



## ***Tetra Bio-Pharma Enters into Definitive Agreement to Acquire Panag Pharma Inc.***

***The Proposed Transaction is expected to:***

- ***provide Tetra with the most robust Pharmaceutical and Natural Health Products pipeline of any Cannabinoid company;***
- ***provide Tetra with more pharmaceutical and natural health products;***
- ***allow Tetra to sell these products worldwide;***
- ***give Tetra access to Panag's NHP portfolio which is not included in the present in-licensing agreement with Panag.***

**ORLEANS, Ontario, January 30, 2019 (GLOBE NEWSWIRE)** - Tetra Bio-Pharma Inc. ("**Tetra**" or the "**Company**"), a leader in cannabinoid-based drug discovery and development (TSX VENTURE: TBP) (OTCQB: TBPMF), today announced it has entered into a definitive agreement (the "**Agreement**") with the shareholders (the "**Vendors**") of Panag Pharma Inc. ("**Panag**") for the previously-announced acquisition by Tetra of all of the issued and outstanding shares in the capital of Panag (the "**Proposed Transaction**"). Panag is a Canadian-based bio-tech company focused on the development of novel cannabinoid-based formulations for the treatment of pain and inflammation. Panag has developed innovative and patented formulations for the treatment of ocular diseases and other pain conditions such as general neuropathic pain. Their significant formulation expertise in the wellness market will allow Tetra to expand its commercial operations.

Dr. Guy Chamberland, CEO and CSO of Tetra stated, "In completing this acquisition of Panag Pharma we have not only acquired a large portfolio of cannabinoid derived pharmaceutical and natural health products but also a team of scientists that have a substantial amount of expertise in the field. Tetra Bio-Pharma looks forward to incorporating Panag into its operations and accelerating its various drug development programs including our second-generation inhaled program."

Following the closing of the Proposed Transaction, it is expected that Panag will remain a separate subsidiary owned 100% by Tetra and provide Tetra with additional discovery and early phase drug development capacity. With this robust product pipeline, Tetra intends to continue to implement its out-licensing program to generate additional revenues via upfront payments, milestone payments, and royalties and actively pursue the clinical development of lead products.

According to Dr. Orlando Hung, a co-founder of Panag, "The Panag team is very excited to have this well-timed opportunity with Tetra Bio-Pharma, allowing us to continue our decades of translational cannabinoid research. Utilizing the expertise and support from Tetra Bio-Pharma, we are confident that

our partnership and combined skills will position us to bring effective and safe cannabinoid-based medications, as well as more innovative cannabinoid delivery systems to market to help managing patients with pain and inflammation."

Pursuant to the Agreement, Tetra would acquire 100% of the issued and outstanding shares of Panag for an aggregate consideration of \$12,000,000, on a debt-free basis and subject to customary post-closing adjustments. The purchase price would be payable by Tetra delivering to the Vendors, on the closing date of the Proposed Transaction, (i) \$3,000,000 in cash and (ii) \$9,000,000 payable in common shares of Tetra ("**Common Shares**"), at a price per Common Share equal to the lesser of (i) the 10-day volume weighted average price of the Common Shares ending as of the date of the Agreement and (ii) the Discounted Market Price (as that term is defined in the policies of the TSX Venture Exchange ("**TSXV**")) of the Common Shares as at the date that is three business days prior to the closing date of the Proposed Acquisition. The Agreement also contemplates the payment by Tetra to the Vendors of an aggregate amount of up to \$15,000,000 in cash in milestone payments upon the achievement of operational targets associated with marketing approvals and commercialization of both human and veterinary drug products by the U.S. Food and Drug Administration (FDA) and the European Medicines Agency (EMA). Tetra is committed to fund Panag's research in an amount no less than \$1,200,000 annually for a period of ten years after the closing date of the Proposed Acquisition. The milestone payments would be accelerated in the event of a bankruptcy, insolvency, failure of Tetra to make its funding commitments to Panag, change of control or sale of all of the assets of Tetra at any time until December 31, 2028. In addition, in the event of a change of control of Tetra within 24 months of the closing date of the Proposed Acquisition, the Vendors would be entitled to receive from Tetra an additional \$10 million.

Two of the Vendors, Bill Cheliak and Gregory Drohan, are non-arm's length parties to Tetra within the meaning of the rules of the TSXV. Mr. Cheliak is the Chairman of the board of directors of the Company (the "**Board**") and Mr. Drohan is a director of the Company. The Proposed Transaction will not result in the issuance of securities to non-arm's length parties as a group as payment of the purchase price exceeding 10% of the number of outstanding shares of the Company on a non-diluted basis.

The Board formed a special committee (the "**Special Committee**") for purposes of evaluating the Proposed Transaction. The Special Committee was composed of Benoit Chotard and Carl Merton, both of whom have no interest in Panag or the Proposed Transaction. On December 24, 2018, the Special Committee received a fairness opinion (the "**Fairness Opinion**") from Paradigm Capital stating that the purchase price under the Proposed Transaction is fair, from a financial point of view, to the shareholders of Tetra. In light of the Fairness Opinion and of other considerations and upon the recommendation of the Special Committee, the Board approved the Proposed Transaction. Because of their interests in the Proposed Transaction, Mr. Cheliak and Mr. Drohan recused themselves from all meetings and discussions of the Board relating to the Proposed Transaction and abstained from voting on the resolutions of the Board approving the Proposed Transaction.

The Company expects that the Proposed Transaction will be completed in February 2019. Completion of the Proposed Transaction remains subject to a number of conditions, including the receipt of the approval of the TSXV and such other closing conditions as are customary in transactions of this nature. There can be no assurance that such conditions will be satisfied and that the Proposed Transaction will be completed as described or at all.

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

#### **About Tetra Bio-Pharma:**

Tetra Bio-Pharma (TSX-V: TBP) (OTCQB: TBPMF) is a biopharmaceutical leader in cannabinoid-based drug discovery and development with a Health Canada approved, and FDA reviewed, clinical program aimed at bringing novel prescription drugs and treatments to patients and their healthcare providers. The Company has several subsidiaries engaged in the development of an advanced and growing pipeline of Bio Pharmaceuticals, Natural Health and Veterinary Products containing cannabis and other medicinal plant-based elements. With patients at the core of what we do, Tetra Bio-Pharma is focused on providing rigorous scientific validation and safety data required for inclusion into the existing bio pharma industry by regulators, physicians and insurance companies.

For more information visit: [www.tetrabiopharma.com](http://www.tetrabiopharma.com)

Source: Tetra Bio-Pharma

#### **About Panag Pharma:**

Panag Pharma Inc. is a Canadian based bio-tech company focused on the development of novel cannabinoid-based formulations for the treatment of pain and inflammation. Panag believes that pain relief should be safe, non-addictive and above all; effective. The Panag Pharma team of PhD scientists and medical doctors are among the world's leading researchers and clinicians in pain treatment and management. They bring a combined experience of over 100 years in research and clinical care of people dealing with chronic pain and inflammatory conditions. Panag's current pipeline of pain relief products include formulations for the topical application to the skin, the eye and other mucous membranes. Recently approved by Health Canada and currently undergoing clinical trials, Panag Pharma's Topical AOTC provides a new approach to the treatment of chronic pain and inflammation.

#### **Forward-looking statements**

*Some statements in this release may contain forward-looking information. All statements, other than of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding: the anticipated benefits of the Proposed Transaction for Tetra; completion and expected timing of the Proposed Transaction; whether the terms of the Proposed Transaction will be as described in this press release; whether the Proposed Transaction will be successful; the receipt of the approval of the TSXV in respect of the Proposed Transaction) are forward-looking statements. Forward-looking statements are generally identifiable by use of the words "may", "will", "should", "continue", "expect", "anticipate", "estimate", "believe", "intend", "plan" or "project" or the negative of these words or other variations on these words or comparable terminology. Forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's ability to control or predict, that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements. Factors that could cause actual results or events to differ materially from current*

*expectations include, among other things, without limitation, the inability of the Company to obtain sufficient financing to execute the Company's business plan; competition; regulation and anticipated and unanticipated costs and delays, the success of the Company's research and development strategies, including the completion of the Proposed Transaction, the applicability of the discoveries made therein, the successful and timely completion and uncertainties related to the regulatory process including the applications for Orphan Drug Designation, the timing of clinical trials, the timing and outcomes of regulatory or intellectual property decisions and other risks disclosed in the Company's public disclosure record on file with the relevant securities regulatory authorities. Although the Company has attempted to identify important factors that could cause actual results or events to differ materially from those described in forward-looking statements, there may be other factors that cause results or events not to be as anticipated, estimated or intended. Readers should not place undue reliance on forward-looking statements. No definitive documentation has yet been signed by the parties and there is no certainty that such documentation will be signed. The forward-looking statements included in this news release are made as of the date of this news release and the Company does not undertake an obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable securities legislation.*

**For further information, please contact Tetra Bio-Pharma Inc.**

Guy Chamberland, Ph.D.,  
Chief Executive Officer and Chief Scientific Officer  
514-220-9225  
Investors@tetrabiopharma.com

**Media Contact**

Energi PR	
Carol Levine	Stephanie Engel
514-288-8500 ext. 226	416-425-9143 ext. 209
Carol.levine@energipr.com	<a href="mailto:Stephanie.engel@energipr.com">Stephanie.engel@energipr.com</a>