



Management Discussion and Analysis

Financial Statements

For the three and nine months ended September 30, 2017 and 2016

Management's Discussion and Analysis of Financial Condition and Results of Operations of Zomedica Pharmaceuticals Corp. for the Three and Nine Months Ended September 30, 2017

The following Management Discussion and Analysis ("MD&A") prepared as of November 9, 2017 should be read in conjunction with the September 30, 2017 unaudited condensed consolidated interim financial statements and related notes of Zomedica Pharmaceuticals Corp. ("Zomedica" or the "Company"). The unaudited condensed consolidated interim financial statements of Zomedica and related notes as of September 30, 2017 were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and are presented in United States dollars, unless otherwise noted. Unless stated otherwise, all references to "\$" are to United States dollars.

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking statements", which include all statements other than statements of historical fact contained in this MD&A, such as statements that relate to Zomedica's current expectations and views of future events. Often, but not always, forward-looking statements can be identified by the use of words such as "may", "will", "expect", "anticipate", "predict", "aim", "estimate", "intend", "plan", "seek", "believe", "potential", "continue", "is/are likely to", "is/are projected to", the negative of these terms, or other similar expressions intended to identify forward-looking statements. These forward-looking statements include, among other things, statements relating to expectations regarding future clinical trials, expectations regarding regulatory approvals, expectations regarding the safety and efficacy of its product, expectations regarding the use of its product and its revenue, expenses and operations, plans for and timing of expansion of its product and service offerings, future growth plans, ability to attract, develop, and maintain relationships with suppliers, veterinarians/clinicians, etc., ability to attract and retain personnel, expectations regarding growth in its product markets, competitive position, and its expectations regarding competition, ability to raise debt and equity capital to fund future product development, and anticipated trends and challenges in Zomedica's business and the markets in which it operates.

Forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of Zomedica to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements.

Forward-looking statements contained herein are made as of the date of this MD&A and Zomedica disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events, results, or otherwise, unless required by applicable law. There can be 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 due to the inherent uncertainty in them.

OVERVIEW

The Company was incorporated on January 7, 2013 under the *Business Corporations Act* (Alberta) as Wise Oakwood Ventures Inc. ("WOW") and was classified as a capital pool company, as defined in Policy 2.4 of the TSX Venture Exchange ("TSX-V").

On April 21, 2016, the Company closed its qualifying transaction ("Transaction"), consisting of the acquisition of ZoMedica Pharmaceuticals Inc. ("ZoMedica") pursuant to a three-cornered amalgamation, whereby ZoMedica was amalgamated with 9674128 Canada Inc. (which was wholly-owned by WOW) and common shares and options of the Company were issued to the former holders of ZoMedica securities as consideration. The amalgamated company changed its name to Zomedica Pharmaceuticals Ltd. and WOW subsequently changed its name to Zomedica Pharmaceuticals Corp. Prior to completion of the Transaction, WOW consolidated its common shares on the basis of the one post-consolidation common share for every 2.5 pre-consolidation common shares. The Transaction constituted WOW's qualifying transaction under TSX-V Policy 2.4 – *Capital Pool Companies*. The shares of Zomedica Pharmaceuticals Corp. began trading on the TSX-V under the new symbol "ZOM" on Monday May 2, 2016. On June

21, 2016, the Company filed Articles of Amalgamation and vertically amalgamated with its wholly-owned subsidiary, Zomedica Pharmaceuticals Ltd.

Zomedica has one corporate subsidiary, ZoMedica Pharmaceuticals Inc., a Delaware company whose results and operations are included in these condensed unaudited interim consolidated financial statements that accompany this MD&A. Zomedica is a veterinary pharmaceutical and health care solutions company created to develop solutions that are tailored to the needs of the companion animal veterinarian. Zomedica's head office is located at 3928 Varsity Drive, Ann Arbor, MI 48108 and its registered office is located at Suite 1250, 639 – 5th Avenue S.W., Calgary, Alberta T2P 0M9.

Zomedica's mission is to develop products that provide veterinarians the opportunity to better serve the animals in their care, while lowering costs, increasing productivity, and growing revenue. The clinical experience of the members of the founding leadership team has defined an unmet need for the practicing veterinarian and a niche in the animal health market. The initial product line of pharmaceuticals is at the core of that mission. However the needs of the veterinarian are not defined by product lines and there are tremendous opportunities for expanding beyond the core novel pharmaceuticals, into medical devices and diagnostics. Zomedica's plan is to become profitable through the contract manufacture and sales of veterinary pharmaceuticals, and in-licensing of devices and therapeutics that fill an unmet need. Zomedica's first product candidate, ZM-012, is a novel tablet formulation of metronidazole, an anti-infective for the treatment of diarrhea in canines (dogs) not yet approved by the U.S. Food and Drug Administration Center for Veterinary Medicine ("FDA-CVM") for veterinary use, but commonly prescribed by veterinarians using human-approved products. The second product candidate, ZM-006, is a transdermal gel that delivers its active pharmaceutical ingredient, methimazole, which is commonly used in veterinary medicine to treat hyperthyroidism in felines (cats). Zomedica's third product candidate, ZM-007, is an oral suspension formulation of metronidazole for accurate dosing of small dog breeds and puppies. The fourth product candidate, ZM-011 is a transdermal gel of fluoxetine, Prozac®, commonly prescribed to treat cat behavioral disorders such as inappropriate urination. Zomedica is also testing the feasibility of a liquid biopsy technology to detect circulating tumor cells as a canine cancer diagnostic.

WOW's share capital, contributed surplus and deficit were all eliminated upon completion of the Transaction and the Transaction was accounted for as a reverse takeover. The Transaction is the equivalent of the issuance of shares by the resulting company for the net assets and listing status of the non-operating public company.

Corporate goals for 2017, which the Company is actively endeavouring to accomplish, include the following:

- Acquire or develop IP for alternative drug delivery technology
- License or acquire diagnostic technology for introduction into veterinary space
- Cross list to a U.S. exchange
- Finalize formulation and initiate pilot study for ZM-006
- Finalization of formulation of ZM-007
- Finalization of formulation of ZM-011
- Release clinical data on pilot study for ZM-012
- Initiate pivotal study for ZM-012
- Validation of liquid biopsy technology for veterinary application as a canine cancer diagnostic

CORPORATE HIGHLIGHTS

- On July 10, 2017, Zomedica announced that Bruk Herbst has joined the Company as Chief Commercial Officer. Herbst brings more than 20 years of experience, including service as Executive Senior Vice President of Sales and Marketing at i4C Innovations, and Executive Senior Director and Head of U.S. Sales at IDEXX Laboratories.
- On July 28, 2017, Zomedica announced the closing of a non-brokered private placement offering, issuing 1,502,691 common shares at a price of CDN\$2.75 for aggregate gross proceeds of approximately CDN\$4,132,400 or \$3,320,000.

- On August 14, 2017, Zomedica announced that it has retained PCG Advisory Group, a leading integrated communications firm, to serve as an advisor for investor relations and social media communications strategies.
- On September 21, 2017, Zomedica announced that an amendment to its bylaws was approved by the directors, whereby the quorum for the transaction of business at any meeting of the shareholders shall consist of at least two persons holding or representing by proxy in aggregate not less than one-third (1/3) of the outstanding shares of the Company entitled to be voted at the meeting.
- On October 18, 2017, Zomedica announced that it entered into a US\$5,000,000 unsecured working capital loan facility.

SELECTED FINANCIAL INFORMATION

The following table sets forth selected consolidated financial information for Zomedica as of and for the three and nine months ended September 30, 2017 and September 30, 2016. These results were prepared in accordance with IFRS. All of the following information is reported in US dollars unless otherwise noted.

Statements of Loss and Comprehensive Loss	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2017	2016	2017	2016
	\$	\$	\$	\$
Loss from operations	2,086,015	1,039,818	5,523,017	3,034,492
Net loss and comprehensive loss	2,080,682	1,042,235	5,501,788	3,038,471
Loss per share - basic and diluted	0.02	0.01	0.06	0.04

Statement of Financial Position	As at	
	September 30, 2017	December 31, 2016
	\$	\$
Total Assets	6,515,289	4,875,558
Total Liabilities	383,297	741,157
Total Shareholders' equity	6,131,992	4,134,401

RESULTS OF OPERATIONS

The following are selected financial information for the three and nine months ended September 30, 2017 and September 30, 2016.

	Three months ended				Nine months ended			
	September 30, September 30,		Change		September 30, September 30,		Change	
	2017	2016	\$	%	2017	2016	\$	%
	\$	\$	\$	%	\$	\$	\$	%
Expenses								
Research and development	465,495	411,104	54,391	13%	1,586,179	941,016	645,163	69%
General and administrative	1,350,726	396,644	954,082	241%	2,926,361	1,126,028	1,800,333	160%
Professional fees	246,192	219,329	26,863	12%	942,385	665,789	276,596	42%
Listing expenses	-	-	-	N/A	-	272,354	(272,354)	-100%
Amortization	699	673	26	4%	2,098	2,018	80	4%
Depreciation	22,903	12,068	10,835	90%	65,994	27,287	38,707	142%
Loss from operations	2,086,015	1,039,818	1,046,197	101%	5,523,017	3,034,492	2,488,525	82%
Gain on settlement of liabilities	-	-	-	N/A	(5,000)	-	(5,000)	N/A
Foreign exchange loss (gain)	(5,333)	2,417	(7,750)	-321%	(16,229)	3,979	(20,208)	-508%
Loss before income	2,080,682	1,042,235	1,038,447	100%	5,501,788	3,038,471	2,463,317	81%
Income tax expense	-	-	-	N/A	-	-	-	N/A
Net loss and comprehensive loss for the period	2,080,682	1,042,235	1,038,447	100%	5,501,788	3,038,471	2,463,317	81%

Research and Development

Research and development (“R&D”) expenses are comprised of costs incurred in performing R&D activities, including salaries and benefits, safety and efficacy studies, contract research costs, contract manufacturing costs, patent procurement costs, materials, supplies, and occupancy costs. R&D activities include internal and external activities associated with R&D studies of current products and advancing the products towards goals of obtaining regulatory approvals to manufacture and market these products in various jurisdictions.

Expenditures for R&D for the three months ended September 30, 2017 were higher by \$54,391 compared to the three months ended September 30, 2016. The increase was primarily due to the ramping up of R&D activities related to the hiring of additional full-time employees, product candidates development, and contracted outsourcing activities. The majority of these current period expenses related to contracted outsourced activities of \$156,980, salaries of \$118,229, and consultant fees of \$58,536. Activities included an increased level of contracted research lab activities, including in vitro and in vivo work, to support the further development of its product candidates ZM-012, ZM-006, ZM-007 and ZM-011, as well as research testing the feasibility of the liquid biopsy technology for veterinary application as a canine cancer diagnostic.

Expenditures for R&D for the nine months ended September 30, 2017 were higher by \$645,163 compared to the nine months ended September 30, 2016. The increase was primarily due to the ramping up of R&D activities related to the establishment of labs, hiring of additional full-time employees, intellectual property generation, product candidate development and contracted outsourcing activities. The majority of these current period expenses related to contracted outsourced activities of \$516,275, salaries of \$478,231 and consultant fees of \$226,985. Activities included an increased level of contracted outsourced activities, lab activities, including in vitro and in vivo work, to support the further development of its product candidates ZM-012, ZM-006, ZM-007 and ZM-011, as well as research testing the feasibility of the liquid biopsy technology for veterinary application as a canine cancer diagnostic.

We expect that our R&D expenditures in 2017 will be significantly higher than in 2016, due to activities to support the initiation of pilot and pivotal studies related to our four Investigational New Animal Drug applications, as well as work related to additional veterinary pharmaceutical candidates, diagnostic developments and technologies.

General and Administrative

General and administrative (“G&A”) expenses are comprised of salary and benefits for executive management and administrative staff, travel, insurance, share-based compensation expense and general office overhead.

Share-based compensation is recognized as an expense in the statement of loss and comprehensive loss based on the fair value of the share based payment awarded using the Black-Scholes option pricing model. Assumptions that affect the application of the fair value model include the determination of the volatility for Zomedica's common shares, risk-free interest rate, expected life of the options, dividend yield, and common share price and strike price.

G&A expenses for the three months ended September 30, 2017 were higher by \$954,082 compared to the three months ended September 30, 2016. The increase was primarily due to the ongoing ramping up of business. The majority of these current period expenses related to the addition of personnel, accounting for salaries of \$1,136,404 which included share-based compensation expenses of \$675,940 primarily as a result of the granting of options to purchase an aggregate of 1,280,000 common shares in August 2017 of which 1,223,750 vested immediately upon the date of grant. In the three months ended September 30, 2016 there was no share-based compensation expense. Other expenses in the current period included travel and accommodation of \$49,532 and insurance costs of \$48,373.

G&A expenses for the nine months ended September 30, 2017 were higher by \$1,800,333 compared to the nine months ended September 30, 2016. The increase was primarily due to the ongoing ramping up of business. The majority of these current period expenses related to the addition of personnel, accounting for salaries of \$2,107,835, which included share-based compensation expenses of \$837,531 primarily as a result of the granting of options to purchase an aggregate of 535,000 common shares in February 2017 that all vested immediately upon the date of grant and the granting of options to purchase an aggregate of 1,280,000 common shares in August 2017 of which 1,223,750 vested immediately upon the date of grant. In the nine months ended September 30, 2016 the share-based compensation expense was \$148,390. Other expenses in the current period included travel and accommodation of \$228,317, insurance of \$132,474, rent of \$121,231 and marketing and investor relations costs of \$116,196.

We expect our G&A expenditures in 2017 and in future periods to grow as the level of activity increases.

Professional Fees

Professional fees include attorney’s fees, accounting fees, and consulting fees incurred in connection with product investigation and analysis, regulatory analysis, government relations, audit, securities offerings, investor relations, and general corporate and intellectual property advice.

Professional fees for the three months ended September 30, 2017 were higher by \$26,863 compared to the three months ended September 30, 2016. The increase was primarily due to expenses in connection with the preparation of the Company’s U.S. registration statement on Form S-1, relating to the resale or other disposition by selling shareholders, and initiating the process for listing on the NYSE American exchange.

Professional fees for the nine months ended September 30, 2017 were higher by \$276,596 compared to the nine months ended September 30, 2016. The increase was primarily due to expenses in connection with the preparation of the Company’s U.S. registration statement on Form S-1, relating to the resale or other disposition by selling shareholders, and initiating the process for listing on the NYSE American exchange.

Loss

Zomedica recorded a loss for the three months ended September 30, 2017 of \$2,080,682 or \$0.02 per share, compared with a loss of \$1,042,235 or \$0.01 per share for the period from three months ended September 30, 2016.

For the three months ended September 30, 2017, the loss was attributed to the G&A expenses of \$1,350,726, R&D expenses of \$465,495, and professional fees of \$246,192, with no revenues as Zomedica does not currently have a marketed product. For the three months ended September 30, 2016, the loss was attributed to R&D expenses of \$411,104, G&A expenses of \$396,644 and professional fees of \$219,329, with no revenues as Zomedica does not currently have a marketed product.

Zomedica recorded a loss for the nine months ended September 30, 2017 of \$5,501,788 or \$0.06 per share, compared with a loss of \$3,038,471 or \$0.04 per share per share for the nine months ended September 30, 2016. For the nine months ended September 30, 2016, the loss was attributed to the G&A expenses of \$1,126,028, R&D expenses of \$941,016, professional fees of \$665,789 and listing expenses of \$272,354 with no revenues as Zomedica does not currently have a marketed product.

SUMMARY OF RESULTS

Period Ended	Basic and diluted net loss	
	Net loss	per common share
	\$	\$
September 30, 2017	2,080,682	0.02
June 30, 2017	1,588,370	0.02
March 31, 2017	1,832,736	0.02
December 31, 2016	2,974,375	0.04
September 30, 2016	1,042,235	0.01
June 30, 2016	1,064,594	0.01
March 31, 2016	931,642	0.01
December 31, 2015	701,867	0.02

It is important to note that historical patterns of revenue and expenditures cannot be taken as an indication of future revenue and expenditures. Net loss has been variable and has been impacted primarily by the availability of funding, the level of our R&D spending, and start-up costs.

The net loss in the third quarter of 2017 of \$2,080,682 was attributed to G&A expenses of \$1,350,726, R&D expenses of \$465,495 and professional fees of \$246,192, with no revenues as Zomedica does not currently have a marketed product. The net loss in the second quarter of 2017 of \$1,588,370 was attributed to G&A expenses of \$748,610, R&D expenses of \$504,235 and professional fees of \$314,658. The net loss in the first quarter of 2017 of \$1,832,736 was attributed to G&A expenses of \$827,025, R&D expenses of \$616,449 and professional fees of \$381,536.

The net loss in the fourth quarter of 2016 of \$2,974,375 was attributed to G&A expenses of \$1,790,576, which include the share-based compensation expense of \$1,319,544, the R&D expenses of \$577,573 and professional fees of \$586,038. The net loss in the third quarter of 2016 of \$1,042,235 was attributed to R&D expenses of \$411,104, G&A expenses of \$396,644 and professional fees of \$219,329. The net loss in the second quarter of 2016 of \$1,064,594 was attributed to R&D expenses of \$308,200, G&A expenses of \$276,863, listing expenses of \$272,354 and professional fees of \$201,623. The net loss in the first quarter of 2016 of \$931,642 was attributed to ongoing R&D expenses of \$221,712, G&A expenses of \$452,521, and professional fees of \$244,837.

The net loss in the fourth quarter of 2015 of \$701,867 or \$0.02 per share was attributed to R&D expenses of \$341,156, G&A expenses of \$187,966, and professional fees of \$173,068.

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended				Nine months ended			
	September 30, 2017		September 30, 2016		September 30, 2017		September 30, 2016	
	\$	\$	\$	%	\$	\$	\$	%
Cash flows used in operating activities	(1,443,198)	(1,621,927)	178,729	-11%	(5,108,962)	(3,080,122)	(2,028,840)	66%
Cash flows provided by financing activities	3,361,429	3,880,286	(518,857)	-13%	6,610,122	3,927,001	2,683,121	68%
Cash flows used in investing activities	(4,775)	(128,108)	123,333	-96%	(164,576)	(226,689)	62,113	-27%
Increase (decrease) in cash and cash equivalents, beginning of period	2,649,808	1,733,649	916,159	53%	3,226,680	3,243,710	(17,030)	-1%
Cash and cash equivalents, end of period	4,563,264	3,863,900	699,364	18%	4,563,264	3,863,900	699,364	18%

Zomedica had cash of \$4,563,264 as of September 30, 2017. The increase in cash during the three months ended September 30, 2017 is mainly a result of the cash flows provided by financing activities, partially offset by cash flows used in operating activities, as discussed below.

Cash flows used in operating activities for the three and nine months ended September 30, 2017 amounted to \$1,443,198 and \$5,108,962, respectively, compared to the three and nine months ended September 30, 2016 of \$1,621,927 and \$3,080,122, respectively. The largest use of cash within the operating activities in the current periods were an increase in employees' wages and benefits, various consultants related to the preparation of the Company's U.S. registration statement on Form S-1 relating to the resale or other disposition by selling shareholders, and a reduction in accounts payable and accrued liabilities. The prior period cash flows used in operating activities resulted primarily from employees' wages and benefits, and various consultants related to the Transaction discussed above. Zomedica did not have a marketed product and therefore did not have revenues.

Cash flows from financing activities for the three and nine months ended September 30, 2017 were \$3,361,429 and \$6,610,122, respectively, compared to the three and nine months ended September 30, 2016 cash flows from financing activities of \$3,880,286 and \$3,927,001, respectively. For the three months ended September 30, 2017 the cash flows from financing activities relate to the cash received of \$3,320,000 for the private placement that closed in July 2017 and proceeds from the exercise of stock options of \$60,655, partially offset by stock issuance costs of \$19,226. For the nine months ended September 30, 2017 the cash flows from financing expenses relate to the cash received of \$6,570,000 for the private placements that closed in April 2017 and July 2017, proceeds from the exercise of stock options for \$100,198, partially offset by stock issuance costs of \$53,350 and repayment on a shareholder loan of \$6,726. The prior period's cash flows relate to the cash acquired from a \$3,875,000 private placement that closed in August 2016, and the Transaction, partially offset by the cash paid for the stock issuance.

Cash flows used in investing activities for the three and nine months ended September 30, 2017 amounted to \$4,775 and \$164,576 respectively, compared to the three and nine months ended September 30, 2016 of \$128,108 and \$226,689, respectively. The current period cash flows relate to leasehold improvements and the purchase of furniture and equipment for additional office space in Ann Arbor. Prior period cash flows related mainly to the investment in research equipment in support of the expanding R&D activities.

Working capital (defined as current assets minus current liabilities) was \$4,790,591 as of September 30, 2017. This was primarily due to cash of \$4,563,264, and prepaid expenses and deposits of \$581,472, partially offset by accounts payable and accrued liabilities of \$383,297.

Subsequent to September 30, 2017, Zomedica entered into a loan arrangement with a shareholder of the Company, pursuant to which such shareholder has agreed to provide a loan facility to the Company, whereby the Company may borrow up to US\$5M, with the proceeds to be used for working capital and general corporate purposes. By entering into this arrangement, the Company is able to further fund future obligations without dilution to shareholders. The term of the loan facility is five (5) years, with principal and interest payments being due only at the time of maturity. Under the loan agreement, the Company may borrow in one or more advances, provided however that a minimum amount of US\$250,000 must be borrowed at any one time and not more than two advances may occur per month. Interest shall accrue at a rate of fourteen percent (14%) per annum, payable upon maturity. The loan is unsecured, however Gerald Solensky Jr., President and CEO of the Company, has entered into a written guaranty whereby he has agreed to guarantee all obligations of the Company under the loan arrangement.

Zomedica believes the existing cash and recently announced loan agreement is sufficient to fund operations beyond the next 12 months. Zomedica expects to continue to incur operating losses for the next several years as the Company works to develop and commercialize its product candidates. If Zomedica requires additional funding for operations, potential sources of capital could include equity and/or debt financings, development agreements or marketing license agreements, the collection of revenues resulting from future commercialization activities and/or new strategic partnership agreements to fund some or all costs of development, although there can be no assurance that Zomedica will be able to obtain any such capital on terms or in amounts sufficient to meet needs or at all.

OUTSTANDING SHARE INFORMATION

The number of common shares outstanding as of September 30, 2017 was 89,338,555, an increase of 5,373,986 from December 31, 2016 (4,405,373 due to the private placement and 925,000 issued due to stock options exercised). The number of stock options outstanding as of September 30, 2017 was 8,855,000, an increase of 880,000 from December 31, 2016 due to 925,000 options that were exercised, 10,000 options that were forfeited in May of 2017, and 1,815,000 options that were granted in February 2017 and August 2017. As of November 9, 2017, Zomedica had 89,338,555 common shares issued and outstanding, no change from September 30, 2017.

OFF BALANCE SHEET ARRANGEMENTS

Zomedica has no off-balance sheet arrangements.

RECENT ACCOUNTING PRONOUNCEMENTS

IFRS 9, Financial Instruments (IFRS 9)

IFRS 9 was issued by the International Accounting Standards Board (“IASB”) in October 2010 and will replace International Accounting Standard (“IAS”) IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective as at January 1, 2018. Management is currently evaluating the potential impact, if any, that the adoption of IFRS 9 will have on Zomedica’s financial statements.

IFRS 15, Revenue from contracts with customers (IFRS 15)

IFRS 15 was issued by the IASB on May 28, 2014, and will replace IAS 18, Revenue, IAS 11, Construction contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2018. Management is currently evaluating the potential impact, if any, that the adoption of IFRS 15 will have on Zomedica’s financial statements.

IFRS 16, Leases (IFRS 16)

IFRS 16 was issued by the IASB in January 2016. IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on statement of financial position finance leases and off statement of financial position operating leases. Instead, there is a single, on statement of financial position accounting model that is similar to current finance lease accounting. Management is currently evaluating the potential impact, if any, that the adoption of IFRS 16 will have on Zomedica's financial statements.

RELATED PARTY TRANSACTIONS

Details of the transactions between Zomedica, key management, and other related parties are disclosed below.

- During the three and nine months ended September 30, 2017, Zomedica repaid \$nil and \$6,726, respectively, to a director and executive officer, which was recorded as shareholder loans payable as at December 31, 2016.

Key management includes Zomedica's directors and executive officers. The remuneration of the key management team for the period ended September 30, 2017 was as follows:

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	\$	\$	\$	\$
Salaries and benefits, including bonuses	329,314	250,272	954,311	648,478
Share-based compensation	598,595	-	749,615	117,180
	<u>927,909</u>	<u>250,272</u>	<u>1,703,926</u>	<u>765,658</u>

FINANCIAL INSTRUMENTS

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 obligation. Zomedica is exposed to credit risk on its cash balances. Zomedica's cash management policies include ensuring that cash is deposited in FDIC member banks and Canadian chartered banks.

Market risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in the market prices. Zomedica's cash includes cash held in bank accounts that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values.

Liquidity risk

Liquidity risk is the risk that Zomedica may not be able to generate sufficient cash resources to settle its obligations as they fall due. Zomedica's strategy is to satisfy its liquidity needs using cash on hand, cash flow generated from operating activities, and cash flow provided by financing activities. As of September 30, 2017, Zomedica had working capital of \$4,790,591.

Fair value risk

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of Zomedica's cash, other receivables, due from related parties, accounts payable and accrued liabilities, shareholder loans payable are estimated by management to approximate their carrying values due to their short-term nature. Loans payable are also fairly reflected by its book value as they have been financed at interest rates which are similar to current market interest rates.

SUBSEQUENT EVENTS

Subsequent to September 30, 2017, Zomedica entered into a loan arrangement with a shareholder of the Company, pursuant to which such shareholder has agreed to provide a loan facility to the Company, whereby the Company may borrow up to \$5,000,000, with the proceeds to be used for working capital and general corporate purposes.

Zomedica Pharmaceuticals Corp.

Condensed consolidated interim financial statements

(Unaudited - expressed in United States Dollars)

For the three and nine months ended September 30, 2017 and 2016

Zomedica Pharmaceuticals Corp.

Condensed consolidated interim statements of financial position
(Unaudited - in United States dollars)

	Note	September 30, 2017	December 31, 2016
Assets			
Current assets:			
Cash and cash equivalents		\$ 4,563,264	\$ 3,226,680
Prepaid expenses and deposits	5	581,472	332,611
Trade and other receivable		29,152	18,921
		5,173,888	3,578,212
Prepaid expenses and deposits	5	637,945	690,374
Property and equipment	6	387,616	289,034
Intangible assets	7	315,840	317,938
		\$ 6,515,289	\$ 4,875,558
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 383,297	\$ 734,431
Shareholder loans payable		-	6,726
		383,297	741,157
Shareholders' equity:			
Share capital	8	16,881,977	10,189,973
Share-based payment reserve	9	2,285,185	1,477,810
Deficit		(13,035,170)	(7,533,382)
		6,131,992	4,134,401
		\$ 6,515,289	\$ 4,875,558

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

Zomedica Pharmaceuticals Corp.

Condensed consolidated interim statements of loss and comprehensive loss
(Unaudited - in United States dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2017	2016	2017	2016
Expenses:					
Research and development	11	\$ 465,495	\$ 411,104	\$ 1,586,179	\$ 941,016
General and administrative	11	1,350,726	396,644	2,926,361	1,126,028
Professional fees	11	246,192	219,329	942,385	665,789
Listing expenses		-	-	-	272,354
Amortization	7	699	673	2,098	2,018
Depreciation	6	22,903	12,068	65,994	27,287
Loss from operations		2,086,015	1,039,818	5,523,017	3,034,492
Gain on settlement of liabilities		-	-	(5,000)	-
Foreign exchange loss (gain)		(5,333)	2,417	(16,229)	3,979
Loss before income taxes		2,080,682	1,042,235	5,501,788	3,038,471
Income tax expense		-	-	-	-
Net loss and comprehensive loss		\$ 2,080,682	\$ 1,042,235	\$ 5,501,788	\$ 3,038,471
Weighted average number of common shares	13	88,844,534	81,073,426	86,708,499	79,140,239
Loss per share - basic and diluted	13	\$ (0.02)	\$ (0.01)	\$ (0.06)	\$ (0.04)

Nature of operations (Note 1)

Statement of compliance (Note 2)

Commitments and contingencies (Note 10)

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

Zomedica Pharmaceuticals Corp.

Condensed consolidated interim statements of changes in equity
(Unaudited - in United States dollars)

	Note	Number of common shares	Share capital	Share-based payment reserve	Deficit	Total
Balance at December 31, 2015		77,370,716	\$ 5,214,691	\$ 19,890	\$ (1,520,536)	\$ 3,714,045
Share issuance due to reverse takeover, net of cost	8	1,900,000	196,534	-	-	196,534
Share issuance for financing, net of cost	8	3,342,480	3,864,863	-	-	3,864,863
Share issuance for services	8	80,000	15,741	-	-	15,741
Share-based compensation	9	-	-	148,390	-	148,390
Shares issued due to exercise of options	8	480,000	45,437	(10,014)	-	35,423
Net loss for the period		-	-	-	(3,038,471)	(3,038,471)
Balance at September 30, 2016		83,173,196	\$ 9,337,266	\$ 158,266	\$ (4,559,007)	\$ 4,936,525

	Note	Number of common shares	Share capital	Share-based payment reserve	Deficit	Total
Balance at December 31, 2016		83,964,569	\$ 10,189,973	\$ 1,477,810	\$ (7,533,382)	\$ 4,134,401
Share issuance for services	8	43,613	45,000	-	-	45,000
Shares issued for cash, net of costs	8	4,405,373	6,516,650	-	-	6,516,650
Share-based compensation	9	-	-	837,531	-	837,531
Shares issued due to exercise of options	8	925,000	130,354	(30,156)	-	100,198
Net loss for the period		-	-	-	(5,501,788)	(5,501,788)
Balance at September 30, 2017		89,338,555	\$ 16,881,977	\$ 2,285,185	\$ (13,035,170)	\$ 6,131,992

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

Zomedica Pharmaceuticals Corp.

Condensed consolidated interim statements of cash flows

(Unaudited - in United States dollars)

		Three months ended September 30,		Nine months ended September 30,	
	Note	2017	2016	2017	2016
Cash flows used in operating activities:					
Net loss for the period		\$ (2,080,682)	\$ (1,042,235)	\$ (5,501,788)	\$ (3,038,471)
Adjustments for					
Depreciation	6	22,903	12,068	65,994	27,287
Amortization	7	699	673	2,098	2,018
Share-based compensation	9	675,940	-	837,531	148,390
Shares issued for professional fees	8	-	-	45,000	15,741
Listing expenses		-	6,645	-	278,999
Change in non-cash operating working capital					
Prepaid expenses		45,160	(771,931)	(15,239)	(786,140)
Deposits		34,228	-	(181,193)	-
Other receivable		(13,340)	10,118	(10,231)	(15,029)
Accounts payable and accrued liabilities		(128,106)	162,735	(351,134)	287,083
		(1,443,198)	(1,621,927)	(5,108,962)	(3,080,122)
Cash flows from financing activities:					
Repayments (advances) of shareholder loan		-	-	(6,726)	2,013
Cash received in amalgamation				-	108,966
Cash received from stock option exercises	9	60,655	15,422	100,198	35,422
Cash proceeds from financing	8	3,320,000	3,875,500	6,570,000	3,875,500
Cash paid for share issuance cost	8	(19,226)	(10,636)	(53,350)	(94,900)
		3,361,429	3,880,286	6,610,122	3,927,001
Cash flows used in investing activities:					
Investment in intangibles	7	-	-	-	(9,611)
Investment in property and equipment	6	(4,775)	(128,108)	(164,576)	(217,078)
		(4,775)	(128,108)	(164,576)	(226,689)
Increase in cash and cash equivalents		1,913,456	2,130,251	1,336,584	620,190
Cash and cash equivalents, beginning of period		2,649,808	1,733,649	3,226,680	3,243,710
Cash and cash equivalents, end of period		\$ 4,563,264	\$ 3,863,900	\$ 4,563,264	\$ 3,863,900

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

Zomedica Pharmaceuticals Corp.

Notes to the condensed consolidated interim financial statements
For the three and nine months ended September 30, 2017 and 2016
(Unaudited - in United States dollars)

1. Nature of operations

Zomedica Pharmaceuticals Corp. (the “Company”) was incorporated on January 7, 2013 under the *Business Corporations Act* (Alberta) as Wise Oakwood Ventures Inc. (“WOW”) and was classified as a capital pool company, as defined in Policy 2.4 of the TSX Venture Exchange.

On April 21, 2016, the Company closed its qualifying transaction (“Transaction”), consisting of the acquisition of ZoMedica Pharmaceuticals Inc. (“ZoMedica”) pursuant to a three-cornered amalgamation, whereby ZoMedica was amalgamated with 9674128 Canada Inc. (which was wholly-owned by WOW) and common shares and options of the Company were issued to the former holders of ZoMedica securities as consideration. The amalgamated company changed its name to Zomedica Pharmaceuticals Ltd. and WOW subsequently changed its name to Zomedica Pharmaceuticals Corp. Prior to completion of the Transaction, WOW consolidated its common shares on the basis of one post-consolidation common share for every 2.5 pre-consolidation common shares. The Transaction constituted WOW’s qualifying transaction under TSX-V Policy 2.4 – Capital Pool Companies. The shares of Zomedica Pharmaceuticals Corp. began trading on the TSX-V under the new symbol “ZOM” on Monday May 2, 2016. On June 21, 2016, the Company filed Articles of Amalgamation and vertically amalgamated with its wholly-owned subsidiary, Zomedica Pharmaceuticals Ltd.

Zomedica has one corporate subsidiary, Zomedica Pharmaceuticals Inc., a Delaware company whose results and operations are included in these condensed unaudited interim consolidated financial statements. Zomedica Pharmaceuticals Corp. had no operations from May 14, 2015 to the qualifying transaction date on April 21, 2016. The January 1, 2016 to March 31, 2016 comparative period represent the results of the operations of the predecessor, Zomedica Pharmaceuticals Inc. The Company is a biopharmaceutical company targeting health and wellness solutions for the companion pet through a ground-breaking approach that focuses on the needs of the veterinarians themselves. Zomedica’s head office is located at 3928 Varsity Drive, Ann Arbor, MI 48108 and its registered office is located at Suite 1250, 639 – 5th Avenue S.W., Calgary, Alberta T2P 0M9.

2. Statement of Compliance

The Company’s condensed unaudited interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value as described in the accounting policies.

These condensed unaudited interim consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

Zomedica Pharmaceuticals Corp.

Notes to the condensed consolidated interim financial statements
For the three and nine months ended September 30, 2017 and 2016
(Unaudited - in United States dollars)

3. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34") and should be read in conjunction with the most recent audited annual consolidated financial statements ("Annual Financial Statements") for the year ended December 31, 2016. These interim financial statements follow the same accounting policies and methods of application as the annual financial statements, except for those policies which have changed as a result of the adoption of new and amended IFRS pronouncements effective January 1, 2017. All intercompany transactions and balances for these subsidiaries have been eliminated.

The interim financial statements were approved by the Board of Directors on November 9, 2017.

4. Accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the condensed unaudited interim consolidated financial statements.

Functional and presentation currencies

The Company's and subsidiary's functional currency, as determined by management, is US dollars, which is also the Company's presentation currency.

Standards, amendments and interpretations issued and not yet effective

The International Accounting Standards Board has issued several new standards and amendments that will be effective on various dates. The listing below is of standards, interpretation and amendments issued which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The impact on the Company is currently being assessed.

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board ("IASB") issued the final version of IFRS 9 (2014) as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. This Standard will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 (2014) is effective for reporting periods beginning on or after January 1, 2018 with early adoption permitted. The Company has yet to assess the impact of the new standard on its results of operations, financial position and disclosures.

IFRS 15 Revenue from contracts with customers

IFRS 15, "Revenue from contracts and customers" ("IFRS 15") was issued by the IASB on May 28, 2014, and will replace IAS 18, Revenue, IAS 11, Construction contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of this pronouncement.

Zomedica Pharmaceuticals Corp.

Notes to the condensed consolidated interim financial statements
For the three and nine months ended September 30, 2017 and 2016
(Unaudited - in United States dollars)

4. Significant accounting policies (continued)

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

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16"). IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on statement of financial position finance leases and off statement of financial position operating leases. Instead, there is a single, on statement of financial position accounting model that is similar to current finance lease accounting. The Company is currently assessing the impact of this pronouncement.

5. Prepaid rent

The Company entered into a lease agreement with Wickfield Phoenix LLC effective on August 23, 2016. The Company prepaid the full outstanding balance of \$801,973 on August 26, 2016. The Company has classified the prepaid rent due within a year as a current asset on the statement of financial position.

6. Property and equipment

	Computer equipment	Furniture and equipment	Laboratory equipment	Leasehold improvements	Total
Cost					
Balance at December 31, 2015	\$ 51,795	\$ 7,364	\$ 32,665	\$ 14,735	\$ 106,559
Additions	9,803	-	210,864	10,937	231,604
Balance at December 31, 2016	61,598	7,364	243,529	25,672	338,163
Additions	82,397	68,694	2,200	11,285	164,576
Balance at September 30, 2017	143,995	76,058	245,729	36,957	502,739
Accumulated depreciation					
Balance at December 31, 2015	3,163	438	1,578	819	5,998
Depreciation	10,695	1,052	28,205	3,179	43,131
Balance at December 31, 2016	13,858	1,490	29,783	3,998	49,129
Depreciation	21,446	7,536	33,819	3,193	65,994
Balance at September 30, 2017	35,304	9,026	63,602	7,191	115,123
Net book value as at:					
December 31, 2016	\$ 47,740	\$ 5,874	\$ 213,746	\$ 21,674	\$ 289,034
Balance at September 30, 2017	\$ 108,691	\$ 67,032	\$ 182,127	\$ 29,766	\$ 387,616

Zomedica Pharmaceuticals Corp.

Notes to the condensed consolidated interim financial statements
For the three and nine months ended September 30, 2017 and 2016
(Unaudited - in United States dollars)

7. Intangible assets

	Computer software	Trademarks	Intellectual property	Total
Cost				
Balance at December 31, 2015	5,143	6,625	300,000	311,768
Additions	-	9,611	-	9,611
Balance at December 31, 2016	5,143	16,236	300,000	321,379
Additions	-	-	-	-
Balance at September 30, 2017	5,143	16,236	300,000	321,379
Accumulated amortization				
Balance at December 31, 2015	714	37	-	751
Amortization	1,714	976	-	2,690
Balance at December 31, 2016	2,428	1,013	-	3,441
Amortization	1,286	812	-	2,098
Balance at September 30, 2017	3,714	1,825	-	5,539
Net book value as at:				
December 31, 2016	\$ 2,715	\$ 15,223	\$ 300,000	\$ 317,938
September 30, 2017	\$ 1,429	\$ 14,411	\$ 300,000	\$ 315,840

The Company's intellectual property is comprised of various matters, including but not limited to business plans and concepts, business development work, market research, pre-incorporation activities and other ideas, knowledge, concepts and property that are integral to the proposed business of Zomedica.

8. Share capital

Authorized - Unlimited number of common shares without par value.

Issued and outstanding common shares:

	Number of common shares	Share capital
Balance at December 31, 2015	77,370,716	\$ 5,214,691
Shares issued to effect the amalgamation	1,900,000	196,534
Shares issued due to option exercises related to amalgamation	80,000	22,058
Shares issued to Everfront Capital Corp	80,000	15,741
Shares issued for financing	4,133,853	4,717,570
Shares issued due to exercise of options	400,000	23,379
Balance at December 31, 2016	83,964,569	10,189,973
Shares issuance for services	43,613	45,000
Shares issued from financing	4,405,373	6,570,000
Share issuance costs	-	(53,350)
Shares issued due to exercise of options (note 9)	925,000	130,354
Balance at September 30, 2017	89,338,555	\$ 16,881,977

During the nine months ended September 30, 2017, the Company settled \$50,000 of amounts due to a vendor by issuing 43,613 common shares valued at \$45,000 at the date of issuance (nine months ended September 30, 2016 - \$nil). The Company recorded a \$5,000 gain on the settlement of liabilities.

Zomedica Pharmaceuticals Corp.

Notes to the condensed consolidated interim financial statements
For the three and nine months ended September 30, 2017 and 2016
(Unaudited - in United States dollars)

9. Share-based payments

During the three months ended September 30, 2017, the Company issued 1,280,000 stock options (three months ended September 30, 2016- nil), each option entitling the holder to purchase one common share of the Company. During the nine months ended September 30, 2017, the Company issued 1,815,000 stock options (nine months ended September 30, 2016 -3,500,000 options), each option entitling the holder to purchase one common share of the Company. During the three months ended September 30, 2017, 427,940 options were exercised (three months ended September 30, 2016 – 480,000 options). During the nine months ended September 30, 2017, an aggregate of 925,000 options were exercised (nine months ended September 30, 2016 – 480,000 options)

The continuity of the issuance of stock options are as follows:

	Number of Options	Weighted Avg Exercise Price (CDN\$)
Balance at December 31, 2015	1,000,000	\$ 0.05
Options issued	3,500,000	\$ 0.25
Options issued through amalgamation	80,000	\$ 0.25
Options exercised on April 21, 2016	(80,000)	\$ 0.25
Options exercised on August 15, 2016	(400,000)	\$ 0.05
Options issued on December 21, 2016	3,875,000	\$ 1.50
Balance at December 31, 2016	7,975,000	\$ 0.84
Options issued on February 24, 2017	535,000	\$ 1.50
Stock options exercised on Feb 21, 2017	(10,000)	\$ 0.25
Stock options exercised on Feb 21, 2017	(400,000)	\$ 0.05
Stock options exercised on May 8, 2017	(7,060)	\$ 1.50
Stock options exercised on May 23, 2017	(80,000)	\$ 0.25
Stock options cancelled on May 17, 2017	(10,000)	\$ 1.50
Stock options exercised on July 6, 2017	(200,000)	\$ 0.05
Stock options exercised on July 17, 2017	(220,000)	\$ 0.25
Options issued on August 14, 2017	1,280,000	\$ 2.75
Stock options exercised on August 29, 2017	(7,940)	\$ 1.50
Balance at September 30, 2017	8,855,000	\$ 1.23

As at September 30, 2017, details of the issued and outstanding stock options are as follows:

Grant date	Exercise price (CDN\$)	Number of options issued	Number of options outstanding	Weighted Avg Remaining Life (years)
July 31, 2015	\$ 0.05	1,000,000	-	2.84
March 28, 2016	\$ 0.25	3,500,000	3,190,000	0.49
December 21, 2016	\$ 1.50	3,875,000	3,850,000	1.22
February 24, 2017	\$ 1.50	535,000	535,000	1.40
August 14, 2017	\$ 2.75	1,205,000	1,205,000	1.87
August 14, 2017	\$ 2.75	75,000	75,000	0.87

Zomedica Pharmaceuticals Corp.

Notes to the condensed consolidated interim financial statements
For the three and nine months ended September 30, 2017 and 2016
(Unaudited - in United States dollars)

9. Share-based payments (continued)

The fair value of options granted as well as the deemed issuance of options during the three and nine months period ended September 30, 2017 was estimated using the Black-Scholes option pricing model to determine the fair value of options granted using the following assumptions:

	March 28, 2016	April 21, 2016
Volatility	63%	63%
Risk-free interest rate	0.56%	1.12%
Expected life	2.06 years	1 year
Dividend yield	0%	0%
Common share price	CDN \$0.20	CDN \$0.20
Strike price	CDN \$0.25	CDN \$0.25
Forfeiture rate	nil	nil
	December 21, 2016	February 24, 2017
Volatility	58%	59%
Risk-free interest rate	0.81%	0.81%
Expected life	2.0 years	2.0 years
Dividend yield	0%	0%
Common share price	CDN \$1.45	CDN \$1.35
Strike price	CDN \$1.50	CDN \$1.50
Forfeiture rate	nil	nil
	August 14, 2017	August 14, 2017
Volatility	59%	83%
Risk-free interest rate	1.22%	1.22%
Expected life	2.0 years	1.0 years
Dividend yield	0%	0%
Common share price	CDN \$2.40	CDN \$2.40
Strike price	CDN \$2.75	CDN \$2.75
Forfeiture rate	nil	nil

The Company recorded \$675,940 of share-based compensation for the three months ended September 30, 2017 (three months ended September 30, 2016 - \$nil). The Company recorded \$837,531 of share-based compensation for the nine months ended September 30, 2017 (nine months ended September 30, 2016 - \$148,390). The Company recorded the cash receipt of \$60,655 as share capital and reclassified \$15,992 of share based payment reserve to share capital due to the exercise of options during the three month period ended September 30, 2017. The Company recorded the cash receipt of \$100,198 as share capital and reclassified \$30,156 of share based payment reserve to share capital due to the exercise of options during the nine month period ended September 30, 2017.

Volatility is determined based on volatilities of comparable companies in instances where the Company does not have sufficient trading history.

Zomedica Pharmaceuticals Corp.

Notes to the condensed consolidated interim financial statements
For the three and nine months ended September 30, 2017 and 2016
(Unaudited - in United States dollars)

10. Commitments and Contingencies

Total future annual lease payments for the premises are as follows:

2017	\$	13,044
2018		34,784
2019 and thereafter		-
Total	\$	47,828

11. Schedule of expenses

	For the three months ended September 30, 2017			For the three months ended September 30, 2016		
	Research and Development	General and Administrative	Professional Fees	Research and Development	General and Administrative	Professional Fees
Salaries, bonus and benefits	\$ 118,229	\$ 1,136,404	\$ -	\$ 136,155	\$ 229,875	\$ -
Contracted expenditures	156,980	-	-	205,532	-	-
Marketing and investor relations	-	13,015	-	-	60,168	-
Travel and accommodation	6,425	49,532	-	-	17,186	-
Insurance	21,900	48,373	-	11,812	41,643	-
Office	16,701	26,803	-	3,539	39,008	-
Consultant	58,536	-	246,192	21,967	1,540	219,329
Regulatory	25,775	28,844	-	-	-	-
Rent	12,040	38,805	-	4,816	7,224	-
Supplies	48,911	8,951	-	27,283	-	-
Total	\$ 465,495	\$ 1,350,726	\$ 246,192	\$ 411,104	\$ 396,644	\$ 219,329

	For the nine months ended September 30, 2017			For the nine months ended September 30, 2016		
	Research and Development	General and Administrative	Professional Fees	Research and Development	General and Administrative	Professional Fees
Salaries, bonus and benefits	\$ 478,231	\$ 2,107,835	\$ -	\$ 400,167	\$ 696,303	\$ -
Contracted expenditures	516,275	5,610	-	298,401	-	-
Marketing and investor relations	-	116,196	-	-	137,740	-
Travel and accommodation	9,383	228,317	-	-	48,839	-
Insurance	59,572	132,474	-	33,830	93,332	-
Office	28,569	76,967	-	9,222	104,237	-
Consultant	226,985	-	942,385	100,291	23,905	665,789
Regulatory	77,325	100,979	-	-	-	-
Rent	31,303	121,231	-	14,448	21,672	-
Supplies	158,536	36,750	-	84,657	-	-
Total	\$ 1,586,179	\$ 2,926,361	\$ 942,385	\$ 941,016	\$ 1,126,028	\$ 665,789

12. Capital risk management

The capital of the Company includes equity, which is comprised of issued common share capital, share based payment reserve, and deficit. The Company's objective when managing its capital is to safeguard the ability to continue as a going concern in order to provide returns for its shareholders, and other stakeholders and to maintain a strong capital base to support the Company's core activities.

Zomedica Pharmaceuticals Corp.

Notes to the condensed consolidated interim financial statements
For the three and nine months ended September 30, 2017 and 2016
(Unaudited - in United States dollars)

13. Loss per share

	For the three months ended September 30, 2017	For the three months ended September 30, 2016	For the nine months ended September 30, 2017	For the nine months ended September 30, 2016
Numerator				
Net loss for the period	\$ 2,080,682	\$ 1,042,235	\$ 5,501,788	\$ 3,038,471
Denominator				
Weighted average shares - basic	88,844,534	81,073,426	86,708,499	79,140,239
Stock options	-	-	-	-
Denominator for diluted loss per share	88,844,534	81,073,426	86,708,499	79,140,239
Loss per share - basic and diluted	\$ 0.02	\$ 0.01	\$ 0.06	\$ 0.04

For the above-mentioned period, the Company had securities outstanding which could potentially dilute basic earnings per share in the future, but were excluded from the computation of diluted loss per share in the period presented, as their effect would have been anti-dilutive.

14. Related party transactions and key management compensation

Key management personnel consist of the Company's directors and executive officers. In addition to their salaries, key management personnel also receive share-based compensation. Key management personnel compensation is as follows:

	For three months ended September 30,		For nine months ended September 30,	
	2017	2016	2017	2016
Salaries and benefits, including bonuses	\$ 329,314	\$ 250,272	\$ 954,311	\$ 648,478
Share-based compensation	598,595	-	749,615	117,180
Total	\$ 927,909	\$ 250,272	\$ 1,703,926	\$ 765,658

15. Subsequent events

On October 18, 2017, the Company entered into a loan arrangement with a shareholder of the Company, pursuant to which such shareholder has agreed to provide a loan facility to the Company, whereby the Company may borrow up to \$5,000,000, with the proceeds to be used for working capital and general corporate purposes. The term of the loan facility is five (5) years, with principal and interest payments being due only at the time of maturity. Under the loan agreement, the Company may borrow in one or more advances, provided however that a minimum amount of \$250,000 must be borrowed at any one time and not more than two advances may occur per month. Interest shall accrue at a rate of fourteen percent (14%) per annum, payable upon maturity.