(formerly Westcot Ventures Corp.)

Management's Discussion & Analysis

For the Three Months Ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

Introductory Comment and Overview

WPD Pharmaceuticals Inc. (formerly Westcot Ventures Corp.) ("the Company" or "WPD"), was incorporated on July 4, 2006 under the laws of the Business Corporations Act (British Columbia). Effective June 17, 2014, the Company's listing was transferred to the NEX board of the TSX Venture Exchange (the "Exchange") due to the Company's failure to maintain the requirements for a TSX Venture Tier 2 company. The Company was listed for trading on the NEX board of the Exchange under the symbol "SPW.H". In September 2017, the Company changed its name to Westcot Ventures Corp. and is listed under the symbol "WET.H". In January 2020, the Company changed its name to WPD Pharmaceuticals Inc.

On December 20, 2019, the Company underwent a reverse take-over transaction (the "RTO") as set out on Note 4 to the consolidated audited financial statements. The RTO resulted in numerous highly material changes to the Company's business, including changing its name from Westcot ventures Corp. to WPD Pharmaceuticals Inc. and acquiring all the shares of WPD Pharmaceuticals Sp. Z.o.o. ("WPD Poland") a privately held biotechnology research and development company. On December 18, 2019, the Company completed its voluntary delisting from the NEX Board of the Exchange. Upon completion of the RTO, the Company's common shares have commenced trading on the CSE on December 27, 2019 under the symbol "WBIO".

WPD is a reporting issuer in British Columbia, Ontario and Alberta operating its primary business through WPD Poland, a biotechnology research and development company with a focus on oncology and infectious disease, namely research and development of medicinal products involving biological compounds and small molecules. WPD has 10 novel drug candidates with 4 that are in clinical development stage. These drug candidates were researched at institutions including Mayo Clinic and Emory University, and WPD currently has ongoing collaborations with Wake Forest University and leading hospitals and academic centers in Poland. WPD has entered into license agreements with Wake Forest University Health Sciences and sublicense agreements with Moleculin Biotech Inc. and CNS Pharmaceuticals, Inc., respectively, each of which grant WPD an exclusive, royalty-bearing sublicense in certain territories to certain technologies of or licensed to the licensor. Such agreements provide WPD with certain research, development, manufacturing and sales rights, among other things. The sublicense territory from CNS Pharmaceuticals and Moleculin Biotech includes between 29 and 31 countries, respectively, in Europe, Asia, including Russia, depending on the drug compound.

As a consequence of the RTO, WPD Poland became the parent company of the group for accounting purposes and WPD adopted the fiscal year of WPD Poland which is December 31.

This management's discussion and analysis ("MD&A") reports on the operating results and financial condition of the Company for the period ended December 31, 2019 and is prepared as of July 29, 2020. The MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements and related notes for the three months ended March 31, 2020 and the Company's consolidated audited financial statements and related notes for the years ended December 31, 2019 and 2018, both of which were prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

Overall Performance

Lack of meaningful comparability

As a consequence of the RTO, WPD Poland became wholly owned subsidiary of the Company. The principal activities of WPD Poland are in biotechnology research and development company. The expenses and cash flows of WPD Poland for periods prior to December 20, 2019, as set out in the Statements of Loss and Comprehensive Loss, and Statements of Cash Flows, for periods ending in year end 2018 are for WPD Poland on a standalone basis. The statements dated December 31, 2019 essentially represent WPD Poland until the date of the RTO in late December 2019, and for the consolidated entity for the dates from December 20, 2019 onward in respect of the RTO.

Accordingly, management does not believe users of this document are likely to derive much useful information or insight in any analysis of changes from the 2018 period to the 2019 period.

Cautionary Note Regarding Forward-Looking Information

This document may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this document and Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation.

Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the biotechnology industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, all of which are filed and available for review under the Company's profile on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Acquisition

On December 20, 2019, the acquisition between WPD and WPD Poland was completed pursuant to the provisions of the Share Exchange Agreement, as amended by the Amending Agreement. Upon completion of the acquisition, WPD acquired all of the issued and outstanding shares of WPD Poland in exchange for 67,000,000 common shares of WPD. The common shares of the resulting entity therefore became majority owned by the former shareholders of WPD Poland and a minority were owned by the then existing shareholders of WPD. WPD Poland became a wholly owned subsidiary of the Company and the Company has continued the business of WPD Poland. The acquisition was an arm's length transaction and constituted a change of business and reverse takeover.

The Company also issued 4,500,000 common shares as a finder's fee to an arm's length party, in connection with the acquisition.

Description of Business and Operational Update

The Company is principally engaged in the research and development of innovative medicinal products in the fields of oncology and infectious disease. WPD has built a portfolio of products through a series of licensing agreements and currently holds interests in eight drugs targeting five different indications in clinical and pre-clinical development phases. WPD's business model is focused on developing a therapeutic platform acquired from Wake Forest University ("Wake Forest") using the benefit of European Union (EU) grant funding, know-how of clinical development in the Central European Union region and partnerships with companies willing to use the same benefits in risk-sharing co-development of products.

On November 28, 2017 WPD signed a license agreement (the "Wake Forest License Agreement") with Wake Forest University Health Sciences ("WFUHS") granting WPD an exclusive, worldwide, royalty-bearing license under certain patented and patent-pending technologies for the diagnosis and treatment of glioblastoma multiforme ("GBM"), to make, use, import, offer for sale and sell licensed pharmaceutical products, including the right to

sublicense its rights under the Wake Forest License Agreement, subject to WFUHS' retained right to make, have made, and use licensed products solely for non-commercial, educational, academic, and research purposes. The term of the Wake Forest License Agreement is for the life of the licensed patents.

Under the Wake Forest License Agreement, WPD agreed to make an up-front payment of USD$50,000 (which has been paid) and an annual fee payment of USD$10,000 during the term of the Wake Forest License Agreement. WPD has also agreed to make certain milestone payments to WFUHS, including payment of the following:

(i) USD$75,000 upon filing the first investigational new drug application with the U.S. Food and Drug Administration (or non-U.S. major market equivalent);

(ii) USD$150,000 upon enrolling the first patient in the first clinical trial that is designed to study efficacy and longer-term safety of a product licensed under the Wake Forest License Agreement; and

(iii) USD$750,000 upon the first commercial sale of a licensed product in a Major Market (as defined in the Wake Forest License Agreement) in which the licensed product is covered by a valid claim of a licensed patent.

WPD is also subject to numerous royalty payments under the Wake Forest License Agreement, which arise under various conditions such as the sale of a licensed product, and/or sublicense revenue being received. WPD also agreed to reimburse WFUHS for expenses incurred related to the licensed products with six equal payments of USD$47,880 due April 1 and October 1 of each year (the first such payment has been made, the second accrued in liabilities as at December 31, 2018 and the third and fourth accrued in liabilities as at December 31, 2019).

In addition, as part of the consideration under the Wake Forest License Agreement, WPD agreed that, on the date that WPD completes the issuance and sale of equity, equity-linked, or convertible debt securities for cumulative gross proceeds of at least USD$2,000,000, WPD shall issue to WFUHS shares of its common stock, such that WFUHS would hold, in aggregate, 6.0% of WPD's outstanding common stock calculated on a fully diluted basis. These shares were issued upon completion of the Transaction, in total 3,792,772 common shares were issued (Note 4) with a value of $1,327,470 expensed to profit and loss as license fees.

On February 20, 2018, WPD received notice that it had been conditionally awarded a grant (the "WP101 Grant") in the amount of 21,400,477 PLN (CDN$7,406,510 as at July 22, 2019) from the European Union, European Regional Development Fund under the Smart Growth Operational Programme, implemented under the NCRD for development of its drug used in the treatment of GBM Receiving the WPD101 Grant from NCRD is subject to a number of conditions including Polish and EU regulation for small and medium enterprises (SME), Polish and EU grant regulation and certain milestones. There can be no assurances that WPD will continue to meet the necessary conditions of the NCRD, satisfactorily achieve milestones, or that NCRD will continue to advance additional funds to WPD.

On October 10, 2018, WPD entered into an agreement with Animal Life Sciences, LLC ("ALS") to sublicense patent rights obtained under the Wake Forest License Agreement. In consideration for sublicensing these rights, WPD received a 7.14% equity stake in ALS. ALS was formed as a limited liability company in the State of Nevada on August 22, 2018. ALS was established as a pharmaceutical and nutritional development company focused on the licensing, development and commercialization of safe and effective treatments for animals based on human cancer technologies. ALS has not presently undertaken any business operations, other than having entered into sub-license agreements with three minority shareholders, including WPD, pertaining to certain prospective technologies that those shareholders have recently licensed from health research institutions.

In fiscal 2019, ALS completed an equity financing which valued ALS at USD $6 million. At that time, the Company's shares amounted to a 6.1% position in the Company which implies a valuation of $476,246. This is considered a Level 2 input. As there were no further observable inputs during the year, this financing was determined to be the most reliable indicator of fair value as at December 31, 2019. In connection, the Company recorded a fair value change of $476,246 in profit and loss.

On August 30, 2018, WPD entered into a sublicense agreement (the "CNS Sublicense Agreement") with CNS Pharmaceuticals, Inc. ("CNS Pharma"). CNS Pharma holds a license to research, develop and commercialize certain licensed products within licensed territory for use within the licensed field under certain patent rights. The CNS Pharma licensed field is the treatment of cancer in humans. WPD committed to spend at least US$2.0 million on the development, testing, regulatory approval or commercialization of the products governed under the CNS Sublicense Agreement within a three-year period following the date of the license. The sublicensed territories are Poland, Estonia, Latvia, Lithuania, Belarus, Ukraine, Moldova, Romania, Bulgaria, Serbia, Macedonia, Albania, Armenia, Azerbaijan, Georgia, Montenegro, Bosnia, Croatia, Slovenia, Slovakia, Czech Republic, Hungary, Chechnya, Uzbekistan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Greece, Austria, and Russia. WPD was required to make certain payments to CNS Pharma and will pay a royalty of 1% on sales. The primary compound of CNS Pharma is Berubicin, which was discovered at M.D. Anderson Cancer Center by Dr. Waldemar Priebe, the founder of CNS Pharma and WPD.

On January 31, 2019, WPD received notice that it had been awarded a conditional grant in the amount of 22,033,066 PLN (CDN$7,625,287 as at July 22, 2019) from the European Union's Regional Development Fund ("EURDF") under the Smart Growth Operational Program, implemented under the NCRD for development of its drug Berubicin hydrochloride, which is utilized via injection as a novel drug in GBM therapy for children and adult patients. The EURDF grant has conditions and milestones to be achieved. Berubicin is a new anthracycline proven to be able to reach brain tumours.

On February 19, 2019, WPD entered into a sublicense agreement (the "Moleculin Sublicense Agreement") with Moleculin Biotech, Inc. ("Moleculin"), under which Moleculin sublicensed certain intellectual property rights to WPD, including rights to certain products. Dr. Waldemar Priebe, WPD's founder and Chairman of its Scientific Advisory Board, is a founder and was the largest shareholder of Moleculin. Under the Moleculin Sublicense Agreement, Moleculin granted WPD a royalty-bearing, exclusive license to research, develop, manufacture, have manufactured, use, import, offer to sell and/or sell products in the field of human therapeutics under the licensed intellectual property for certain drug compounds in the licensed territories, being the countries of Poland, Estonia, Latvia, Lithuania, Belarus, Ukraine, Moldova, Romania, Armenia, Azerbaijan, Georgia, Slovakia, Czech Republic, Hungary, Uzbekistan, Kazakhstan, Greece, Austria, Russia, Netherlands, Turkey, Belgium, Germany, Switzerland, Sweden, Portugal, Norway, Denmark, Ireland, Finland, Luxembourg and Iceland(the "WPD Licensed Countries"). Drug compounds that were already licensed to other parties for any of the WPD Licensed Countries were excluded. In consideration for entering into the Moleculin Sublicense Agreement, WPD agreed that it must use commercially reasonable development efforts to develop and commercialize products in the WPD Licensed Countries. For the purposes of the Moleculin Sublicense Agreement, the term "commercially reasonable development efforts" means the expenditure by or on behalf of WPD of at least: (i) US$2,500,000 during the first two years of the agreement on the research, development and commercialization of products in the WPD Licensed Countries; and (ii) US$1,000,000 annually for the two years thereafter on the research and development of products in the WPD Licensed Countries. WPD believes that it may not reach the milestone expenditure requirement for the first 2 year period and is in discussions with Moleculin about an extension to achieve this milestone. There is no assurance that an extension will be granted.

On December 31, 2019, Wake Forest received a patent from the United States Patent and Trademark Office ("USPTO") for patent 105019210 (issued under application number 16/262,195v) licensed to WPD. The patent is in respect to a protein critical in the development of Th2 immune responses, which are associated with allergy, asthma, fibrosis and aggressive forms of cancer.

On January 8, 2020 Wake Forest received confirmation that the European national phase validation has been completed for the patent on Antibodies against human and canine IL-13ra2 (European Patent No. 2970492). In addition, Wake Forest was granted a European patent for EphA3 and Multi-Valent Targeting of Tumors (European Patent No. 3068797). On February 6, 2020, Wake Forest received a notice of allowance from the United States Patent and Trademark Office ("USPTO") patent for antibodies against human and canine il-13ra2 (under application number 15/835,566).

On January 31, 2020, WPD announced an update to our acquisition of WP1122. The sublicense rights to WP1122 for certain countries had previously been granted by Moleculin to a third party prior to signing of the Moleculin –

WPD Sublicense Agreement and therefore WP1122 was not a material sublicensed compound for WPD. In summer, 2019, that third party relinquished the WP1122 rights for many of the countries listed in the Moleculin – WPD Sublicense Agreement back to Moleculin, and the relinquished rights then fell into the category of compounds sublicensed by Moleculin to WPD. Rights were reserved for WP1122 to two of the 31 countries listed in the Moleculin – WPD Sublicense Agreement, so WPD now has the rights to WP1122 in 29 countries.

In an April 9, 2020 press release, WPD disclosed that independent research found 2-deoxy-D-glucose ("**2-DG**") to reduce replication of SARS-CoV-2, the virus that causes COVID-19, by 100% in in-vitro testing. 2-DG is the active ingredient in WP1122. WP1122 is referred to as a "prodrug" of 2-DG whereby chemical elements are added to 2-DG to improve its delivery in vivo. WPD has not conducted its own research into 2-DG or WP1122 or their efficacy in fighting viral infections, including Covid 19. Additionally, there are no indications as yet that WP1122 will have any positive effects in combatting any viruses, including Covid-19, in animals or humans. The Company is not making any express or implied claims that WP1122 has the ability to eliminate, cure or contain the Covid-19 Coronavirus at this time.

On February 3 and June 10, 2020, WPD clarified information regarding its prior acquisition of exclusive sublicenses for two drug candidates from Moleculin. The licensed drug candidates, WP1122 and WP1732 were developed at University of Texas MD Anderson Cancer Center, a leading comprehensive cancer center located in Houston, TX. Both drug candidates are considered promising potential therapies for treating pancreatic cancer, among other highly resistant tumors. WP1732 appears capable of a disproportionately high accumulation in the pancreas, making it a promising candidate for treating pancreatic cancer. WP1122 is capable of inhibiting glycolysis, a process by which cells convert glucose into energy and one on which many tumor cells are known to be much more dependent for their survival than normal cells. In particular, pancreatic cancer is known to be highly dependent on glycolysis.

In February 2020, through CNS, Berubicin has received positive feedback from the U.S. Food and Drug Administration ("FDA") for its Pre-IND (Investigational New Drug) meeting proposal to use Berubicin in Phase 2 clinical trials. In collaboration with CNS, WPD will be initiating the Phase 2 clinical trial in the second half of this year. Concurrently, WPD and CNS will be starting the upcoming Phase I clinical trial at Children's Memorial Health Institute, the largest pediatric hospital in Poland. The Company believes this Phase I trial of Berubicin at Children's Memorial represents the first ever investigation of an anthracycline and topoisomerase II inhibitor in pediatric brain tumors. On April 24, 2020, WPD licensed partner, CNS filed an application with the U.S. FDA under the Orphan Drug Act to receive Orphan Drug Designation for Berubicin.

On April 30, 2020, WPD in collaboration with CNS, has identified several leading medical institutions in Poland to conduct its Berubicin Phase 2 clinical trial in adults with glioblastoma multiforme ("GBM"), an aggressive and incurable form of brain cancer. The US Phase 2 trial Sponsor will be CNS and the Polish Phase 2 trial Sponsor will be WPD, a Polish corporation founded by Professor Waldemar Priebe, founder of both WPD and CNS. The Company expects to initiate both its Phase 2 US and Polish trial of Berubicin in adults with GBM during the second half of 2020.

WPD101 is currently in preclinical development and its consistent anticancer properties are demonstrated and validated in dogs with spontaneous GBM closely resembling GBM in human patients. Overall, results of these studies indicate the significant potential of WPD101 demonstrating the same effective treatment of GBM in humans. Phase I clinical trials are expected to begin in the next 12 months.

On April 23, 2020, WPD's license partner, Moleculin, completed an open label, single arm US Phase 1 trial on its Annamycin drug candidate. The Phase 1 trial met its objective of demonstrating the safety of Annamycin. Annamycin is intended for use in treating relapsed or refractory acute myeloid leukemia ("AML"). WPD has licensed rights to a portfolio of drug candidates, including Annamycin, from Moleculin.

The US Phase 1 trial shows the safety of Annamycin in a phase I trial setting when delivered to patients at or below the lifetime maximum anthracycline dose established by the FDA. The primary safety signal was the absence of cardiotoxicity (potential damage to the heart), a serious and often treatment-limiting issue prevalent with currently approved anthracyclines. This was determined by echocardiograms, as well as cardiac health biomarkers, principally blood troponin levels, which are considered an indicator of potential long-term heart damage. The data showed no

cardiotoxicity in any of the 6 patients evaluated in the US Phase 1 trial. Additionally, there were no unexpected serious adverse events and no dose limiting toxicities at any dose tested.

Although the primary objective of the Phase 1 trial was to evaluate safety, the study also gathered data to support a preliminary assessment of the product's potential efficacy. Among other things, the study recorded complete response (CR), partial response (PR), event-free survival, overall survival (Kaplan-Meier), and time to and duration of remission/response. Based on these criteria, possible efficacy was seen in 2 of the US patients, even though the drug was dosed at what was expected to be sub-therapeutic levels. The evidence of efficacy consisted of 1 patient who achieved a "morphologically leukemia-free state," which the protocol defined as a CR with incomplete recovery of platelets or neutrophils (CRi), and another patient who had a substantial remission of leukemia cutis (a somewhat rare leukemia symptom), from diffuse to 3 small lesions.

WPD has not conducted its own independent confirmation testing on Moledulin's compounds and is relying solely on the information contained in Moleculin's news releases in providing this information.

On April 29, 2020, the Office for Registration of Medicinal Products, Medical Devices and Biocidal Products (the "URPL"), authorized Moleculin to accelerate the Phase 1 dose escalation portion of its clinical trial of Annamycin for the treatment of AML. The URPL has allowed an amendment to the Annamycin clinical trial protocol, which among other things, includes an increase in the dose escalation increment between cohorts from 30 mg/m2 to 60 mg/m2. The clinical trial is currently recruiting suitable patients for the 240 mg/m2 cohort, so this amendment allows the next cohort to increase to 300 mg/m2, assuming all requirements for safety are met with the 240 mg/m2 cohort.

On May 21, 2020, Wake Forest received a patent from the United States Patent and Trademark Office ("USPTO") for a patent titled "EphA3 and Multi-Valent Targeting of Tumors" (under application number 15/958,608). The patent is exclusively licensed to WPD, and the patent relates to the WPD101 drug candidate, used in the therapy of GBM.

During the year ended December 31, 2019, the Company received and recognized $1,049,440 (Year ended December 31, 2018 the Company received and recognized $34,201) in other income associated with amounts received for the WP101 and WP104 grants as management believes they have satisfied all conditions related to this income. As at December 31, 2019, the Company has not received any additional funding under the either grant which has not been recognized into profit and loss due to unfulfilled conditions or other contingencies.

Summary of Quarterly Information

Below is selected financial information from continuing operations for the most recent eight quarters. The quarterly results presented in the table below were prepared in accordance with IFRS.

Quarter ended	Comprehensive Loss $	Loss per share $
March 31, 2020	2,235,671	0.02
December 31, 2019	10,436,882	3.40
September 30, 2019	792,547	8,067
June 30, 2019	216,496	2,165
March 31, 2019	135,584	1,455
December 31, 2018	327,979	3,279
September 30, 2018	491,678	4,899
June 30, 2018	67,839	678

Results of Operations

During the three months ended March 31, 2020, the Company reported a comprehensive loss of $2,235,671 compared to a loss of $135,584 for the comparable period in 2019. The increase in the loss in 2020 is primarily

attributable to share-based payments expense of $1,513,088 related to options granted in 2020 whereas there was no similar option grant in 2019. In addition, the Company incurred consulting fees of $502,214 compared to $34,174 for the comparable period in 2019. In 2020, additional consulting expense related to the Company going public was incurred.

Liquidity and Capital Resources

The Company has financed its operations to date through the issuance of common shares and debt. The Company continues to seek capital through various means including the issuance of equity and/or debt.

As at March 31, 2020, the Company had working capital of $2,123,987 (December 31, 2019 – working capital of $2,319,360) inclusive of cash of $2,044,674 (December 31, 2019 – $2,951,338).

Although the Company has previously been successful in raising the funds required for its operations, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

Summary of Outstanding Share Data

As at December 31, 2019 the Company had 111,520,388 common shares issued and outstanding as well as 3,949,998 warrants. There were no stock options outstanding.

As at the date of this report, the Company had 113,438,244 common shares issued and outstanding as well as 6,502,534 stock options with an exercise price ranging from $0.86 to $1.23 and 2,357,142 warrants outstanding.

Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Board and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

Key management compensation for the three months ended March 31, 2020 and 2019 was as follows:

	For the three months ended March 31, 2020	March 31, 2019
Management fees (CEO – Mariusz Olejniczak)	$ 18,600	$ -
Management fees (Director – Liam Corcoran)	15,000	-
Consulting fees (CFO – Christopher Cherry - paid to Cherry Consulting Ltd.)	10,500	-
Director fees (Teresa Rzepczyk)	4,500	-
Share-based payments	2,406,400	
	$ 2,455,000	$ -

During the three months ended March 31, 2020 and 2019, the Company also had the following transactions with related parties:

a) CNS Agreements
On August 30, 2018, WPD entered into a sublicense agreement (the "CNS Sublicense Agreement") with CNS Pharmaceuticals, Inc. ("CNS Pharma"). In connection, the Company is committed to spend at least US $2 million on the development, testing, regulatory approval, or commercialization of the products governed under the CNS License Agreement by August 30, 2021.

To date the Company has not yet submitted any expenditures for formal approval under its commitments.

CNS Pharma is a related party due to its founder and controlling shareholder being a significant shareholder of the Company.

On January 29, 2019, the Company signed a Consulting Agreement with CNS Pharma, under which the Company sub-contracted an employee to CNS Pharma for compensation of USD 5,000 per month for a term of twelve months. Amounts received under this agreement are included within Other Income in profit and loss.

Subsequent to March 31, 2020, the Company signed a Development Agreement with CNS ("CNS Development Agreement"). Under the CNS Development Agreement, the Company will receive a portion of the development costs from CNS for certain products in development in exchange for certain economic rights. In connection, the Company received an upfront cash payment of $USD 225,000 and CNS committed to a milestone payment of $USD 775,000 upon completion of certain milestones. In return for the funding, CNS is entitled to receive 50% of net sales of resulting commercial products in certain of the Company's licensed territories.

b) Moleculin Sublicense Agreement

On February 19, 2019, the Company entered into a sublicense agreement (the "Moleculin Sublicense Agreement") with Moleculin Biotech, Inc. ("Moleculin"), under which Moleculin sublicensed certain intellectual property rights to WPD, including rights to certain products. In consideration for sublicensing rights provided, the Company agreed to make expenditure of at least: (i) USD $2,500,000 during the first two years of the agreement on the research, development and commercialization of products in the licensed territories, and (ii) USD $1,000,000 annually for the two years thereafter on the research and development of products in the licensed territories. WPD believes that it may not reach the milestone expenditure requirement for the first 2 year period and is in discussions with Moleculin about an extension to achieve this milestone. There is no assurance that an extension will be granted.

To date the Company has not yet submitted any expenditures for formal approval under its commitments.

Moleculin is a related party due to its founder and largest shareholder being a significant shareholder of the Company.

Accounting Policies

The preparation of this MD&A is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements for the year ended December 31, 2019. For further information, see note 3 of the Company's audited annual consolidated financial statements for the year ended December 31, 2019.

Financial Instruments and Other Instruments

Fair Value of Financial Instruments

The Company's financial instruments consist of cash, receivables and accounts payables. The carrying values of cash, receivables and accounts payable approximate their fair values because of their short-term nature and/or the existence of market related interest rates on the instruments. These estimates are subjective and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of hierarchy are:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Financial Instruments Risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes:

(i) Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions. The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

(ii) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash on hand to meet its financial obligations.

(iii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest on the Company's loans payable and debentures is based on a fixed rate, and as such, the Company is not exposed to significant interest rate risk.

(iv) Tax Risk

The Company is subject to various taxes including, but not limited to the following: income tax; goods and services tax; sales tax; land transfer tax; and payroll tax. The Company's tax filings will be subject to audit by various taxation authorities. While the Company intends to base its tax filings and compliance on the advice of its tax advisors, there can be no assurance that its tax filing positions will never be challenged by a relevant taxation authority resulting in a greater than anticipated tax liability.

(v) Foreign Exchange Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to currency risk.

Capital Management

The Company's capital structure consists of cash and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned activities and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since inception. The Company is subject to externally imposed capital requirements.

Risks and Uncertainties

No Assurance of Profitability: The Company has no history of earnings and, due to the nature of its proposed business, there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares. While the Company may generate additional working capital through further equity offerings, there can be no assurance that any such funds will be available on favourable terms, or at all. Failure to raise such additional capital could put the continued viability of the Company at risk.

Financial statements have been prepared assuming the Company will continue on a going concern basis: The financial statements have been prepared on the basis that the Company will continue as a going concern. The Company has not yet achieved profitable operations, has incurred significant operating losses and negative cash flows from operations, and has been reliant on external debt and equity financing. There is no assurance that the Company will be successful in generating and maintaining profitable operations or in securing future debt or equity financing for its working capital and development activities. Failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis which would likely differ significantly from their going concern assumption carrying values.

Dependence Upon Others and Key Personnel: The Company is dependent upon the services of key executives, including the directors of the Company and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the inability of the Company to attract and retain additional highly skilled employees may adversely affect its business and future operations.

Share Price Volatility: In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

Financing Risks: The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it to fund working capital requirements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the Company not being able to maintain an active business.

Dilution to the Company's existing shareholders: The Company will require additional equity financing to be raised in the future. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

Limited Operating History: WPD Poland was incorporated in August of 2017 and has yet to generate any revenue. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Speculative Nature of Investment Risk: An investment in the securities of the Company carries a high degree of risk and should be considered as a speculative investment. The Company has no history of earnings, limited cash reserves, a limited operating history, has not paid dividends, and is unlikely to pay dividends in the immediate or near future.

Insurance and Uninsured Risk: The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability. Although the Company maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Company is not generally available on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have material and adverse effect upon its financial performance and results of operations.

COVID-19 Risk: Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID- 19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of

the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods

Additional Information

Additional information relating to WPD Pharmaceuticals Inc. can be accessed under the Company's public filings found at www.sedar.com.