.

- The Company expects new revenues from the sale of Evolve products in 2021 to be additive to existing activity and would leverage the investments the Company has already made in existing sales infrastructure. Significant efforts and investments are being made into e-commerce platforms, digital business-to-business and remote selling technology. Our ability to target specialties with integrated marketing and digital resources makes Aequus more commercially agile. There will be some initial increases in product specific expenses relating to this new business activity; however, there are no increases expected in the sales team.

- Throughout 2020, the R&D expenses were reduced, as efforts focused on growing commercial revenues. No significant increases in research program spending are expected in the near term.

- The Company expects its sales force to be able to market the Medicom products into 2021 without any material change to ongoing salesforce related expense trends.

- A temporary increase in S&M costs in early 2021 is expected due to the Evolve product launch and related new product startup costs associated with the pending regulatory submission in Q2 for Zimed-PF. These startup costs also include the creation of a new e-commerce platform, website, remote selling and customer relationship management ("CRM") databases.

// SEGMENT DISCLOSURE

The Chief Executive Officer is the Company's chief operating decision-maker ("CODM"). The Company has determined that there are two operating segments based on the information reviewed by the (CODM) for the purposes of allocating resources and assessing performance. The Company's reportable segments are comprised of the commercial platform and the development pipeline.

The Company received revenues from the sale of dry-eye products and by providing promotional services to sell third-party owned products, namely Tacrolimus IR and Vistitan. Over 97% of its generated revenues are from one arm's length customer. The Company operates in one geographical segment, being the Canadian market.

For the three months ended March 31, 2021, the Company had revenues of $481,463 and $10,358 for promotional services and dry-eye products sales, respectively.

At March 31, 2021, the Company has inventory in the amount of $109,333 (December 31, 2020 - $123,322). Some inventory was given away as samples during Q1 2021.

Gross income and expenses from the two operating segments are summarized as follows:

	Three Months Ended March 31, 2021 $	Three Months Ended March 31, 2020 $
Gross income		
Commercial platform	489,208	579,450
Expenses		
Development pipeline	87,898	14,317
Commercial platform	477,830	451,146
General corporate	547,116	522,693
	1,112,844	988,156
Loss before other income	(623,636)	(408,706)
Other income	1,978	2,891
Net loss and comprehensive loss	(621,658)	(405,815)

There are no liabilities specifically associated with either of the two operating segments. The Company operates in one geographical segment, being the Canadian market.

The Company received revenues from product sales and by providing promotional services to sell third-party owned products, Tacrolimus IR and Vistitan; 97% of its generated revenues are from one arm's-length customer.

// LIQUIDITY AND CAPITAL RESOURCES

	Three Months Ended		
	March 31, 2021	March 31 2020	Change
Cash used in operating activities	$ (29,737)	$ (120,102)	$ 90,365
Cash used in investing activity	(35,145)	-	(35,145)
Cash provided by (used in) financing activities	1,683,440	(35,880)	1,719,320
Net increase (decrease) in cash and cash equivalents	$ 1,618,558	$ (155,982)	$ 1,774,540

Cash used in operating activities is comprised of net loss, add-back of non-cash expenses and net change in non-cash working capital items. Cash used in operating activities decreased to $29,737 in Q1 2021 from $120,102 in Q1 2020. This decrease of $90,365 is a result of an increase of $295,843 in net loss, offset by an increase in non-cash working capital items of $335,309 and in non-cash expenses of $50,899.

Cash used in investing activity in Q1 2021 was $35,145 compared to $nil in Q1 2020. This increase in cash used was due to the acquisition of the new e-commerce platform and related CRM database during Q1 2021.

The cash inflow from financing activities in Q1 2021 is mainly from a private placement of 6,666,666 units, which brought in $1,000,000, and the issuance of 5,785,750 shares pursuant to the exercise of warrants for net proceeds of $725,990. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and its success with its strategic collaborations. Any quoted market for the Company's shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating new revenues, cash flows or earnings.

As of March 31, 2021, the Company had working capital of $3,602,405 compared to working capital of $2,384,073 as of December 31, 2020. The Company's working capital needs fluctuated due to multiple projects, which place variable demands on resources and timing of expenditures. The Company is working to find additional products to promote or sell with its existing sales force, which would decrease current demands on working capital. The Company anticipates receiving cash proceeds from future revenue, the exercise of options or warrants, public offerings and private placements; however, the Company cannot predict the timing or amount of additional options and warrants that may be redeemed, if any. Subsequent to Q1 2021, the Company issued 6,875,000 common shares pursuant to the exercise of warrants for net proceeds of $825,000.

Historically, the Company has used net proceeds from issuances of debt and common shares to provide sufficient funds to meet its near-term asset development plans and other contractual obligations when due.

// USE OF PROCEEDS FROM FINANCING

On August 6, 2020, the Company completed a prospectus equity financing of 31,250,000 units at a price of $0.08 per unit for total proceeds of $2,500,000 (the "Offering"). Each unit is comprised of one common share in the capital of the Company (a "Common Share") and one-half of one common share purchase warrant of the Company (each whole common share purchase warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share at an exercise price of $0.12 until August 6, 2023.

The Company made its first payment for the Evolve product during the three months ended September 30, 2020, which was shipped in Q4 2020. Sale of the Evolve product began in March 2021. A comparison of the use of proceeds disclosed in the prospectus dated July 29, 2020 to management's current estimate of the use of proceeds is as follows:

	Proposed Use of Proceeds	Estimated a Unaudited Use of Proceeds to March 31, 2021
Inventory and launch activities, including sales and marketing, for Evolve line of preservative-free dry eye products into Canada	$ 1,150,000	$ 410,000
Regulatory costs, inventory and launch activities for a preservative-free glaucoma prescription product	750,000	190,000
General corporate and working capital purposes, including commercial and marketing activities for other products, and supporting ongoing business development	300,000	350,000
Total	$ 2,200,000[(1)]	$ 950,000

[(1)] The prospectus supplement dated July 29, 2020 discloses gross proceeds of up to $2,500,000 and total use of proceeds of $2,200,000, after deducting the agent's fee and estimated expenses of the 2020 Offering.

// COMMITMENTS & CONTINGENCIES

On December 1, 2018, the Company renewed the lease agreement for its Vancouver head office premise for five years, expiring November 30, 2023. Pursuant to this renewal, the Company is obligated to pay basic rent of $12,267 and operating costs, including electricity and related taxes at approximately $7,570, on a monthly basis starting December 1, 2020. The base annual rent will increase to $150,880 for the year ended December 31, 2022, and $154,560 in 2023. The Company has entered into sublease arrangements of the space providing monthly average rental inflow of $7,671 to offset rent expense. Lease agreements have been accounted for in accordance with IFRS 16 *Leases*.

// OUTSTANDING SHARE CAPITAL

As of May 28, 2021, there were no Class A preferred shares without par value in the capital of the Company issued and outstanding, 132,634,431 Common Shares issued and outstanding, and other securities convertible into Common Shares as summarized in the following table:

	Number Outstanding as of May 28, 2021	Number Outstanding as of March 31, 2021
Common Shares issued and outstanding [(3)(4)(5)]	132,634,431	125,759,431
Class A preferred shares	Nil	Nil
Options [(1)]	10,219,337	10,219,337
Common share purchase warrants [(2)(3)(4)]	8,603,573	18,759,823
Brokers warrants	1,173,842	1,173,842
Compensation warrants[(3)]	781,250	781,250
Convertible debentures[(5)]	2,008	2,008

Notes:

(1) Of the 10,219,337 options outstanding at the date of this report, 7,260,919 are vested and have a weighted average exercise price of $0.24 per option. The remaining 2,958,418 options are not vested and have a weighted average exercise price of $0.12 per option. During the three months ended March 31, 2021, the Company granted the following options: 195,000 options to the sales force, which have a weighted average exercise price of $0.10, and 350,000 stock options to a director with an exercise price of $0.23 per option.

(2) On March 2, 2021, the Company elected to exercise its right to trigger an accelerated expiry under the terms of a warrant indenture and issued 12,343,750 shares at $0.12 per share, pursuant to the exercise of warrants for net proceeds of $1,481,250 between March 2 and April 1, 2021. The Company also issued 317,000 shares at $0.22 per share pursuant to the exercise of warrants for net proceeds of $69,740.

(3) During Q1 2021, 3,281,250 common share purchase warrants and 781,250 brokers warrants included in compensation warrants expired unexercised.

(4) On February 26, 2021, the Company closed a private placement of 6,666,666 units at a price of $0.15 per unit, for proceeds of $1,000,000, to Marc Lustig, a director of the Company. Each unit shall consist of one common share and one-half of one warrant. Each warrant shall entitle the holder to purchase one common share at an exercise price of $0.25 for 24 months.

(5) During the three months ended March 31, 2021, $292,000 of convertible debentures was converted into 1,390,475 common shares.

// OFF-BALANCE SHEET ARRANGEMENTS

The Company has no undisclosed off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that are material to investors.

// RELATED PARTY DISCLOSURE

Transactions with related parties

Related parties include members of the Board of Directors and officers of the Company, and enterprises controlled by these individuals. The following fees and expenses were incurred:

	Three Months Ended March 31,2021 $	Three Months Ended March 31,2020 $
Management	141,638	153,981
Consulting	15,000	-
Total	156,638	153,981

i. Effective December 1, 2016, the Company entered into a consulting agreement with Northview Ventures Inc. ("NVI") and Doug Janzen, the Chief Executive Officer of the Company. During the three months ended March 31, 2021, NVI received $56,250 (March 31, 2020 - $56,250) in management, wages and related expense.

ii. The Company entered into a consulting service agreement with Fehr & Associates and Ann Fehr, the Chief Financial Officer ("CFO") of the Company. Pursuant to this consulting agreement, Mrs. Fehr is compensated at a rate of $1,000 per month plus $120 per hour. During the three months ended March 31, 2021, Fehr & Associates charged total management, wages and related fees of $40,388 (2019 - $20,856) for CFO and outsourced accounting services.

As of December 31, 2020, the Company has included in its accounts payable and accrued liabilities $13,039 (December 2020 - $nil) due to Fehr & Associates.

iii. The Company entered into a consulting service agreement with Transcend Research and Consulting and Stuart Fowler, a director and strategic commercial advisor of the Company. During the three months ended March 31, 2021, the Company recognized management, wages and related expense of $15,000 (March 31, 2020 - $15,000) related to Mr. Fowler's services.

iv. Grant Larsen, the new Chief Commercial Officer, was compensated at a monthly rate of $15,000. During the three months ended March 31, 2021, Mr. Larsen received $45,000 (March 31, 2020 - $nil) in salaries recognized as management, wages and related expense.

v. Anne Stevens, the former Chief Operating Officer, was compensated at a monthly rate $15,625. During the three months ended March 31, 2021, Ms. Stevens received $nil (2020 - $46,875) in salaries recognized as Management, wages and related expense. Ms. Stevens resigned in October 2020.

vi. The Company entered into a consulting service agreement with Ian Ball, the former Chief Commercial Officer of the Company. During the three months ended March 31, 2021, the Company recognized Management, wages and related expenses of $nil (2020 - $15,000) related to Mr. Ball's services. Mr. Ball resigned in January 2020.

The amounts owing to the related parties, as described above, are non-secured, non-interest-bearing and without specific terms of repayment.

Key management compensation

Key management includes members of the Board of Directors and executive officers of the Company. Compensation awarded to key management is listed below:

	Three Months Ended March 31, 2021 $	Three Months Ended March 31, 2020 $
Management, wages and related, general administration	119,138	92,106
Management, wages and related, research and development	-	8,438
Management, wages and related, sales and marketing	22,500	53,438
Consulting, research and development	15,000	-
Share-based payments, general administration	58,687	4,453
Share-based payments, research and development	-	1,637
Share-based payments, sales and marketing	6,042	21,466
Total	221,367	181,538

Other

The Company charges office lease to Northview Lifesciences, a company with common management and director, and Fehr & Associates, a company with common management. During the three months ended March 31, 2021, office lease expenditures and operating costs billed to Northview Lifesciences and Fehr & Associates amounted to $2,160 and $13,644 (March 31, 2020 - $163 and $11,836), respectively. As at March 31, 2021, the Company was due $2,268 and $252 from Northview Lifesciences and Fehr & Associates (December 31, 2020- $171 and $12,428), respectively.

As at March 31, 2021, the Company was due $367 from one of the directors as reimbursement for expenses incurred in the normal course of operations.

// FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

The Company's financial instruments at March 31, 2021 include cash and cash equivalents, amounts receivable, accounts payable, accrued liabilities, convertible debt and CEBA Loan. The fair values of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 - quoted prices in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities, either directly (i.e., as prices) or indirectly (i.e., from derived prices); and
Level 3 - inputs for the asset or liability that are not based upon observable market data.

The fair value of cash and cash equivalents is based on Level 1 inputs, and the fair value of the liability component of convertible debt is based on Level 2 inputs. The fair values of the convertible debt and CEBA Loan at issuance were determined using Level 2 inputs.

Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises for the Company from its cash and cash equivalents and amounts receivable. The Company has adopted practices to mitigate the deterioration of principal, to enhance the Company's ability to meet its liquidity needs, and to optimize yields within those parameters. These investment practices limit the investing of excess funds to liquid term deposits or cashable guaranteed investment certificates with banks, and government guaranteed securities with maturities of one year or less.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's exposure to liquidity risk is dependent on its purchasing commitments and obligations and its ability to raise funds to meet commitments and sustain operations. The Company manages liquidity risk by continuously monitoring its actual and forecasted working capital requirements, and actively managing its financing activities. As of March 31, 2021, the Company had working capital of $3,602,405 (December 31, 2020 - $2,384,073).

Market risk

- Interest rate risk
  Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. The Company is not exposed to significant cash flow fluctuations due to interest rate changes on its convertible notes as these bear interest at a fixed rate of 9.5%. As such, fluctuations in the market interest rates during the three months ended March 31, 2021 and the year ended December 31, 2020 had no significant impact on its interest income.

- Currency risk
  The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company has a portion of its operating expenses in US dollars and Euros. The Company has not entered into foreign exchange derivative contracts. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position or cash flows.

As at March 31, 2021 and December 31, 2020, the Company had the following assets and liabilities denominated in US dollars:

	March 31, 2021 US$	December 31, 2020 US$
Cash and cash equivalents	1,341	1,371
Accounts payable and accrued liabilities	(10,254)	(4,261)
Total	(8,913)	(2,890)

Based on the above net exposure as at March 31, 2021, assuming that all other variables remain constant, a 5% appreciation or deterioration of the Canadian dollar against the US dollar would result in a change of US$446 (December 31, 2020 - US$145) in the Company's net loss. Furthermore, the Company incurred US$9,103 of expenditures during the three months ended March 31, 2021 (March 31, 2020 - US$16,732). A 5% appreciation or deterioration of the Canadian dollar against the US dollar would result in a change of US$455.

// SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND POLICIES

In applying the Company's accounting policies, management makes several judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results.

CRITICAL JUDGMENTS //

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements:

- Research costs are recognized as an expense when incurred, but development costs may be capitalized as intangible assets if certain conditions are met, as described in IAS 38 Intangible Assets. Management has determined that development costs do not meet the conditions for capitalization under IAS 38, and all R&D costs have been expensed.

- Management is required to assess the functional currency of the Company and its subsidiary. In concluding that the Canadian dollar is the functional currency of the Company and its subsidiary, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company and its subsidiary operate.

- The determination of categories of financial assets and financial liabilities has been identified as an accounting policy, which involves judgments or assessments made by management.

- Management is required to determine whether the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future, including the availability of financing and revenue projection, as well as the current working capital balance and future commitments of the Company.

ESTIMATION UNCERTAINTY //

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

- The fair value of accrued liabilities at the time of initial recognition is made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors.

- Intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortization is calculated using management's best estimate of the useful life of the intangible assets. Determination of impairment loss is subject to management's assessment if there is any indication of a possible write-down, and if so, the determination of recoverable value based on discounted future cash flows of the intangible assets. The carrying amount of intangible assets does not necessarily reflect present or future value and the ultimate amount recoverable will be dependent upon the successful commercialization of products based on these underlying technologies.

- Revenues are recognized based on a calculation of estimated profits using actual third-party sales figures. Changes in estimates of revenues, including changes in estimates of revenue due to returns, are recognized prospectively as adjustments to revenue and amounts receivable. When an uncertainty arises about the collectability of an amount already included in revenue, the uncollectible amount, or the amount in respect of which recovery has ceased to be probable, is recognized as an expense. At each reporting period the entity reviews and, when necessary, revises the estimates of revenue as services are performed.

Impairment of assets

Financial assets and non-financial assets of the Company are reviewed at the end of each reporting period or when facts and circumstances suggest their carrying values have been impaired. The Company considers assets to be impaired if the carrying values exceed the recoverable amount, being the higher of the value in use and the fair value less costs to sell.

Financial assets include cash and cash equivalents carried at fair value and amounts receivable measured at amortized cost. Amounts receivable consist primarily of Goods and Services Tax due from the Government of Canada and revenue from customers for promotional marketing services performed. The Company considers the recoverable amounts of its financial assets to approximate their carrying values.

Non-financial assets consist of property and equipment and intangible assets. In assessing value in use for a non-financial asset, the estimated future cash flows associated with the non-financial asset are discounted to their present value using a risk adjusted pre-tax discount rate. If the recoverable amount is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount with the impairment immediately recognized in net income or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate, subject to the amount not exceeding the carrying amount that would have been determined had impairment loss not been recognized for the asset in prior periods. Any reversal of impairment is recognized immediately in net income or loss.

Research and development costs

Research costs, including costs for new patents and patent applications, are expensed in the period in which they are incurred. Development costs are expensed in the period in which they are incurred unless certain criteria, including technical feasibility, commercial feasibility, and intent and ability to develop and use the technology, are met for deferral and amortization. No development cost has been deferred to date.

SIGNIFICANT ACCOUNTING POLICIES //

In applying the Company's accounting policies, management makes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results. Please refer to the audited consolidated financial statements for the year ended December 31, 2020 for a full list of policies.

// RISKS

Current and prospective shareholders should specifically consider various factors, including the risks outlined below and under the heading "Risk Factors" in the Company's annual information form filed on SEDAR (www.sedar.com). Should one or more of these risks or uncertainties, including the risks listed below, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein.

Volatility of market price

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies has experienced substantial volatility in the past. This volatility may affect the ability of holders of Common Shares to sell their securities at an advantageous price. Market price fluctuations in the Common Shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Common Shares.

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares may be materially adversely affected.

Positive return in an investment in the Common Shares of the Company is not guaranteed

There is no guarantee that an investment in the Company will earn any positive return in the short- or long-term. A purchase of the shares involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Common Shares is appropriate only for purchasers who have the capacity to absorb a loss of some or all of their investment.

Dilution

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares and Class A preferred shares. The Company's shareholders do not have pre-emptive rights in connection with any future issuances of securities by the Company. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of stock options under the Company's stock option plan and upon the exercise of outstanding warrants.

Negative cash flow from operations

The Company had negative cash flows from operating activities during the prior fiscal years. To the extent that the Company has negative cash flow in any future period, the net proceeds from future financings may be used to fund such negative cash flow from operating activities.

Development costs and timing

Aequus may be unable to initiate or complete development of its product candidates on Aequus' currently expected timeline, or at all. The timing for the completion of the studies for Aequus' product candidates will require funding beyond the Company's existing cash and cash equivalents. In addition, if regulatory authorities require additional time or studies to assess the safety or efficacy of a product candidate, Aequus may not have or be able to obtain adequate funding to complete the necessary steps for approval for Topiramate XR, Oxcarbazepine XR or its product candidates. Additional delays may result if the FDA or other regulatory authority recommends non-approval or restrictions on approval. Studies required to demonstrate the safety and efficacy of Aequus' product candidates are time consuming, expensive and together take several years or more to complete. In addition, approval policies, regulations or the type and amount of clinical data

necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. Aequus has not obtained regulatory approval for any product candidate and it is possible that none of its existing product candidates or any product candidates it may seek to develop in the future will ever obtain regulatory approval. Delays in regulatory approvals or rejections of applications for regulatory approval in Canada, the United States, Europe, Japan or other markets may result from a number of factors, many of which are outside of Aequus' control.

The lengthy and unpredictable approval process, as well as the unpredictability of future clinical trial results, may result in Aequus' failure to obtain regulatory approval to market any of its product candidates, which would significantly harm Aequus' business, results of operations and prospects.

Commercial platform development

Aequus has been building a commercial platform since the Company's acquisition of TeOra in July 2015. The cost of establishing and maintaining that infrastructure may exceed the cost effectiveness of doing so. In order to market any products, Aequus must maintain, and may further expand, its sales, marketing, managerial and other non-technical capabilities or make arrangements with third parties to perform these services. The objective is for the commercial activity to be a profit centre. If Aequus does not have adequate sales, marketing and distribution capabilities, whether independently or with third parties, Aequus may not be able to generate sufficient product revenue and promotional service revenue to become profitable. Aequus competes with many companies that have extensive and well-funded S&M operations. Without an internal commercial organization or the support of a third-party to perform S&M functions, Aequus may be unable to compete successfully against these more established companies. Furthermore, Aequus' relationships with its third-party suppliers are subject to various risks and uncertainties that are outside of its control, including agreements with third-party suppliers not being renewed or being terminated in accordance with their terms and supply, and reputational risks in the event that a third-party supplier is in default under the provisions of such agreement.

Dependence on key personnel

The Company strongly depends on the business and technical expertise of its management and it is unlikely that this dependence will decrease in the near term. Loss of the Company's key personnel could slow the Company's ability to innovate, although the effect on ongoing operations would be manageable, as experienced key operations personnel could be put in place. As the Company's operations expand, additional general management resources will be required.

If the Company expands its operations, the ability of the Company to recruit, train, integrate and manage a large number of new employees is uncertain and failure to do so would have a negative impact on the Company's business plans.

Conflicts of interest

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the *Business Corporations Act* (British Columbia) (the "BCBCA") in dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interest of the Company.

Intellectual property

Our success depends on our ability to protect our proprietary rights and operate without infringing the proprietary rights of others; we may incur significant expenses or be prevented from developing and/or commercializing products as a result of an intellectual property infringement claim.

Our success will depend in part on our ability and that of our corporate collaborators to obtain and enforce patents and maintain trade secrets, both in the United States and in other countries.

The patent positions of biotechnology and biopharmaceutical companies, including us, is highly uncertain and involves complex legal and technical questions for which legal principles are not firmly established. The degree of future protection for our proprietary rights, therefore, is highly uncertain. In this regard there can be no assurance that patents will issue from any of the pending patent applications. In addition, there may be issued patents and pending applications owned by others directed to technologies relevant to our or our corporate collaborators' research, development and commercialization efforts. There can be no assurance that our or our corporate collaborators' technology can be developed and commercialized without a license to such patents or that such patent applications will not be granted priority over patent applications filed by us or one of our corporate collaborators.

Our commercial success depends significantly on our ability to operate without infringing the patents and proprietary rights of third parties, and there can be no assurance that our and our corporate collaborators' technologies and products do not or will not infringe the patents or proprietary rights of others.

There can be no assurance that third parties will not independently develop similar or alternative technologies to ours, duplicate any of our technologies or the technologies of our corporate collaborators or our licensors, or design around the patented technologies developed by us, our corporate collaborators or our licensors. The occurrence of any of these events would have a material adverse effect on our business, financial condition and results of operations.

Litigation may also be necessary to enforce patents issued or licensed to us or our corporate collaborators or to determine the scope and validity of a third-party's proprietary rights. We could incur substantial costs if litigation is required to defend ourselves in patent suits brought by third parties, if we participate in patent suits brought against or initiated by our corporate collaborators or if we initiate such suits, and there can be no assurance that funds or resources would be available in the event of any such litigation. An adverse outcome in litigation or an interference to determine priority or other proceeding in a court or patent office could subject us to significant liabilities, require disputed rights to be licensed from other parties or require us or our corporate collaborators to cease using certain technology or products, any of which may have a material adverse effect on our business, financial condition and results of operations.

Reliance on third-party sales data

For certain products, we rely on sales data provided by third parties in order to determine revenue recognition. If such third parties provide incorrect sales data, subsequently provide revised or corrected data, or dispute previously provided data, then we may be required to recognize a prospective adjustment to revenue, whether positive or negative. As a result, our revenue may be subject to greater volatility than the underlying product sales and we are subject to the risk that such third parties have inadequate internal controls to provide accurate data, any of which may negatively impact our revenue in future periods. If we believe there is an error in any such data provided by a third-party, we may dispute the data or related calculations, which may result in us incurring costs to resolve such dispute or may adversely impact our relationship with that third-party.

Coronavirus pandemic

The global impact of COVID-19 has resulted in a great deal of volatility and uncertainty in the financial markets, global economy and related supply chains. The financial markets have recovered from their lows although the negative impact from COVID-19 on the Company's financial results remains high and cannot be estimated at this time.

Indemnification provisions

The Company may enter into commercial agreements with third parties that include indemnification provisions that are customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of third-party claims or damages arising from these transactions. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions is unlimited. These indemnification provisions may survive termination of the underlying agreement. The nature of the indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay.

Forward-looking statements and other risk factors

By their very nature, forward-looking statements or information involve known and unknown risks, uncertainties and other factors that may cause our actual results, events or developments, or industry results, to be materially different from any future results, events or developments expressed or implied by such forward-looking statements or information. In evaluating these statements, current and prospective shareholders should specifically consider various factors, including the risks outlined herein and in the accompanying Shelf Prospectus and in documents incorporated by reference herein and therein, under the heading "Risk Factors" in the 2020 annual information form. Some of these risks and assumptions include, without limitation, risks related to:

- fluctuations in the market price for the Company's securities;
- risks relating to the dilution of the Company's securities;
- uncertainties relating to the actual use of proceeds;
- Aequus potentially being required to abandon development of a product if clinical trials are not successful;
- Aequus conducting clinical trials in sites outside the US and the potential that the FDA (as defined below) may not accept such data;
- regulatory approval of Aequus' products being delayed or unobtainable if additional time or studies are required;
- regulatory approval or sales being affected if Aequus' product candidates cause adverse effects;
- none of Aequus' development products being currently approved for commercial sale;
- Aequus having a limited history of generating revenue by promoting third-party products;
- Aequus not expecting profitability in the next year and the risk that the Company may never become profitable;
- Aequus having incurred operating losses since its inception and expecting to incur losses for the foreseeable future;
- Aequus being unable to complete the development or commercialization of its product candidates or obtain their regulatory approval if it fails to obtain the necessary capital to fund its operations;
- Aequus currently generating revenue from two promotional services agreements;
- Aequus raising additional capital, which may restrict operations or cause dilution to Aequus' existing shareholders;
- Aequus' business to date and future viability being hard for investors to evaluate due to Aequus being a development stage company;
- Aequus having a history of negative operating cash flow, which may continue into the future;
- Aequus having a limited history of marketing drug products produced by third parties;
- Aequus' S&M infrastructure potentially being unable to generate enough revenue to cover commercial expenses;
- the difficulty of profitably selling Aequus' product candidates if their coverage and reimbursement is limited;
- Aequus' potential international business relationships adversely affecting its business;

- third-party coverage, reimbursement, cost containment initiatives and treatment guidelines potentially constraining Aequus' future revenue;
- Aequus' reliance on third-party manufacturing for their clinical and commercial supply;
- third parties conducting aspects of Aequus' clinical trials, which if not properly managed, may jeopardize marketing approval for Aequus' product candidates;
- Aequus' future collaboration arrangements potentially adversely affecting the development and commercialization of Aequus' product candidates;
- Aequus being subject to extensive regulatory review and potentially expensive ongoing obligations even if marketing approval for its product candidates is obtained;
- Aequus' product candidates being subject to labeling and other restrictions;
- Aequus being subject to penalties if it fails to comply with regulatory requirements or experiencing unanticipated problems with its product candidates;
- adverse effects on Aequus' business if Aequus fails to obtain FDA approval for any proposed product candidates;
- Aequus' relationships with physicians, customers and payors being subject to various laws and regulations, which could expose Aequus to various adverse consequences that could diminish profits and future earnings;
- Aequus potentially not being able to protect its proprietary technology in the marketplace;
- Aequus' intellectual property portfolio being comprised of pending patent applications, which may turn out to be unsuccessful or limited in scope;
- Aequus potentially not being able to enforce its intellectual property rights throughout the world;
- recent patent reform legislation in the US increasing the uncertainty and cost of prosecuting and defending patents;
- obtaining and maintaining patent protection being contingent on ongoing compliance with various requirements imposed by governmental patent agencies;
- Aequus potentially infringing, or facing claims it infringed on third-party intellectual property rights;
- Aequus potentially being unable to adequately prevent disclosure of trade secrets and other proprietary information;
- potential lawsuits relating to infringement of intellectual property rights, which could be costly, time consuming and adversely impact the price of its Common Shares;
- potential intellectual property disputes distracting Aequus' personnel and causing diversion of substantial resources;
- Aequus' growth and profitability being contingent on successfully developing and commercializing its current pipeline of additional product candidates;
- Aequus being unable to license or acquire additional product candidates or technologies from third parties;
- successful implementation of Aequus' business strategy being dependent on attracting and retaining highly qualified personnel;
- potential product liability lawsuits being brought against Aequus and any liabilities incurred potentially limiting commercialization of product candidates;
- Aequus' business being affected by macroeconomic conditions;
- Aequus incurring significant costs and devoting substantial time to compliance initiatives;
- potential business interruptions delaying development of Aequus' product candidates and disrupting sales;
- Aequus' business and operations suffering in the event of system failures;
- Aequus' business potentially being significantly harmed by misconduct perpetrated by non-arm's length parties;
- the directors and officers of Aequus being subject to conflicts of interest;
- future sales or issuances of Aequus' securities causing the market price of Aequus' equity securities to decline;
- the Common Share price fluctuating significantly;
- Aequus potentially being subject to securities litigation, which is expensive and could divert management attention;
- Aequus' existing shareholders, officers and directors being able to exert significant control over matters submitted to Aequus' shareholders for approval due to their substantial equity ownership;
- potential future sales of Common Shares by existing shareholders causing the Common Share price to decline;

- Aequus not being required to make representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting due to its status as a venture issuer;
- Aequus never having paid, and not anticipating paying, dividends on its Common Shares;
- the price of its Common Shares potentially declining due to equity research analysts publishing negatively about Aequus' business, or not publishing about Aequus' business at all; and
- anti-takeover provisions in Aequus constating documents potentially discouraging third parties from making takeover bids that could benefit Aequus' shareholders.

Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including, but not limited to: (i) obtaining positive results of clinical trials; (ii) obtaining regulatory approvals; (iii) general business and economic conditions; (iv) the Company's ability to successfully out-license or sell its current products and in-license and develop new products; (v) the assumption that our current good relationships with our manufacturer and other third parties will be maintained; (vi) the availability of financing on reasonable terms; (vii) the Company's ability to attract and retain skilled staff; (viii) market competition; (ix) the products and technology offered by the Company's competitors; (x) the Company's ability to protect patents and proprietary rights; and (xi) the Company's ability to integrate acquired or licensed products into the Company's existing pipeline and sales infrastructure.

Should one or more of these risks or uncertainties or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

// ADDITIONAL INFORMATION

Additional information about the Company, including the financial statements and the Company's annual information form, is available on SEDAR at www.sedar.com.