UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of July 2020.

Commission File Number: **000-53805**

Intellipharmaceutics International Inc.
(Translation of registrant's name into English)

30 WORCESTER ROAD TORONTO, ONTARIO M9W 5X2
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F. Form 20-F [x] Form 40-F [ ]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):___

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):___

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

This Report of Foreign Private Issuer on Form 6-K and the attached exhibits 99.1, 99.2 and 101 shall be incorporated by reference into the Company's effective Registration Statements on Form F-3, as amended and supplemented (Registration Statement Nos. 333-172796 and 333-218297), filed with the Securities and Exchange Commission, from the date on which this Report is filed, to the extent not superseded by documents or reports subsequently filed or furnished by Intellipharmaceutics International Inc. under the Securities Act of 1933 or the Securities Exchange Act of 1934.

EXHIBIT LIST

Exhibit	Description
99.1	Management Discussion And Analysis Of Financial Condition And Results Of Operations for the Three and Six Months Ended May 31, 2020
99.2	Condensed Unaudited Interim Consolidated Financial Statements and Notes to Condensed Unaudited Interim Consolidated Financial Statements of Intellipharmaceutics International Inc. for the Three and Six Months Ended May 31, 2020
99.3	News Release dated July 15, 2020 - Intellipharmaceutics Announces Second Quarter 2020 Results
99.4	Form 52-109F2 - Chief Executive Officer
99.5	Form 52-109F2 - Chief Financial Officer

Exhibit Number	Description
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Intellipharmaceutics International Inc.
(Registrant)
/s/ Dr. Amina Odidi
Dr. Amina Odidi
President/COO, Acting Chief Financial Officer

Date: July 15, 2020

2020 Second Quarter
Management Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2020

The following Management Discussion and Analysis ("MD&A") should be read in conjunction with the May 31, 2020 condensed unaudited interim consolidated financial statements of Intellipharmaceutics International Inc. The condensed unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), as outlined in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). Our accounting policies have the potential to have a significant impact on our condensed unaudited interim consolidated financial statements, either due to the significance of the financial statement item to which they relate or because they require judgment and/or estimation due to the uncertainty involved in measuring, at a specific point in time, events which are continuous in nature. The information contained in this document is current in all material respects as of July 15, 2020 unless otherwise noted.

Unless the context otherwise requires, the terms "we", "us", "our", "Intellipharmaceutics", and the "Company" refer to Intellipharmaceutics International Inc. and its subsidiaries. Any reference in this document to our "products" includes a reference to our product candidates and future products we may develop. Whenever we refer to any of our current product candidates (including additional product strengths of products we are currently marketing) and future products we may develop, no assurances can be given that we, or any of our strategic partners, will successfully commercialize or complete the development of any of such product candidates or future products under development or proposed for development, that regulatory approvals will be granted for any such product candidate or future product, or that any approved product will be produced in commercial quantities or sold profitably, or at all.

Unless stated otherwise, all references to "$" or "U.S. Dollars" are to the lawful currency of the United States and all references to "C$" are to the lawful currency of Canada. We refer in this document to information regarding potential markets for our products, product candidates and other industry data. We believe that all such information has been obtained from reliable sources that are customarily relied upon by companies in our industry. However, we have not independently verified any such information.

Intellipharmaceutics™, Hypermatrix™, Drug Delivery Engine™, IntelliFoam™, IntelliGITransporter™, IntelliMatrix™, IntelliOsmotics™, IntelliPaste™, IntelliPellets™, IntelliShuttle™, nPODDDS™, PODRAS™, Regabatin™ XR and Aximris XR™ are our trademarks. These trademarks are important to our business. Although we may have omitted the "TM" trademark designation for such trademarks in this document, all rights to such trademarks are nevertheless reserved. Unless otherwise noted, other trademarks used in this document are the property of their respective holders.

We initially named our oxycodone hydrochloride extended-release tablets ("Oxycodone ER") "Rexista™," but later changed the name of our product candidate to "Aximris XR™" as the United States Food and Drug Administration ("FDA") did not approve the proposed name "Rexista". References in this prospectus, any prospectus supplement, and/or the documents incorporated by reference herein or therein to Oxycodone ER, Rexista™ or Aximris XR™ are intended to refer to our oxycodone hydrochloride extended release tablets product candidate.

Unless the context otherwise requires, references in this document to share amounts, per share data, share prices, exercise prices and conversion rates have been adjusted to reflect the effect of the 1-for-10 reverse split of our common shares (the "reverse split") which became effective on each of The NASDAQ Capital Market ("Nasdaq") and the Toronto Stock Exchange ("TSX") at the open of market on September 14, 2018. As described below, the common shares of the Company are currently traded on the OTCQB Venture Market ("OTCQB") and the TSX.

FORWARD-LOOKING STATEMENTS

Certain statements in this document constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and/or "forward-looking information" under the Securities Act (Ontario). These statements include, without limitation, statements expressed or implied regarding our expectations, plans, goals and milestones, status of developments or expenditures relating to our business, plans to fund our current activities, and statements concerning our partnering activities, health regulatory submissions, strategy, future operations, future financial position, future sales, revenues and profitability, projected costs and market penetration and risks or uncertainties arising from the delisting of our shares from Nasdaq and our ability to comply with OTCQB and TSX requirements. In some cases, you can identify forward-looking statements by terminology such as "appear", "unlikely", "target", "may", "will", "should", "expects", "plans", "plans to", "anticipates", "believes", "estimates", "predicts", "confident", "prospects", "potential", "continue", "intends", "look forward", "could", "would", "projected", "set to", "goals", "seeking" or the negative of such terms or other comparable terminology. We made a number of assumptions in the preparation of our forward-looking statements. You should not place undue reliance on our forward-looking statements, which are subject to a multitude of known and unknown risks and uncertainties that could cause actual results, future circumstances or events to differ materially from those stated in or implied by the forward-looking statements.

Risks, uncertainties and other factors that could affect our actual results include, but are not limited to the effects of general economic conditions, securing and maintaining corporate alliances, our estimates regarding our capital requirements and the effect of capital market conditions and other factors, including the current status of our product development programs, capital availability, the estimated proceeds (and the expected use of any proceeds) we may receive from any offering of our securities, the potential dilutive effects of any financing, potential liability from and costs of defending pending or future litigation, risks associated with the novel coronavirus (COVID-19) including its impact on our business and operations, our programs regarding research, development and commercialization of our product candidates, the timing of such programs, the timing, costs and uncertainties regarding obtaining regulatory approvals to market our product candidates and the difficulty in predicting the timing and results of any product launches, the timing and amount of profit-share payments from our commercial partners, and the timing and amount of any available investment tax credits. Other factors that could cause actual results to differ materially include but are not limited to:

- the actual or perceived benefits to users of our drug delivery technologies, products and product candidates as compared to others;
- our ability to establish and maintain valid and enforceable intellectual property rights in our drug delivery technologies, products and product candidates;
- the scope of protection provided by intellectual property rights for our drug delivery technologies, products and product candidates;
- recent and future legal developments in the United States and elsewhere that could make it more difficult and costly for us to obtain regulatory approvals for our product candidates and negatively affect the prices we may charge;
- increased public awareness and government scrutiny of the problems associated with the potential for abuse of opioid based medications;
- pursuing growth through international operations could strain our resources;
- our limited manufacturing, sales, marketing and distribution capability and our reliance on third parties for such;
- the actual size of the potential markets for any of our products and product candidates compared to our market estimates;
- our selection and licensing of products and product candidates;
- our ability to attract distributors and/or commercial partners with the ability to fund patent litigation and with acceptable product development, regulatory and commercialization expertise and the benefits to be derived from such collaborative efforts;
- sources of revenues and anticipated revenues, including contributions from distributors and commercial partners, product sales, license agreements and other collaborative efforts for the development and commercialization of product candidates;
- our ability to create an effective direct sales and marketing infrastructure for products we elect to market and sell directly;
- the rate and degree of market acceptance of our products;
- delays in product approvals that may be caused by changing regulatory requirements;
- the difficulty in predicting the timing of regulatory approval and launch of competitive products;
- the difficulty in predicting the impact of competitive products on sales volume, pricing, rebates and other allowances;
- the number of competitive product entries, and the nature and extent of any aggressive pricing and rebate activities that may follow;
- the inability to forecast wholesaler demand and/or wholesaler buying patterns;

- seasonal fluctuations in the number of prescriptions written for our generic Focalin XR® capsules which may produce substantial fluctuations in revenue;
- the timing and amount of insurance reimbursement regarding our products;
- changes in laws and regulations affecting the conditions required by the FDA for approval, testing and labeling of drugs including abuse or overdose deterrent properties, and changes affecting how opioids are regulated and prescribed by physicians;
- changes in laws and regulations, including Medicare and Medicaid, affecting among other things, pricing and reimbursement of pharmaceutical products;
- the effect of recent changes in U.S. federal income tax laws, including but not limited to, limitations on the deductibility of business interest, limitations on the use of net operating losses and application of the base erosion minimum tax, on our U.S. corporate income tax burden;
- the success and pricing of other competing therapies that may become available;
- our ability to retain and hire qualified employees;
- the availability and pricing of third-party sourced products and materials;
- challenges related to the development, commercialization, technology transfer, scale-up, and/or process validation of manufacturing processes for our products or product candidates;
- the manufacturing capacity of third-party manufacturers that we may use for our products;
- potential product liability risks;
- the recoverability of the cost of any pre-launch inventory should a planned product launch encounter a denial or delay of approval by regulatory bodies, a delay in commercialization, or other potential issues;
- the successful compliance with FDA, Health Canada and other governmental regulations applicable to us and our third-party manufacturers' facilities, products and/or businesses;
- our reliance on commercial partners, and any future commercial partners, to market and commercialize our products and, if approved, our product candidates;
- difficulties, delays, or changes in the FDA approval process or test criteria for Abbreviated New Drug Applications ("ANDAs") and New Drug Applications ("NDAs");
- challenges in securing final FDA approval for our product candidates, including our Oxycodone ER product candidate in particular, if a patent infringement suit is filed against us with respect to any particular product candidates (such as in the case of Oxycodone ER), which could delay the FDA's final approval of such product candidates;
- healthcare reform measures that could hinder or prevent the commercial success of our products and product candidates;

- the risk that the FDA may not approve requested product labeling for our product candidate(s) having abuse-deterrent properties and targeting common forms of abuse (oral, intra-nasal and intravenous);

- risks associated with cyber-security and the potential vulnerability of our digital information or the digital information of a current and/or future drug development or commercialization partner of ours; and

- risks arising from the ability and willingness of our third-party commercialization partners to provide documentation that may be required to support information on revenues earned by us from those commercialization partners.

Additional risks and uncertainties relating to us and our business can be found in our reports, public disclosure documents and other filings with the securities commissions and other regulatory bodies in Canada and the U.S. which are available on *www.sedar.com* and *www.sec.gov*. The forward-looking statements reflect our current views with respect to future events and are based on what we believe are reasonable assumptions as of the date of this document. We disclaim any intention and have no obligation or responsibility, except as required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of our actual operating results.

CORPORATE DEVELOPMENTS

- On July 2, 2020, we announced that the Purdue litigation plaintiffs (as defined below) and the Company entered into a stipulated dismissal of litigation cases, numbers 17-cv-392-RGA, 18-cv-404-RGA and 20-cv-515-RGA (the "Purdue stipulated dismissal"). The Purdue stipulated dismissal, which is subject to approval by the bankruptcy court presiding over Purdue litigation plaintiffs' pending chapter 11 cases, provides for the termination of patent infringement proceedings commenced by Purdue litigation plaintiffs against the Company in the United States District Court for the District of Delaware in respect of the Company's NDA filing for Aximris XR™ with the FDA. The stipulated dismissal also provides for a thirty (30) day period following a final approval of the Company's Aximris XR™ NDA during which the parties will attempt to resolve any potential asserted patent infringement claims relating to the NDA. If the parties fail to resolve all such claims during a period of thirty (30) days following a final approval, Purdue litigation plaintiffs will have fifteen (15) days to pursue an infringement action against the Company.

- On April 9, 2020, we announced an update on timing of the release of our first quarter financial results for the three months ended February 29, 2020. The Canadian Securities Administrators had announced temporary relief from certain regulatory filings required to be made on or before June 1, 2020 by reporting issuers in Canada, in view of the recent COVID-19 developments and the impact on market participants. The blanket relief provided a 45-day extension for periodic filings, including financial statements and management's discussion and analysis. We relied on this 45-day extension period provided under the blanket relief for the filing of our interim financial statements for the three months ended February 29, 2020 and the related MD&A. The Company filed its first quarter results for the three months ended February 29, 2020 on May 29, 2020, within the period of extension.

- On February 5, 2020, we announced the resignation of Greg Powell, our former Chief Financial Officer, for personal and family reasons. Pending the hiring of a replacement for Mr. Powell, the functions of Chief Financial Officer are being carried out by our President and former Chief Financial Officer, Dr. Amina Odidi. Fazayill Shaideen, who has been our Controller for the past 8 years, will continue to handle accounting activities.

- On January 15, 2020, at a joint meeting of the Anesthetic and Analgesic Drug Products Advisory Committee and Drug Safety and Risk Management Advisory Committee ("Advisory Committees") of the FDA to discuss our NDA for Aximris XR™, abuse-deterrent oxycodone hydrochloride extended-release tablets, the Advisory Committees voted 24 to 2 against the approval of our NDA for Aximris XR™ for the management of pain severe enough to require daily, around-the-clock, long-term opioid treatment and for which alternative treatment options are inadequate. We expect the FDA to take action on our application, on completion of their review of the NDA.

There can be no assurance that we will not be required to conduct further studies for our Aximris XR product candidate, that the FDA will approve any of our requested abuse-deterrence label claims, that the FDA will meet its deadline for review, or that the FDA will ultimately approve the NDA for the sale of the product candidate in the U.S. market, or that the product will ever be successfully commercialized and produce significant revenue for us.

BUSINESS OVERVIEW

On October 22, 2009, Intellipharmaceutics Ltd. and Vasogen Inc. completed a court-approved plan of arrangement and merger (the "IPC Arrangement Transaction") resulting in the formation of the Company, which is incorporated under the laws of Canada and the common shares of which are currently traded on the TSX and OTCQB.

We are a pharmaceutical company specializing in the research, development and manufacture of novel and generic controlled-release and targeted-release oral solid dosage drugs. Our patented Hypermatrix™ technology is a multidimensional controlled-release drug delivery platform that can be applied to the efficient development of a wide range of existing and new pharmaceuticals. Based on this technology platform, we have developed several drug delivery systems and a pipeline of products (some of which have received FDA approval) and product candidates in various stages of development, including ANDAs filed with the FDA (and ANDS filed with Health Canada) and one NDA filing, in therapeutic areas that include neurology, cardiovascular, gastrointestinal tract ("GIT"), diabetes and pain.

In November 2005, we entered into a license and commercialization agreement with Par Pharmaceutical Inc. ("Par") (as amended on August 12, 2011 and September 24, 2013, the "Par agreement"), pursuant to which we granted Par an exclusive, royalty-free license to make and distribute in the U.S. all strengths of our generic Focalin XR® (dexmethylphenidate hydrochloride extended-release) capsules for a period of 10 years from the date of commercial launch (which was November 19, 2013). Under the Par agreement, we made a filing with the FDA for approval to market generic Focalin XR® capsules in various strengths in the U.S. (the "Company ANDA"), and are the owner of that Company ANDA, as approved in part by the FDA. We retain the right to make and distribute all strengths of the generic product outside of the U.S. Calendar quarterly profit-sharing payments for its U.S. sales under the Company ANDA are payable by Par to us as calculated pursuant to the Par agreement. Within the purview of the Par agreement, Par also applied for and owns an ANDA pertaining to all marketed strengths of generic Focalin XR® (the "Par ANDA"), and is now approved by the FDA, to market generic Focalin XR® capsules in all marketed strengths in the U.S. As with the Company ANDA, calendar quarterly profit-sharing payments are payable by Par to us for its U.S. sales of generic Focalin XR® under the Par ANDA as calculated pursuant to the Par agreement.

We received final approval from the FDA in November 2013 under the Company ANDA to launch the 15 and 30 mg strengths of our generic Focalin XR® capsules. Commercial sales of these strengths were launched immediately by our commercialization partner in the U.S., Par.

In January 2017, Par launched the 25 and 35 mg strengths of its generic Focalin XR® capsules in the U.S., and in May 2017, Par launched the 10 and 20 mg strengths, complementing the 15 and 30 mg strengths of our generic Focalin XR® marketed by Par. The FDA granted final approval under the Par ANDA for its generic Focalin XR® capsules in the 5, 10, 15, 20, 25, 30, 35 and 40 mg strengths, and subsequently Par launched the remaining 5 and 40 mg strengths. Under the Par agreement, we receive quarterly profit share payments on Par's U.S. sales of generic Focalin XR®. Revenues from sales of the generic Focalin XR® capsules continue to be impacted by ongoing competitive pressures in the generic market. There can be no assurance whether revenues from this product will improve going forward. We depend significantly on the actions of our marketing partner Par in the prosecution, regulatory approval and commercialization of our generic Focalin XR® capsules and on its timely payment to us of the contracted calendar quarterly payments as they come due.

In October 2016, we announced we had entered into a license andcommercial supply agreement (the "Mallinckrodt agreement") with Mallinckrodt LLC ("Mallinckrodt"), granting Mallinckrodt an exclusive license to market, sell and distribute in the U.S. the following extended release drug products:

- Quetiapine fumarate extended-release tablets (generic Seroquel XR®) – Approved and launched
- Desvenlafaxine extended-release tablets (generic Pristiq®) – ANDA Approved
- Lamotrigine extended-release tablets (generic Lamictal® XR™) – ANDA under FDA Review

We agreed to manufacture and supply these licensed products exclusively for Mallinckrodt on a cost-plus basis. The Mallinckrodt agreement contained customary terms and conditions for an agreement of this kind and was subject to early termination in the event we did not obtain FDA approvals of the Mallinckrodt licensed products by specified dates, or pursuant to any one of several termination rights of each party.

In May 2017, we received final approval from the FDA for our ANDA for quetiapine fumarate extended-release tablets in the 50, 150, 200, 300 and 400 mg strengths. Our approved product is a generic equivalent for the corresponding strengths of the branded product Seroquel XR® sold in the U.S. by AstraZeneca Pharmaceuticals LP ("AstraZeneca"). Pursuant to a settlement agreement between us and AstraZeneca dated July 30, 2012, we were permitted to launch our generic versions of the 50, 150, 200, 300 and 400 mg strengths of generic Seroquel XR®, on November 1, 2016, subject to FDA final approval of our ANDA for those strengths. The Company manufactured and shipped commercial quantities of all strengths of generic Seroquel XR® to Mallinckrodt, our then marketing and distribution partner, and Mallinckrodt launched all strengths in June 2017; however, the arrangement did not generate significant revenue. On April 12, 2019, we and Mallinckrodt mutually agreed to terminate the Mallinckrodt agreement. Effective August 12, 2019, the Mallinckrodt agreement was terminated.

On August 15, 2019, we announced a license and commercial supply agreement with Tris Pharma, Inc. ("Tris Pharma"), granting Tris Pharma the exclusive license to market, sell and distribute in the United States Quetiapine fumarate extended release tablets in the 50, 150, 200, 300 and 400 mg strengths. Several other generic versions of these licensed products are available in the market.

In May 2019, we received approval from the FDA for our ANDA for desvenlafaxine extended-release tablets in the 50 and 100 mg strengths. This product is a generic equivalent of the branded product Pristiq® sold in the U.S. by Wyeth Pharmaceuticals, LLC. On September 5, 2019, we announced an agreement with Tris Pharma, granting Tris Pharma an exclusive license to market, sell and distribute in the United States, Desvenlafaxine extended-release tablets in the 50 and 100 mg strengths.

In November 2018, we received final approval from the FDA for our ANDA for venlafaxine hydrochloride extended-release capsules in the 37.5, 75 and 150 mg strengths. The approved product is a generic equivalent of the branded product Effexor XR® sold in the U.S. by Wyeth Pharmaceuticals, LLC. On November 25, 2019, we announced that we had entered into a license and commercial supply agreement with Tris Pharma, by which we granted Tris Pharma an exclusive license to market, sell and distribute in the United States, Venlafaxine ER in the 37.5, 75, and 150 mg strengths.

All three licensing agreements with Tris Pharma have an initial term of five years and include two-year renewal periods until terminated, and all provide for a share of net profits to us. The rights granted include a license to intellectual property necessary to distribute the licensed products in the US market. We will maintain all ownership of the licensed products and responsibility to manufacture the licensed products and supply exclusively to Tris Pharma on a cost-plus basis. The Tris Pharma agreements contain customary terms and conditions for agreements of this kind. There can be no assurance that any of the products licensed to Tris Pharma will be successfully commercialized and produce significant revenue for us.

In February 2017, we received final approval from the FDA for our ANDA for metformin hydrochloride extended release tablets in the 500 and 750 mg strengths, a generic equivalent for the corresponding strengths of the branded product Glucophage® XR sold in the U.S. by Bristol-Myers Squibb. The Company is aware that several other generic versions of this product are currently available that serve to limit the overall market opportunity for this product. We continue to evaluate options to realize commercial returns on this product, particularly in international markets. In November 2018, we announced that we entered into two exclusive licensing and distribution agreements with pharmaceutical distributors in Vietnam and the Philippines pursuant to which the distributors were granted the exclusive right, subject to regulatory approval, to import and market our generic Glucophage® XR in Vietnam and the Philippines, respectively. There can be no assurance as to when and if the product will receive regulatory approval for the sale in Vietnam or the Philippines. Moreover, there can be no assurance that our metformin hydrochloride extended release tablets in the 500 and 750 mg strengths will be successfully commercialized and produce significant revenues for us.

In February 2016, we received final approval from the FDA of our ANDA for generic Keppra XR® (levetiracetam extended-release) tablets for the 500 and 750 mg strengths. Our generic Keppra XR® is a generic equivalent for the corresponding strengths of the branded product Keppra XR® sold in the U.S. by UCB, Inc., and is indicated for use in the treatment of partial onset seizures associated with epilepsy. We are aware that several other generic versions of this product are currently available that serve to limit the overall market opportunity. We have been exploring the best approach to maximize our commercial returns from this approval and have been looking at several international markets where, despite lower volumes, product margins are typically higher than in the U.S. In November 2018, we announced that we entered into two exclusive licensing and distribution agreements with pharmaceutical distributors in Vietnam and the Philippines pursuant to which the distributors were granted the exclusive right, subject to regulatory approval, to import and market our generic Keppra XR® in Vietnam and the Philippines, respectively. There can be no assurance as to when and if such product will receive regulatory approval for the sale in Vietnam or the Philippines. Moreover, there can be no assurance that our generic Keppra XR® for the 500 and 750 mg strengths will be successfully commercialized and produce significant revenues for us.

On September 30, 2019, pursuant to an ANDA sale agreement (the "Levetiracetam ANDA Agreement"), we sold all of the assets relating to our ANDA for Levetiracetam extended-release 500mg and 750 mg tablets (collectively, the "Transferred Levetiracetam ANDA") to the ANDA Repository, LLC (the "Levetiracetam ANDA Purchaser") in exchange for a purchase price of $1. Additionally, pursuant to the Levetiracetam ANDA Agreement, we agreed to pay the Levetiracetam ANDA Purchaser an annual fee for each fiscal year equal to 50% of the difference for the FDA Program Fee for 6 to 19 approved ANDAs and the FDA Program Fee for 1 to 5 approved ANDAs. Under the Levetiracetam ANDA Agreement, we have the option to repurchase the Transferred Levetiracetam ANDA for a purchase price of $1 at any time.

Our goal is to leverage our proprietary technologies and know-how in order to build a diversified portfolio of revenue generating commercial products. We intend to do this by advancing our products from the formulation stage through product development, regulatory approval and manufacturing. We believe that full integration of development and manufacturing will help maximize the value of our drug delivery technologies, products and product candidates. We also believe that out-licensing sales and marketing to established organizations, when it makes economic sense, will improve our return from our products while allowing us to focus on our core competencies. We expect our expenditures for the purchase of production, laboratory and computer equipment and the expansion of manufacturing and warehousing capability to be higher as we prepare for the commercialization of ANDAs, one NDA and one ANDS that are pending FDA and Health Canada approval respectively, if and when these events occur. We have recently reduced the levels of development activities due to the financial condition of the Company and the effects of Covid-19 as described below.

There can be no assurance that any of our product candidates will receive regulatory approval from FDA Health Canada or the regulatory authorities of any other country in which our products are proposed to be sold, or that any of our products will ever be successfully commercialized and produce significant revenues for us.

The ongoing COVID-19 outbreak and pandemic present complex challenges and uncertainties to organizations across the world. Businesses face unprecedented times and with the situation being dynamic, the ultimate duration and magnitude of COVID-19 impact on the economy and our business are not known at this time. The challenges and uncertainties could impact our ability to maintain operations, launch new products, and obtain financing; it could also impair the value of our shares, our long-lived assets, and adversely impact our ability to generate potential future revenue. We have adjusted our research and development ("R&D") and business development/marketing activities according to the pandemic effects as we continue to work to try to ensure operations continue while we remain committed to keeping our employees safe.

STRATEGY

Our Hypermatrix™ technologies are central to the development and manufacture of novel and generic controlled-release and targeted-release oral solid dosage drugs. The Hypermatrix™ technologies are a multidimensional controlled-release drug delivery platform that we believe can be applied to the efficient development of a wide range of existing and new pharmaceuticals. We believe that the flexibility of these technologies allows us to develop complex drug delivery solutions within an industry-competitive timeframe. Based on this technology platform, we have developed several drug delivery systems and a pipeline of products (some of which have received FDA approval) and product candidates in various stages of development, including ANDAs filed with the FDA (and one ANDS filed with Health Canada) and one NDA filing, in therapeutic areas that include neurology, cardiovascular, GIT, diabetes and pain. We expect that certain, but not all, of the products in our pipeline may be developed from time to time for third parties pursuant to drug development agreements with those third parties, under which our commercialization partner may pay certain of the expenses of development, make certain milestone payments to us and receive a share of revenues or profits if the drug is developed successfully to completion, the control of which would generally be in the discretion of our drug development partner.

The principal focus of our development activities previously targeted difficult-to-develop controlled-release generic drugs which follow an ANDA regulatory pathway. Our development effort is currently increasingly directed towards improved difficult-to-develop controlled-release drugs which follow an NDA 505(b)(2) regulatory pathway. We increased emphasis towards specialty new product development, facilitated by the 505(b)(2) regulatory pathway, by advancing the product development program for Oxycodone ER and Regabatin™ XR, and commencing other projects in our 505(b)(2) pipeline. We are still working on these and other product candidates as resources permit. In January 2019, we announced that we had commenced an R&D program of pharmaceutical cannabidiol ("CBD")-based products. As part of the CBD-based R&D program, we filed provisional patent applications with the United States Patent and Trademark Office pertaining to the delivery and application of cannabinoid-based therapeutics. There can be no assurance that any of our provisional patent applications will successfully mature into patents. The Company holds a Health Canada Cannabis Drug License ("CDL"). Under the CDL, we are authorized to possess, produce, sell and deliver drug products containing CBD in Canada. We had also previously identified several additional 505(b)(2) product candidates for development in various indication areas including cardiovascular, dermatology pulmonary disease and oncology, we are still exploring the potential development of such product candidates**.** The technology that is central to our abuse deterrent formulation of our Oxycodone ER is the nPODDDS™, or novel Point of Divergence Drug Delivery System. nPODDDS™ is designed to provide for certain unique drug delivery features in a product. These include the release of the active substance to show a divergence in a dissolution and/or bioavailability profile. The divergence represents a point or a segment in a release timeline where the release rate, represented by the slope of the curve, changes from an initial rate or set of rates to another rate or set of rates, the former representing the usually higher rate of release shortly after ingesting a dose of the drug, and the latter representing the rate of release over a later and longer period of time, being more in the nature of a controlled-release or sustained action. It is applicable for the delivery of opioid analgesics in which it is desired to discourage common methods of tampering associated with misuse and abuse of a drug, and also dose dumping in the presence of alcohol. It can potentially retard tampering without interfering with the bioavailability of the product.

In addition, our PODRAS™, or Paradoxical OverDose Resistance Activating System, delivery technology was initially introduced to enhance our Oxycodone ER (abuse deterrent oxycodone hydrochloride extended release tablets) product candidate. The PODRAS™ delivery technology platform was designed to prevent an overdose when more pills than prescribed are swallowed intact. Preclinical studies of prototypes of oxycodone with PODRAS™ technology suggest that, unlike other third-party abuse-deterrent oxycodone products in the marketplace, if more tablets than prescribed are deliberately or inadvertently swallowed, the amount of drug active ingredient ("drug active") released over 24 hours may be substantially less than expected. However, if the prescribed number of pills is swallowed, the drug release should be as expected. Certain aspects of our PODRAS™ technology are covered by U.S. Patent Nos. 9,522,119, 9,700,515, 9,700,516 and 9,801,939 and Canadian Patent No. 2,910,865 issued by the U.S. Patent and Trademark Office and the Canadian Intellectual Property Office in respect of "Compositions and Methods for Reducing Overdose" in December 2016, July 2017 and October 2017, respectively. The issuance of these patents provides us with the opportunity to accelerate our PODRAS™ development plan by pursuing proof of concept studies in humans. We intend to incorporate this technology in future product candidates, including Oxycodone ER and other similar pain products, as well as pursuing out-licensing opportunities. We are currently working on the development of an Oxycodone immediate-release (IR) product incorporating this technology.

The NDA 505(b)(2) pathway (which relies in part upon the FDA's findings for a previously approved drug) both accelerates development timelines and reduces costs in comparison to NDAs for new chemical entities. An advantage of our strategy for development of NDA 505(b)(2) drugs is that our product candidates can, if approved for sale by the FDA, potentially enjoy an exclusivity period which may provide for greater commercial opportunity relative to the generic ANDA route.

The market we operate in is created by the expiration of drug product patents, challengeable patents and drug product exclusivity periods. There are three ways that we employ our controlled-release technologies, which we believe represent substantial opportunities for us to commercialize on our own or develop products or out-license our technologies and products:

For branded immediate-release (multiple-times-per-day) drugs, we can formulate improved replacement products, typically by developing new, potentially patentable, controlled-release once-a-day drugs. Among other out-licensing opportunities, these drugs can be licensed to and sold by the pharmaceutical company that made the original immediate-release product. These can potentially protect against revenue erosion in the brand by providing a clinically attractive patented product that competes favorably with the generic immediate-release competition that arises on expiry of the original patent(s). The regulatory pathway for this approach requires NDAs via a 505(b)(2) application for the U.S. or corresponding pathways for other jurisdictions where applicable.

Some of our technologies are also focused on the development of abuse-deterrent and overdose preventive pain medications. The growing abuse and diversion of prescription "painkillers", specifically opioid analgesics, is well documented and is a major health and social concern. We believe that our technologies and know-how are aptly suited to developing abuse-deterrent pain medications. The regulatory pathway for this approach requires NDAs via a 505(b)(2) application for the U.S. or corresponding pathways for other jurisdictions where applicable.

For existing controlled-release (once-a-day) products whose active pharmaceutical ingredients (APIs) are covered by drug molecule patents about to expire or already expired, or whose formulations are covered by patents about to expire, already expired or which we believe we do not infringe, we can seek to formulate generic products which are bioequivalent to the branded products. Our scientists have demonstrated a successful track record with such products, having previously developed several drug products which have been commercialized in the U.S. by their former employer/clients. The regulatory pathway for this approach requires ANDAs for the U.S. and ANDSs for Canada.

We intend to collaborate in the development and/or marketing of one or more products with partners, when we believe that such collaboration may enhance the outcome of the project. We also plan to seek additional collaborations as a means of developing additional products. We believe that our business strategy enables us to reduce our risk by (a) having a diverse product portfolio that includes both branded and generic products in various therapeutic categories, and (b) building collaborations and establishing licensing agreements with companies with greater resources thereby allowing us to share costs of development and to improve cash-flow. There can be no assurance that we will be able to enter into additional collaborations or, if we do, that such arrangements will be commercially viable or beneficial.

OUR DRUG DELIVERY TECHNOLOGIES

Hypermatrix™

Our scientists have developed drug delivery technology systems, based on the Hypermatrix™ platform, that facilitate controlled-release delivery of a wide range of pharmaceuticals. These systems include several core technologies, which enable us to flexibly respond to a wide range of drug attributes and patient requirements, producing a desired controlled-release effect. Our technologies have been incorporated in drugs manufactured and sold by major pharmaceutical companies.

This group of drug delivery technology systems is based upon the drug active being imbedded in, and an integral part of, a homogeneous (uniform), core and/or coatings consisting of one or more polymers which affect the release rates of drugs, other excipients (compounds other than the drug active), such as for instance lubricants which control handling properties of the matrix during fabrication, and the drug active itself. The Hypermatrix™ technologies are the core of our current marketing efforts and the technologies underlying our existing development agreements.

nPODDDS™

In addition to continuing efforts with Hypermatrix™ as a core technology, our scientists continue to pursue novel research activities that address unmet needs. Oxycodone ER (abuse deterrent oxycodone hydrochloride extended release tablets) is an NDA candidate with a unique long acting oral formulation of oxycodone intended to treat moderate-to-severe pain. The formulation is intended to present a significant barrier to tampering when subjected to various forms of physical and chemical manipulation commonly used by abusers. It is also designed to prevent dose dumping when inadvertently co-administered with alcohol. The technology that supports our abuse deterrent formulation of oxycodone is the nPODDDS™ Point of Divergence Drug Delivery System. The use of nPODDDS™ does not interfere with the bioavailability of oxycodone. We intend to apply the nPODDDS™ technology platforms to other extended release opioid drug candidates (e.g., oxymorphone, hydrocodone, hydromorphone and morphine) utilizing the 505(b)(2) regulatory pathway.

PODRAS™

Our Paradoxical OverDose Resistance Activating System (PODRAS™) delivery technology is designed to prevent overdose when more pills than prescribed are swallowed intact. Preclinical studies of prototypes of oxycodone with PODRAS™ technology suggest that, unlike other third-party abuse-deterrent oxycodone products in the marketplace, if more tablets than prescribed are deliberately or inadvertently swallowed, the amount of drug active released over 24 hours may be substantially less than expected. However, if the prescribed number of pills is swallowed, the drug release should be as expected. We are currently working on an alternate an alternate Oxycodone ER product candidate incorporating our PODRAS™ delivery technology. In April 2015, the FDA published Guidance for Industry: Abuse-Deterrent Opioids — Evaluation and Labeling, which cited the need for more efficacious abuse-deterrence technology. In this Guidance, the FDA stated, “opioid products are often manipulated for purposes of abuse by different routes of administration or to defeat extended-release properties, most abuse-deterrent technologies developed to date are intended to make manipulation more difficult or to make abuse of the manipulated product less attractive or less rewarding. It should be noted that these technologies have not yet proven successful at deterring the most common form of abuse—swallowing a number of intact capsules or tablets to achieve a feeling of euphoria.” The FDA reviewed our request for Fast Track designation for our abuse deterrent Oxycodone ER development program incorporating PODRAS™, and in May 2015 notified us that the FDA had concluded that we met the criteria for Fast Track designation. Fast Track is a designation assigned by the FDA in response to an applicant’s request which meets FDA criteria. The designation mandates the FDA to facilitate the development and expedite the review of drugs intended to treat serious or life threatening conditions and that demonstrate the potential to address unmet medical needs.

In December 2016, July 2017 and October 2017, U.S. Patent Nos. 9,522,119, 9,700,515, 9,700,516 and 9,801,939 and Canadian Patent No. 2,910,865 were issued by the U.S. Patent and Trademark Office and the Canadian Intellectual Property Office in respect of “Compositions and Methods for Reducing Overdose”. The issued patents cover aspects of the PODRAS™ delivery technology. The issuance of these patents represents a significant advance in our abuse deterrence technology platform. The PODRAS™ platform has the potential to positively differentiate our technology from others of which we are aware and may represent an important step toward addressing the FDA’s concern over the ingestion of a number of intact pills or tablets. In addition to its use with opioids, the PODRAS™ platform is potentially applicable to a wide range of drug products, inclusive of over-the-counter drugs, that are intentionally or inadvertently abused and cause harm by overdose to those who ingest them. We intend to apply the PODRAS™ technology PODRAS™ technology platforms to other extended release opioid drug candidates (e.g., oxymorphone, hydrocodone, hydromorphone and morphine) utilizing the 505(b)(2) regulatory pathway.

PRODUCTS AND PRODUCT CANDIDATES

The table below shows the present status of our ANDA, ANDS and NDA products and product candidates that have been disclosed to the public.

Generic name	Brand	Indication	Stage of Development[1]	Regulatory Pathway	Market Size (in millions)[2]	Rights[3]
Dexmethylphenidate hydrochloride extended-release capsules	**Focalin XR®**	Attention deficit hyperactivity disorder	Received final approval for 5, 10, 15, 20, 25, 30, 35 and 40 mg strengths from FDA[4]	ANDA	$877	Intellipharmaceutics and Par (US) Philippines rights subject to licensing and distribution agreement
Levetiracetam extended-release tablets	**Keppra XR®**	Partial onset seizures for epilepsy	Received final approval for the 500 and 750 mg strengths from FDA	ANDA	$141	ANDA Repository(5)
Venlafaxine hydrochloride extended-release capsules	**Effexor XR®**	Depression	Received final approval for 37.5, 75 and 150 mg strengths from FDA	ANDA	$838	Intellipharmaceutics and Tris Pharma (US)
Pantoprazole sodium delayed- release tablets	**Protonix®**	Conditions associated with gastroesophageal reflux disease	ANDA Application for commercialization approval for 2 strengths under review by FDA	ANDA	$385	Intellipharmaceutics
Metformin hydrochloride extended-release tablets	**Glucophage® XR**	Management of type 2 diabetes	Received final approval for 500 and 750 mg strengths from FDA	ANDA	$208 (500 and 750 mg only)	Intellipharmaceutics Philippines and Vietnamese rights subject to licensing and distribution agreements
Quetiapine fumarate extended-release tablets	**Seroquel XR®**	Schizophrenia, bipolar disorder & major depressive disorder	Received final FDA approval for all 5 strengths. ANDS under review by Health Canada	ANDA ANDS	$112	Intellipharmaceutics and Tris Pharma (US) Philippines, Malaysian and Vietnamese rights subject to licensing and distribution agreements Vietnamese distribution rights to unannounced pharmaceutical distributor
Lamotrigine extended-release tablets	**Lamictal® XR™**	Anti-convulsant for epilepsy	ANDA application for commercialization approval for 6 strengths under review by FDA	ANDA	$523	Intellipharmaceutics
Desvenlafaxine extended-release tablets	**Pristiq®**	Depression	Received approval for the 50 and 100 mg strengths from FDA ANDA under review by Health Canada	ANDA ANDS	$275	Intellipharmaceutics and Tris Pharma (US)
Trazodone hydrochloride extended-release tablets	**Oleptro™**	Depression	ANDA Application for commercialization approval for 2 strengths under review by FDA	ANDA	$240	Intellipharmaceutics
Carvedilol phosphate extended-release capsules	**Coreg CR®**	Heart failure, hypertension	Late-stage development	ANDA	$49	Intellipharmaceutics
Oxycodone hydrochloride controlled-release capsules		Pain	NDA application accepted February 2017 and under review by FDA	NDA 505(b)(2)	$1,200	Intellipharmaceutics
Pregabalin extended-release capsules		Neuropathic pain	IND application submitted in August 2015	NDA 505(b)(2)	$3,594	Intellipharmaceutics

Ranolazine extended-release tablets - Ranexa®	Chronic angina	ANDA application for commercialization approval for 2 strengths under review by FDA	ANDA	$566	Intellipharmaceutics
Oxycodone hydrochloride immediate release tablets (IPCI006)	Pain	IND application submitted in November 2018	NDA 505(b)(2)	$653	Intellipharmaceutics

Notes:

1. There can be no assurance as to when, or if at all, the FDA or Health Canada will approve any product candidate for sale in the U.S. or Canadian markets.

2. Represents sales for all strengths, unless otherwise noted, for the 12 months ended April 2020in the U.S., including sales of generics in TRx MBS Dollars, which represents projected new and refilled prescriptions representing a standardized dollar metric based on manufacturer's published catalog or list prices to wholesalers, and does not represent actual transaction prices and does not include prompt pay or other discounts, rebates or reductions in price. Source: Symphony Health Solutions Corporation. The information attributed to Symphony Health Solutions Corporation herein is provided as is, and Symphony makes no representation and/or warranty of any kind, including but not limited to, the accuracy and/or completeness of such information.

3. For information regarding the Par agreement, the agreement with Tris Pharma agreement, and the licensing and distribution agreements with pharmaceutical distributors in Malaysia, Vietnam and the Philippines, see "Business Overview" and "Other Potential Products and Markets" sections. There can be no assurance as to when, or if at all, any of our products or product candidates, as the case may be, will receive regulatory approval for sale in the Philippines, Malaysia or Vietnam. For unpartnered products, we are seeking licensing agreement opportunities or other opportunities. While we believe that licensing agreements are possible, there can be no assurance that any can be secured.

4. Includes a Company ANDA final approval for our 15 and 30 mg strengths, and a Par ANDA final approval for their 5, 10, 15, 20, 25, 30, 35 and 40 mg strengths. Profit sharing payments to us under the Par agreement are the same irrespective of the ANDA owner.

5. As at September 30, 2019, pursuant to the Levetiracetam ANDA Agreement we sold the Transferred Levetiracetam ANDA to the Levetiracetam ANDA Purchaser in exchange for a purchase price of $1.00.Additionally, pursuant to the Levetiracetam ANDA Agreement, we agreed to pay the Levetiracetam ANDA Purchaser an annual fee for each fiscal year equal to 50% of the difference between the FDA Program Fee for 6 to 19 approved ANDAs and that of the FDA Program Fee for 1 to 5 approved ANDAs. Under the Levetiracetam ANDA Agreement, we have the option to repurchase the Transferred Levetiracetam ANDA for a purchase price of $1 at any time.

We typically select products for development that we anticipate could achieve FDA or Health Canada approval for commercial sales several years in the future. However, the length of time necessary to bring a product to the point where the product can be commercialized can vary significantly and depends on, among other things, the availability of funding, design and formulation challenges, safety or efficacy, patent issues associated with the product, and FDA and Health Canada review times.

Dexmethylphenidate Hydrochloride – Generic Focalin XR® (a registered trademark of the brand manufacturer)

Dexmethylphenidate hydrochloride, a Schedule II restricted product (drugs with a high potential for abuse) in the U.S., is indicated for the treatment of attention deficit hyperactivity disorder. In November 2005, we entered into the Par agreement pursuant to which we granted Par an exclusive, royalty-free license to make and distribute in the U.S. all of our FDA approved strengths of our generic Focalin XR® (dexmethylphenidate hydrochloride extended-release) capsules for a period of 10 years from the date of commercial launch (which was November 19, 2013). We retain the right to make and distribute all strengths of the generic product outside of the U.S. Calendar quarterly profit-sharing payments for its U.S. sales of all strengths of generic Focalin XR® are payable by Par to us as calculated pursuant to the Par agreement.

We received final approval from the FDA in November 2013 under the Company ANDA to launch the 15 and 30 mg strengths of our generic Focalin XR® capsules. Commercial sales of these strengths were launched immediately by our commercialization partner in the U.S., Par. Our 5, 10, 20 and 40 mg strengths were also then tentatively FDA approved, subject to the right of Teva Pharmaceuticals USA, Inc. to 180 days of generic exclusivity from the date of first launch of such products. In January 2017, Par launched the 25 and 35 mg strengths of its generic Focalin XR® capsules in the U.S., and in May 2017, Par launched the 10 and 20 mg strengths, complementing the 15 and 30 mg strengths of our generic Focalin XR® marketed by Par. In November 2017, Par launched the remaining 5 and 40 mg strengths providing us with the full line of generic Focalin XR® strengths available in the U.S. market.

In November 2018, we announced that we entered into an exclusive licensing and distribution agreement with a pharmaceutical distributor in the Philippines pursuant to which the distributor was granted the exclusive right, subject to regulatory approval, to import and market our generic Focalin XR® in the Philippines. Under the terms of the agreement, the distributor will be required to purchase a minimum yearly quantity of our generic Focalin XR® and we will be the exclusive supplier of such product. This multi-year agreement is subject to early termination. There can be no assurance as to when and if such product will receive regulatory approval for the sale in the Philippines or that, if so approved, the product will be successfully commercialized there and produce significant revenues for us.

Levetiracetam – Generic Keppra XR® (a registered trademark of the brand manufacturer)

We received final approval from the FDA in February 2016 for the 500 and 750 mg strengths of our generic Keppra XR® (levetiracetam extended-release) tablets. Keppra XR®, and the drug active levetiracetam, are indicated for use in the treatment of partial onset seizures associated with epilepsy. We are aware that several other generic versions of this product are currently available and serve to limit the overall market opportunity. We have been exploring the best approach to maximize our commercial returns from this approval and have been looking at several international markets where, despite lower volumes, product margins are typically higher than in the U.S.

In November 2018, we announced that we entered into two exclusive licensing and distribution agreements with pharmaceutical distributors in Vietnam and the Philippines pursuant to which the distributors were granted the exclusive right, subject to regulatory approval, to import and market our generic Keppra XR® in Vietnam and the Philippines, respectively. Under the terms of the agreements, the distributors will be required to purchase a minimum yearly quantity of our generic Keppra XR®. These multi-year agreements are each subject to early termination. There can be no assurance that the Company's generic Keppra XR® for the 500 and 750 mg strengths will be successfully commercialized. Further, there can be no assurance as to when and if such product will receive regulatory approval for the sale in Vietnam or the Philippines or that, if so approved, the product will be successfully commercialized there and produce significant revenues for us.

On September 30, 2019, pursuant to the Levetiracetam ANDA Agreement, we sold the Transferred Levetiracetam ANDA to the Levetiracetam ANDA Purchaser in exchange for a purchase price of $1. Additionally, pursuant to the Levetiracetam ANDA Agreement, we agreed to pay the Levetiracetam ANDA Purchaser an annual fee for each fiscal year equal to 50% of the difference for the FDA Program Fee for 6 to 19 approved ANDAs and the FDA Program Fee for 1 to 5 approved ANDAs. Under the Levetiracetam ANDA Agreement, we have the option to repurchase the Transferred Levetiracetam ANDA for a purchase price of $1 at any time.

Metformin hydrochloride – Generic Glucophage® XR (a registered trademark of the brand manufacturer)

We received final approval from the FDA in February 2017 for the 500 and 750 mg strengths of our generic Glucophage® XR (metformin hydrochloride extended release) tablets. Glucophage® XR, and the drug active metformin, are indicated for use in the management of type 2 diabetes treatment. The Company is aware that several other generic versions of this product are currently available and serve to limit the overall market opportunity; however, we are continuing to evaluate options to realize commercial returns on this product, particularly in international markets.

In November 2018, we announced that we entered into two exclusive licensing and distribution agreements with pharmaceutical distributors in Vietnam and the Philippines pursuant to which the distributors were granted the exclusive right, subject to regulatory approval, to import and market our generic Glucophage® XR in Vietnam and the Philippines, respectively. Under the terms of the agreements, the distributors will be required to purchase a minimum yearly quantity of our generic Glucophage® XR. These multi-year agreements are each subject to early termination.

There can be no assurance that our generic Glucophage® XR for the 500 and 750 mg strengths will be successfully commercialized. Further, there can be no assurance as to when and if such product will receive regulatory approval for the sale in Vietnam or the Philippines or that, if so approved, the product will be successfully commercialized there and produce significant revenues for us.

Venlafaxine hydrochloride – Generic Effexor XR® (a registered trademark of the brand manufacturer)

We received final approval from the FDA in November 2018 for our ANDA for venlafaxine hydrochloride extended-release capsules in the 37.5, 75 and 150 mg strengths. The approved product is a generic equivalent of the branded product Effexor XR® sold in the U.S. by Wyeth Pharmaceuticals, LLC. Effexor XR®, and the drug active venlafaxine hydrochloride, are indicated for the treatment of MDD. We are exploring the best approach to maximize our commercial returns from this approval. On November 25, 2019, we announced that we had entered into a license and commercial supply agreement with Tris Pharma, by which we granted Tris Pharma an exclusive license to market, sell and distribute in the United States, Venlafaxine extended-release capsules in the 37.5, 75, and 150 mg strengths. Several other generic versions of the licensed products are currently available in the market and this limits the overall market opportunity. There can be no assurance that the Company's venlafaxine hydrochloride extended-release capsules for the 37.5, 75, and 150 mg strengths will be successfully commercialized and produce significant revenue for us.

Quetiapine fumarate extended-release tablets - Generic Seroquel XR® (a registered trademark of the brand manufacturer)

In May 2017, we received final approval from the FDA for our ANDA for quetiapine fumarate extended-release tablets in the 50, 150, 200, 300 and 400 mg strengths. Our approved product is a generic equivalent for the corresponding strengths of the branded product Seroquel XR® sold in the U.S. by AstraZeneca. Seroquel XR®, and the drug active quetiapine fumarate, are indicated for use in the management of schizophrenia, bipolar disorder and major depressive disorder (MDD). Pursuant to a settlement agreement between us and AstraZeneca dated July 30, 2012, we were permitted to launch our generic versions of the 50, 150, 200, 300 and 400 mg strengths of generic Seroquel XR®, on November 1, 2016, subject to FDA final approval of our ANDA for those strengths. Our final FDA approval followed the expiry of 180-day exclusivity periods granted to the first filers of generic equivalents to the branded product, which were shared by Par and Accord Healthcare. The Company manufactured and shipped commercial quantities of all strengths of generic Seroquel XR® to our then marketing and distribution partner Mallinckrodt, and Mallinckrodt launched all strengths in June 2017. On April 12, 2019, we and Mallinckrodt mutually agreed to terminate the Mallinckrodt agreement and effective August 12, 2019 the Mallinckrodt agreement was terminated.

In November 2018, we announced that we entered into three exclusive licensing and distribution agreements with pharmaceutical distributors in Malaysia, Vietnam and the Philippines pursuant to which the distributors were granted the exclusive right, subject to regulatory approval, to import and market our generic Seroquel XR® in Malaysia, Vietnam and the Philippines, respectively. Under the terms of the agreements, the distributors will be required to purchase a minimum yearly quantity of our generic Seroquel XR®. The multi-year agreements are each subject to early termination. There can be no assurance as to when and if such product will receive regulatory approval for the sale in Malaysia, Vietnam or the Philippines or that, if so approved, the product will be successfully commercialized there and produce significant revenues for us.

On August 15, 2019, we announced a license and commercial supply agreement with Tris Pharma, granting Tris Pharma an exclusive license to market, sell and distribute all strengths of our generic Seroquel XR® in the United States. The agreement provides for the Company to have a profit-sharing arrangement with respect to the licensed product. There can be no assurance that the product will be successfully commercialized and produce significant revenue for us.

An abbreviated new drug submission (ANDS) is under review with Health Canada.

Desvenlafaxine succinate extended-release tablets – Generic Pristiq® (a registered trademark of the brand manufacturer)

In May 2019, we received approval from the FDA for our ANDA for desvenlafaxine extended-release tablets in the 50 and 100 mg strengths. This product is a generic equivalent of the branded product Pristiq® sold in the U.S. by Wyeth Pharmaceuticals, LLC. Pristiq®, and the drug active desvenlafaxine succinate, are indicated for use in the management of depression. We previously announced that we had entered into the Mallinckrodt agreement, which granted Mallinckrodt, subject to its terms, an exclusive license to market, sell and distribute in the U.S. the Company's desvenlafaxine extended-release tablets (generic Pristiq®).

On April 12, 2019, we and Mallinckrodt mutually agreed to terminate the Mallinckrodt agreement, and effective August 12, 2019 the Mallinckrodt agreement was terminated.

On September 5, 2019, we announced a license and commercial supply agreement with Tris Pharma, granting Tris Pharma an exclusive license to market, sell and distribute the two strengths of the product in the United States. The agreement provides for the Company to have a profit-sharing arrangement with respect to the licensed product. There can be no assurance that our desvenlafaxine extended-release tablets in the 50 and 100 mg strengths will be successfully commercialized and produce significant revenue for us.

An abbreviated new drug submission (ANDS) is under review with Health Canada.

Oxycodone ER (Abuse Deterrent Oxycodone Hydrochloride Extended Release Tablets)

One of our non-generic products under development is our Oxycodone ER (abuse deterrent oxycodone hydrochloride extended release tablets) product candidate, intended as an abuse and alcohol-deterrent controlled-release oral formulation of oxycodone hydrochloride for the relief of pain. Our Oxycodone ER is a new drug candidate, with a unique long acting oral formulation of oxycodone intended to treat moderate-to-severe pain when a continuous, around the clock opioid analgesic is needed for an extended period of time. The formulation is intended to present a significant barrier to tampering when subjected to various forms of physical and chemical manipulation commonly used by abusers. It is also designed to prevent dose dumping when inadvertently co-administered with alcohol. Dose dumping is the rapid release of an active ingredient from a controlled-release drug into the blood stream that can result in increased toxicity, side effects, and a loss of efficacy. Dose dumping can result by consuming the drug through crushing, taking with alcohol, extracting with other beverages, vaporizing or injecting. In addition, when crushed or pulverized and hydrated, the proposed extended release formulation is designed to coagulate instantaneously and entrap the drug in a viscous hydrogel, which is intended to prevent syringing, injecting and snorting. Our Oxycodone ER formulation is difficult to abuse through the application of heat or an open flame, making it difficult to inhale the active ingredient from burning.

In March 2015, we announced the results of three definitive open label, blinded, randomized, cross-over, Phase I pharmacokinetic clinical trials in which our Oxycodone ER was compared to the existing branded drug OxyContin® (extended release oxycodone hydrochloride) under single dose fasting, single dose steady-state fasting and single dose fed conditions in healthy volunteers. We had reported that the results from all three studies showed that Oxycodone ER met the bioequivalence criteria (90% confidence interval of 80% to 125%) for all matrices, i.e., on the measure of maximum plasma concentration or Cmax, on the measure of area under the curve time (AUCt) and on the measure of area under the curve infinity (AUCinf).
In May 2015, the FDA provided us with notification regarding our IND submission for Oxycodone ER indicating that we would not be required to conduct Phase III studies if bioequivalence to OxyContin® was demonstrated based on pivotal bioequivalence studies.

In January 2016, we announced that pivotal bioequivalence trials of our Oxycodone ER, dosed under fasted and fed conditions, had demonstrated bioequivalence to OxyContin® extended release tablets as manufactured and sold in the U.S. by Purdue Pharma L.P. (“Purdue”). The study design was based on FDA recommendations and compared the lowest and highest strengths of exhibit batches of our Oxycodone ER to the same strengths of OxyContin®. The results show that the ratios of the pharmacokinetic metrics, Cmax, AUC0-t and AUC0-f for Oxycodone ER vs OxyContin®, are within the interval of 80% - 125% required by the FDA with a confidence level exceeding 90%.

In July 2016, we announced the results of a food effect study conducted on our behalf for Oxycodone ER. The study design was a randomized, one-treatment two periods, two sequences, crossover, open label, laboratory-blind bioavailability study for Oxycodone ER following a single 80 mg oral dose to healthy adults under fasting and fed conditions. The study showed that Oxycodone ER can be administered with or without a meal (i.e., no food effect). Oxycodone ER met the bioequivalence criteria (90% confidence interval of 80% to 125%) for all matrices, involving maximum plasma concentration and area under the curve (i.e., Cmax ratio of Oxycodone ER taken under fasted conditions to fed conditions, and AUC metrics taken under fasted conditions to fed conditions). We believe that Oxycodone ER is well differentiated from currently marketed oral oxycodone extended release products.

In November 2016, we filed an NDA seeking authorization to market our Oxycodone ER in the 10, 15, 20, 30, 40, 60 and 80 mg strengths, relying on the 505(b)(2) regulatory pathway which allowed us to reference data from Purdue’s file for its OxyContin®. In February 2017, the FDA accepted for filing our NDA, and set a Prescription Drug User Fee Act (“PDUFA”) goal date of September 25, 2017. Our submission is supported by pivotal pharmacokinetic studies that demonstrated that Oxycodone ER is bioequivalent to OxyContin®. The submission also includes abuse-deterrent studies conducted to support abuse-deterrent label claims related to abuse of the drug by various pathways, including oral, intra-nasal and intravenous, having reference to the FDA’s “Abuse-Deterrent Opioids - Evaluation and Labeling” guidance published in April 2015.

Our NDA was filed under Paragraph IV of the Hatch-Waxman Act, as amended. We certified to the FDA that we believed that our Oxycodone ER product candidate would not infringe any of the OxyContin® patents listed in the FDA’s Approved Drug Products with Therapeutic Equivalence Evaluations, commonly known as the Orange Book (the “Orange Book”), or that such patents are invalid, and so notified all holders of the subject patents of such certification. On April 7, 2017, we received notice that Purdue, Purdue Pharmaceuticals L.P., The P.F. Laboratories, Inc., or collectively the Purdue parties, Rhodes Technologies, and Grünenthal GmbH, or collectively the Purdue litigation plaintiffs, had commenced patent infringement proceedings, or the Purdue litigation, against us in the U.S. District Court for the District of Delaware (docket number 17-392) in respect of our NDA filing for Oxycodone ER, alleging that our proposed Oxycodone ER infringes 6 out of the 16 patents associated with the branded product OxyContin®, or the OxyContin® patents, listed in the Orange Book. The complaint seeks injunctive relief as well as attorneys’ fees and costs and such other and further relief as the Court may deem just and proper. An answer and counterclaim have been filed.

Subsequent to the above-noted filing of lawsuit, 4 further such patents were listed and published in the Orange Book. We then similarly certified to the FDA concerning such further patents. On March 16, 2018, we received notice that the Purdue litigation plaintiffs had commenced further such patent infringement proceedings adding the 4 further patents. This lawsuit is also in the District of Delaware federal court under docket number 18-404.

As a result of the commencement of the first of these legal proceedings, the FDA is stayed for 30 months from granting final approval to our Oxycodone ER product candidate. That time period commenced on February 24, 2017, when the Purdue litigation plaintiffs received notice of our certification concerning the patents, and will expire on August 24, 2019, unless the stay is earlier terminated by a final declaration of the courts that the patents are invalid, or are not infringed, or the matter is otherwise settled among the parties.

On or about June 26, 2018, the court issued an order to sever 6 “overlapping” patents from the second Purdue case, but ordered litigation to proceed on the 4 new (2017-issued) patents. An answer and counterclaim was filed on July 9, 2018. The existence and publication of additional patents in the Orange Book, and litigation arising therefrom, is an ordinary and to be expected occurrence in the course of such litigation.

On July 6, 2018, the court issued a so-called “Markman” claim construction ruling on the first case and the October 22, 2018 trial date remained unchanged. We believe that we have non-infringement and/or invalidity defenses to all of the asserted claims of the subject patents in both of the cases and will vigorously defend against these claims.

On July 24, 2018, the parties to the case mutually agreed to and did have dismissed without prejudice the infringement claims related to the Grünenthal ‘060 patent. The Grünenthal ‘060 patent is one of the six patents included in the original litigation case; however, the dismissal does not by itself result in a termination of the 30-month litigation stay.

On October 4, 2018, the parties mutually agreed to postpone the scheduled court date pending a case status conference scheduled for December 17, 2018. At that time, further trial scheduling and other administrative matters were postponed pending the Company’s resubmission of the Oxycodone ER NDA to the FDA, which was made on February 28, 2019. On January 17, 2019, the court issued a scheduling order in which the remaining major portions are scheduled. The trial is scheduled for June 2020.

On April 4, 2019, the U.S. Federal Circuit Court of Appeals affirmed the invalidity of one Purdue OxyContin® formulation patent, subject to further appeal to the U.S. Supreme Court. The Company and its management intend to continue to vigorously defend against these claims and firmly believe that we do not infringe the subject patents.

On October 4, 2019, we announced that following the filing of a bankruptcy stay by Purdue Pharma L.P., the Company’s ongoing litigation case numbers 1:17-cv-00392-RGA and 1:18-cv-00404-RGA-SRF between Purdue Pharma L.P. et al and Intellipharmaceutics, have been stayed and the existing trial dates in both cases have been vacated by orders issued in each case by the judge in the District of Delaware on October 3, 2019. During a status update March 13, 2020, the stay was ordered to be continued. The parties are required to submit a joint status report no less than two business days before June 3, 2020. On April 24, 2019, an order had been issued, setting the trial date for case number 17-392 in the District of Delaware, with the trial scheduled to begin on November 12, 2019 and also extending the 30-month stay date for regulatory approval to March 2, 2020. With the current litigation stay order, the previous 30-month stay date of March 2, 2020 was unchanged and has now expired.

On 15 April 2020, Purdue filed a new patent infringement suit against the Company. The suit was filed in the District of Delaware, under docket number: 1:20-cv-00515. The new patent suit relates to additional Paragraph IV certifications lodged against Purdue’s patent numbers: 10,407,434 and 10,369,109. The new lawsuit has not yet been served on the Company. There is no formal court schedule on the new case yet.

In June 2017, we announced that a joint meeting of the Advisory Committees of the FDA was scheduled for July 26, 2017 to review our NDA for Oxycodone ER. The submission requested that our Oxycodone ER product candidate include product label claims to support the inclusion of language regarding abuse-deterrent properties for the intravenous route of administration.

In July 2017, the Company announced that the FDA Advisory Committees voted 22 to 1 in finding that the Company's NDA for Oxycodone ER should not be approved at this time. The Advisory Committees also voted 19 to 4 that the Company had not demonstrated that Oxycodone ER has properties that can be expected to deter abuse by the intravenous route of administration, and 23 to 0 that there was not sufficient data for Oxycodone ER to support inclusion of language regarding abuse-deterrent properties in the product label for the intravenous route of administration. The Advisory Committees expressed a desire to review the additional safety and efficacy data for Oxycodone ER that may be obtained from human abuse potential studies for the oral and intranasal routes of administration.

In September 2017, the Company received a Complete Response Letter ("CRL") from the FDA for the Oxycodone ER NDA, stating that it could not approve the application at that time. In its CRL, the FDA provided certain recommendations and requests for information, including that the Company complete studies to assess the abuse-deterrent properties of Oxycodone ER by the oral and nasal routes of administration, provide additional information related to the inclusion of the blue dye in the formulation of the product, and submit an alternate proposed proprietary name for Oxycodone ER. The FDA required a response within a year of issuing the CRL but granted our request for an extension to resubmit by February 28, 2019.

In February 2018, the Company met with the FDA to discuss the above-referenced CRL for Oxycodone ER, including issues related to the blue dye in the product candidate. Based on those discussions, the product candidate will no longer include the blue dye. The blue dye was intended to act as an additional deterrent if Oxycodone ER is abused and serve as an early warning mechanism to flag potential misuse or abuse. The FDA confirmed that the removal of the blue dye is unlikely to have any impact on formulation quality and performance. As a result, the Company will not be required to repeat in vivo bioequivalence studies and pharmacokinetic studies submitted in the Oxycodone ER NDA. The FDA also indicated that, from an abuse liability perspective, Category 1 studies will not have to be repeated on Oxycodone ER with the blue dye removed.

The abuse liability studies for the intranasal route of abuse commenced in May 2018 with subject screening, while the studies for the oral route commenced in June 2018. The clinical part of both studies was completed, and the results included in the NDA resubmission.

In March 2019, the FDA acknowledged receipt of our resubmission of the Oxycodone ER NDA filed on February 28, 2019. The FDA had informed the Company that it considered the resubmission a complete response to the September 22, 2017 action letter it issued in respect of the NDA.

On July 24, 2019, we announced that the Company had been advised by the FDA that the FDA "is postponing product-specific advisory committee meetings for opioid analgesics," including the one previously scheduled to discuss our NDA, "while it continues to consider a number of scientific and policy issues relating to this class of drugs." According to the FDA, the reason for the postponement was not unique to our product and the Anesthetic and Analgesic Drug Products Advisory Committee ("AADPAC") meeting earlier planned by the FDA, to discuss our NDA was going to be rescheduled at a future date. The FDA informed the Company that it would continue to review the Company's NDA according to the existing PDUFA timeline, but noted that, due to the postponement of the AADPAC meeting, it was possible that the FDA may be unable to meet the PDUFA goal date of August 28, 2019 that it set when the resubmission was filed.

In December 2019 we announced that a joint meeting of the Advisory Committees of the FDA had been scheduled for January 15, 2020 to review the NDA for Aximris XR™ abuse-deterrent oxycodone hydrochloride extended-release tablets.

On January 15, 2020, at a joint meeting of the Advisory Committees of the FDA to review our NDA for Aximris XR™, abuse-deterrent oxycodone hydrochloride extended-release tablets, the Advisory Committees voted 24 to 2 against the approval of our NDA for Aximris XR ™ for the management of pain severe enough to require daily, around-the-clock, long-term opioid treatment and for which alternative treatment options are inadequate. We expect the FDA to take action on our application after completion of their review.

On July 2, 2020, the Purdue litigation plaintiffs and the Company entered into the Purdue stipulated dismissal. The Purdue stipulated dismissal, which is subject to approval by the bankruptcy court presiding over Purdue litigation plaintiffs' pending chapter 11 cases, provides for the termination of patent infringement proceedings commenced by Purdue litigation plaintiffs against the Company in the United States District Court for the District of Delaware in respect of the Company's NDA filing for Aximris XR ™ with the FDA. The Purdue stipulated dismissal also provides for a thirty (30) day period following a final approval of the Company's Aximris XR ™ NDA during which the parties will attempt to resolve any potential asserted patent infringement claims relating to the NDA. If the parties fail to resolve all such claims during a period of thirty (30) days following such final approval, Purdue litigation plaintiffs will have fifteen (15) days to pursue an infringement action against the Company. There can be no assurance that the bankruptcy court presiding over Purdue litigation plaintiffs' pending chapter 11 cases will approve the Purdue stipulated dismissal.

There can be no assurance that the studies submitted will be adequate, that we will not be required to conduct further studies for Oxycodone ER, that the FDA will approve any of the Company's requested abuse-deterrent label claims, that the FDA will ultimately approve our NDA for the sale of Aximris XR ™ in the U.S. market, or that it will ever be successfully commercialized and produce significant revenue for us.

In November 2018, we announced that we entered into an exclusive licensing and distribution agreement with a pharmaceutical distributor in the Philippines pursuant to which the distributor was granted the exclusive right, subject to regulatory approval, to import and market Oxycodone ER in the Philippines. Under the terms of the agreement, the distributor will be required to purchase a minimum yearly quantity of our Oxycodone ER and we will be the exclusive supplier of our Oxycodone ER. This multi-year agreement is subject to early termination. There can be no assurance as to when and if such product candidate will receive regulatory approval for the sale in the Philippines or that, if so approved, the product will be successfully commercialized there and produce significant revenues for us.

Regabatin™ XR (Pregabalin Extended-Release)

Another non-generic controlled-release product under development is Regabatin™ XR, pregabalin extended-release capsules. Pregabalin is indicated for the management of neuropathic pain associated with diabetic peripheral neuropathy, postherpetic neuralgia, spinal cord injury and fibromyalgia. A controlled-release version of pregabalin should reduce the number of doses patients take, which could improve patient compliance, and therefore possibly enhance clinical outcomes. Lyrica® pregabalin, twice-a-day ("BID") dosage and three-times-a-day ("TID") dosage, are drug products marketed in the U.S. by Pfizer Inc. In October 2017, Pfizer also received approval for a Lyrica® CR, a controlled-release version of pregabalin. In 2014, we conducted and analyzed the results of six Phase I clinical trials involving a twice-a-day formulation and a once-a-day formulation. For formulations directed to certain indications which include fibromyalgia, the results suggested that Regabatin™ XR 82.5 mg BID dosage was comparable in bioavailability to Lyrica® 50 mg (immediate-release pregabalin) TID dosage. For formulations directed to certain other indications which include neuropathic pain associated with diabetic peripheral neuropathy, the results suggested that Regabatin™ XR 165 mg once-a-day dosage was comparable in bioavailability to Lyrica® 75 mg BID dosage.

In March 2015, the FDA accepted a Pre-Investigational New Drug, or Pre-IND, meeting request for our once-a-day Regabatin™ XR non-generic controlled release version of pregabalin under the NDA 505(b)(2) regulatory pathway, with a view to possible commercialization in the U.S. at some time following the December 30, 2018 expiry of the patent covering the pregabalin molecule. Regabatin™ XR is based on our controlled release drug delivery technology platform which utilizes the symptomatology and chronobiology of fibromyalgia in a formulation intended to provide a higher exposure of pregabalin during the first 12 hours of dosing. Based on positive feedback and guidance from the FDA, we submitted an IND application for Regabatin™ XR in August 2015. The FDA completed its review of the IND application and provided constructive input that we will use towards further development of the program. We believe our product candidate has significant additional benefits to existing treatments and are currently evaluating strategic options to advance this opportunity.

There can be no assurance that any additional Phase I or other clinical trials we conduct will meet our expectations, that we will have sufficient capital to conduct such trials, that we will be successful in submitting an NDA 505(b)(2) filing with the FDA, that the FDA will approve this product candidate for sale in the U.S. market, or that it will ever be successfully commercialized.

Oxycodone Hydrochloride IR Tablets ("IPCI006") (Abuse Deterrent and Overdose Resistant Oxycodone Hydrochloride Immediate Release Tablets)

In November 2018, we announced that we had submitted an investigational new drug ("IND") application to the FDA for our IPCI006 oxycodone hydrochloride immediate release tablets in the 5, 10, 15, 20 and 30 mg strengths. This novel drug formulation incorporates the Company's PODRAS™ delivery technology and its nPODDDS™ technology. IPCI006 is designed to prevent, delay or limit the release of oxycodone hydrochloride when more intact tablets than prescribed are ingested, thus delaying or preventing overdose and allowing for sufficient time for a rescue or medical intervention to take place. It is also intended to present a significant barrier to abuse by snorting, "parachuting," injecting or smoking finely crushed oxycodone hydrochloride immediate release tablets. The data generated from the studies conducted under this IND is expected to form part of an NDA seeking FDA approval for IPCI006 tablets. If approved, IPCI006 may be the first immediate release formulation of oxycodone hydrochloride intended to simultaneously prevent or delay overdose and prevent abuse by intranasal or intravenous routes.

There can be no assurance that we will be successful in submitting any NDA with the FDA, that the FDA will approve the Company's IPCI006 product candidate for sale in the U.S. market or any related abuse-deterrent label claims, or that it will ever be successfully commercialized and produce significant revenue for us.

Other Potential Products and Markets

We are continuing our efforts to identify opportunities internationally, particularly in China, that could, if effectuated, provide product distribution alternatives through partnerships and therefore would not likely require an investment or asset acquisition by us. Discussions toward establishing a partnership to facilitate future development activities in China are ongoing. We have not at this time entered into and may not ever enter into any such arrangements.

In addition, we are seeking to develop key relationships in several other international jurisdictions where we believe there may be substantial demand for our generic products. These opportunities could potentially involve out-licensing of our products, third-party manufacturing supply and more efficient access to pharmaceutical ingredients and therefore assist with the development of our product pipeline.

In November 2018, we announced that we had entered into an exclusive licensing and distribution agreement for our abuse resistant Oxycodone ER product candidate and four generic drug products with a pharmaceutical distributor in the Philippines. Under the terms of the agreement the distributor was granted the exclusive right, subject to regulatory approval, to import and market our first novel drug formulation, abuse-deterrent Oxycodone ER, in the Philippines. Additionally, this distributor was granted, subject to regulatory approval, the exclusive right to import and market our generics of Seroquel XR®, Focalin XR®, Glucophage® XR, and Keppra XR® in the Philippines. Under the terms of the agreement, the distributor will be required to purchase a minimum yearly quantity of all products included in the agreement and we will be the exclusive supplier of said products. The multi-year agreement with the Philippines distributor is subject to early termination. Financial terms of the agreement have not been disclosed. There can be no assurance as to when or if any of our products or product candidates will receive regulatory approval for sale in the Philippines or that, if so approved, any such products will be successfully commercialized there and produce significant revenues for us. Moreover, there can be no assurance that we will not be required to conduct further studies for Oxycodone ER, that the FDA will approve any of our requested abuse-deterrent label claims, that the FDA will meet its deadline for review, that the FDA will ultimately approve the NDA for the sale of Oxycodone ER in the U.S. market, or that it will ever be successfully commercialized and produce significant revenue for us.

In November 2018, we announced that we had entered into two exclusive licensing and distribution agreements with pharmaceutical distributors in Malaysia and Vietnam.

A Malaysian pharmaceutical distribution company was granted the exclusive right, subject to regulatory approval, to import and market our generic Seroquel XR® (quetiapine fumarate extended-release) in Malaysia. Under the terms of the agreement, four strengths (50, 200, 300 and 400 mg) of generic Seroquel XR® will be manufactured and supplied by us for distribution in Malaysia. We are also in discussions to include other products in the agreement with said distributor, who will be required to purchase a minimum yearly quantity of all products included in the agreement.

A Vietnamese pharmaceutical distributor was granted the exclusive right, subject to regulatory approval, to import and market our generic Seroquel XR®, Glucophage® XR, and Keppra XR® in Vietnam. Under the terms of the agreement, two strengths (500 and 750 mg) of generic Glucophage® XR, three strengths (50, 150 and 200 mg) of generic Seroquel XR® and one strength (500 mg) of generic Keppra XR® will be manufactured and supplied by us for distribution in Vietnam. The Vietnamese distributor will be required to purchase a minimum yearly quantity of all products included in the agreement.

The multi-year agreements with the Malaysian and Vietnamese distributors are each subject to early termination. Financial terms of the agreements have not been disclosed. There can be no assurance as to when or if any of our products will receive regulatory approval for sale in Malaysia or Vietnam or that, if so approved, the products will be successfully commercialized there and produce significant revenues for the Company.

Additionally, in January 2018, we announced we had commenced a R&D program of CBD-based products. As part of this R&D program, we filed multiple provisional patent applications with the United States Patent and Trademark Office pertaining to the delivery and application of cannabinoid-based therapeutics, began talks with potential commercialization partners in the cannabidiol industry, and identified a potential supplier of CBD. The patent filings, together with certain of our already issued drug delivery patents, are intended to form the basis of the development of a pipeline of novel controlled-release product candidates with CBD as the main active ingredient.

On May 30, 2019 we announced that the Company’s pre-existing license to conduct activities with CBD has been migrated by Health Canada to a CDL under the Cannabis Regulations. Our CDL allows the Company to continue to possess cannabis, produce a drug containing cannabis and sell a drug containing cannabis. The CDL is unique from other forms of cannabis licenses in Canada as, according to Health Canada, it is a requirement for any company that intends to produce and sell a prescription drug containing cannabis or cannabinoids. Only companies, such as our Company, with a Health Canada issued Drug Establishment License are eligible to apply for a CDL. There can be no assurance that we will be able to develop cannabis-based products or that any cannabis-based product candidates we develop will ever be successfully commercialized or produce significant revenue for us.

SELECTED FINANCIAL INFORMATION

	For the three months ended		For the six months ended	
	May 31, 2020 (unaudited)	May 31, 2019 (unaudited)	May 31, 2020 (unaudited)	May 31, 2019 (unaudited)
	$	$	$	$
Revenue:	395,740	1,214,520	773,294	1,558,056
Expenses:	1,285,981	3,257,828	2,859,756	6,722,616
Net loss from operations	(890,241)	(2,043,308)	(2,086,462)	(5,197,628)
Net loss	(1,048,433)	(2,072,798)	(2,795,806)	(5,297,247)
Net loss per common share				
Basic and diluted	(0.04)	(0.10)	(0.12)	(0.26)

	As at	
	May 31, 2020 (unaudited)	November 30, 2019 (audited)
	$	$
Cash	72,098	64,622
Total assets	3,563,250	3,796,713
Convertible debentures	1,772,034	1,744,813
Total liabilities	9,370,677	7,488,934
Shareholders' deficiency	(5,807,427)	(3,692,221)
Total liabilities and shareholders' equity (deficiency)	3,563,250	3,796,713

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified the following accounting policies that we believe require application of management's most significant judgments, often requiring the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

Disclosure regarding our ability to continue as a going concern is included in Note 1 to our condensed unaudited interim consolidated financial statements for the three and six months ended May 31, 2020.

Use of Estimates

The preparation of the condensed unaudited interim consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Areas where significant judgment is involved in making estimates are: the determination of the functional currency; the fair values of financial assets and liabilities; the determination of units of accounting for revenue recognition; the accrual of licensing and milestone revenue; and forecasting future cash flows for assessing the going concern assumption.

Revenue recognition

The Company accounts for revenue in accordance with the provisions of ASC 606 “Revenue from Contracts with Customers” (“ASC 606”). Under ASC 606, the Company recognizes revenue when the customer obtains control of promised goods or services, in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. The Company recognizes revenue following the five-step model prescribed under ASC 606: (i) identify contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenues when (or as) the Company satisfies the performance obligation(s). The Company earns revenue from non-refundable upfront fees, milestone payments upon achievement of specified research or development, exclusivity milestone payments and licensing payments on sales of resulting products.

The relevant revenue recognition accounting policy is applied to each separate unit of accounting.

Licensing

The Company recognizes revenue from the licensing of the Company's drug delivery technologies, products and product candidates. Under the terms of the licensing arrangements, the Company provides the customer with a right to access the Company’s intellectual property with regards to the license which is granted. Revenue arising from the license of intellectual property rights is recognized over the period the Company transfers control of the intellectual property.

The Company has a license and commercialization agreement with Par. Under the exclusive territorial license rights granted to Par, the agreement requires that Par manufacture, promote, market, sell and distribute the product. Licensing revenue amounts receivable by the Company under this agreement are calculated and reported to the Company by Par, with such amounts generally based upon net product sales and net profit which include estimates for chargebacks, rebates, product returns, and other adjustments. Licensing revenue payments received by the Company from Par under this agreement are not subject to further deductions for chargebacks, rebates, product returns, and other pricing adjustments. Based on this arrangement and the guidance per ASC 606, the Company records licensing revenue over the period the Company transfers control of the intellectual property in the condensed unaudited interim consolidated statements of operations and comprehensive loss.

The Company also had a license and commercial supply agreement with Mallinckrodt which provided Mallinckrodt an exclusive license to market, sell and distribute in the U.S. three drug product candidates for which the Company has ANDAs filed with the FDA, one of which (the Company’s generic Seroquel XR®) received final approval from the FDA in 2017. Under the terms of this agreement, the Company was responsible for the manufacture of approved products for subsequent sale by Mallinckrodt in the U.S. market. Following receipt of final FDA approval for its generic Seroquel XR®, the Company began shipment of manufactured product to Mallinckrodt. The Company recorded revenue once Mallinckrodt obtained control of the product and the performance obligation was satisfied.

On April 12, 2019, Mallinckrodt and the Company mutually agreed to terminate the Mallinckrodt agreement, effective no later than August 31, 2019. Under the terms of the mutual agreement, Mallinckrodt was released from certain obligations under the agreement as of April 12, 2019. Effective August 12, 2019, the Mallinckrodt agreement was terminated.

Licensing revenue in respect of manufactured product were reported as revenue in accordance with ASC 606. Once product was sold by Mallinckrodt, the Company received downstream licensing revenue amounts calculated and reported by Mallinckrodt, with such amounts generally based upon net product sales and net profit which included estimates for chargebacks, rebates, product returns, and other adjustments. Such downstream licensing revenue payments received by the Company under this Mallinckrodt agreement were not subject to further deductions for chargebacks, rebates, product returns, and other pricing adjustments. Based on this Mallinckrodt agreement and the guidance per ASC 606, the Company recorded licensing revenue as earned on a monthly basis.

Milestones

For milestone payments that are not contingent on sales-based thresholds, the Company applies a most-likely amount approach on a contract-by-contract basis. Management makes an assessment of the amount of revenue expected to be received based on the probability of the milestone outcome. Variable consideration is included in revenue only to the extent that it is probable that the amount will not be subject to a significant reversal when the uncertainty is resolved (generally when the milestone outcome is satisfied).

Research and development

Under arrangements where the license fees and R&D activities can be accounted for as a separate unit of accounting, non-refundable upfront license fees are deferred and recognized as revenue on a straight-line basis over the expected term of the Company's continued involvement in the R&D process.

Deferred revenue

Deferred revenue represents the funds received from clients, for which the revenues have not yet been earned, as the milestones have not been achieved, or in the case of upfront fees for drug development, where the work remains to be completed. During the year ended November 30, 2016, the Company received an up-front payment of $3,000,000 from Mallinckrodt pursuant to the Mallinckrodt agreement, and initially recorded it as deferred revenue, as it did not meet the criteria for recognition. For the three and six months ended May 31, 2020, the Company recognized $Nil (three and six months ended May 31, 2019, the Company recognized $814,824 and $893,809) of revenue. As of May 31, 2020 and November 30, 2019, the Company has recorded a deferred revenue balance of $Nil due to the termination of the Mallinckrodt agreement on August 12, 2019.

Research and development costs

R&D costs related to continued R&D programs are expensed as incurred in accordance with ASC topic 730. However, materials and equipment are capitalized and amortized over their useful lives if they have alternative future uses.

Inventory

Inventories comprise raw materials, work in process, and finished goods, which are valued at the lower of cost or market, on a first-in, first-out basis. Cost for work in process and finished goods inventories includes materials, direct labor, and an allocation of manufacturing overhead. Market for raw materials is replacement cost, and for work in process and finished goods is net realizable value. The Company evaluates the carrying value of inventories on a regular basis, taking into account such factors as historical and anticipated future sales compared with quantities on hand, the price the Company expects to obtain for products in their respective markets compared with historical cost and the remaining shelf life of goods on hand. As of May 31, 2020, the Company had raw materials inventories of $172,829 (November 30, 2019 - $172,830), work in process of $73,927 (November 30, 2019 - $73,927) and finished goods inventory of $Nil (November 30, 2019 - $102,374) relating to the Company’s generic Seroquel XR® product. The recoverability of the cost of any pre-launch inventories with a limited shelf life is evaluated based on the specific facts and circumstances surrounding the timing of the anticipated product launch.

Translation of foreign currencies

Transactions denominated in currencies other than the Company and its wholly owned operating subsidiaries' functional currencies, monetary assets and liabilities are translated at the period end rates. Revenue and expenses are translated at rates of exchange prevailing on the transaction dates. All of the exchange gains or losses resulting from these other transactions are recognized in the condensed unaudited interim consolidated statements of operations and comprehensive loss.

The functional and reporting currency of the Company and its subsidiaries is the U.S. dollar.

Convertible debentures

In fiscal year 2013, the Company issued an unsecured convertible debenture in the principal amount of $1,500,000 (the "2013 Debenture"). At issuance, the conversion option was bifurcated from its host contract and the fair value of the conversion option was characterized as an embedded derivative upon issuance as it met the criteria of ASC topic 815 Derivatives and Hedging.

Subsequent changes in the fair value of the embedded derivative were recorded in the condensed unaudited interim consolidated statements of operations and comprehensive loss. The proceeds received from the 2013 Debenture less the initial amount allocated to the embedded derivative were allocated to the liability and were accreted over the life of the 2013 Debenture using the effective rate of interest. The Company changed its functional currency effective December 1, 2013 such that the conversion option no longer met the criteria for bifurcation and was prospectively reclassified to shareholders' equity under ASC Topic 815 at the U.S. dollar translated amount at December 1, 2013.

On September 10, 2018, the Company completed a private placement financing (the "2018 Debenture Financing") of an unsecured convertible debenture in the principal amount of $500,000 (the "2018 Debenture"). At issuance, the conversion price was lower than the market share price, and the value of the beneficial conversion feature related to the 2018 Debenture was allocated to Additional paid-in capital in the condensed unaudited interim consolidated statements of shareholders' equity (deficiency).

On April 4, 2019, a tentative approval from TSX was received for refinancing of the 2013 Debenture subject to certain conditions being met. As a result of the refinancing, the principal amount owing under the 2013 Debenture was refinanced by a new debenture (the "May 2019 Debenture"). On May 1, 2019, the May 2019 Debenture was issued in the principal amount of $1,050,000, that was originally scheduled to mature on November 1, 2019, bears interest at a rate of 12% per annum and is convertible into 1,779,661 common shares of the Company at a conversion price of $0.59 per common share. At issuance, the conversion option was not characterized as an embedded derivative as it did not meet the criteria of ASC topic 815 Derivatives and Hedging. Also, at issuance, as the conversion price was higher than the market share price, conversion option was not bifurcated from its host contract and the total value of the convertible debenture was recognized as a liability.

On August 26, 2019, the Company issued an unsecured convertible debenture in the principal amount of $140,800 (the "August 2019 Debenture"). At issuance, the conversion price was lower than the market share price, and the value of the beneficial conversion feature related to the August 2019 Debenture was allocated to Additional paid-in capital in the condensed unaudited interim consolidated statements of shareholders' equity (deficiency). In November 2019, the August 2019 Debenture was paid in full.

On November 15, 2019, the Company issued an unsecured convertible debenture in the principal amount of $250,000 (the "November 2019 Debenture") that was originally scheduled to mature on December 31, 2019, bears interest at a rate of 12% per annum and is convertible into common shares of the Company at a conversion price of $0.12 per share. At issuance, the conversion price was lower than the market share price, and the value of the beneficial conversion feature related to the November 2019 Debenture was allocated to Additional paid-in capital in the condensed unaudited interim consolidated statements of shareholders' equity (deficiency).

Investment tax credits

The investment tax credits ("ITC") receivable are amounts considered recoverable from the Canadian federal and provincial governments under the Scientific Research & Experimental Development ("SR&ED") incentive program. The amounts claimed under the program represent the amounts based on management estimates of eligible R&D costs incurred during the year. Realization is subject to government approval. Any adjustment to the amounts claimed will be recognized in the year in which the adjustment occurs. Refundable ITCs claimed relating to capital expenditures are credited to property and equipment. Refundable ITCs claimed relating to current expenditures are netted against R&D expenditures.

Recently adopted accounting pronouncements

On December 1, 2019, the Company adopted Accounting Standards Codification (ASC) Topic 842 *Leases* using the modified retrospective transition method, applying the new standard to all leases existing at the date of initial application. In addition, the Company elected the package of practical expedients in transition, which permitted the Company not to reassess prior conclusions about lease identification, lease classification and initial direct costs on leases that commenced prior to adoption of the new standard. The Company also elected the ongoing practical expedient not to recognize operating lease right-of-use assets and operating lease liabilities for short-term leases. As a result of adopting the new standard, the Company didn't recognize any right-of-use ("ROU") assets or right-of-use lease liabilities in the condensed unaudited interim consolidated balance sheet as the Company only has one lease which has a term of less than 12 months. As a result of the adoption of Topic 842, there was no impact to opening accumulated deficit.

RESULTS OF OPERATIONS

Our results of operations have fluctuated significantly from period to period in the past and are likely to do so in the future. We anticipate that our quarterly and annual results of operations will be impacted for the foreseeable future by several factors, including the timing of approvals to market our product candidates in various jurisdictions and any resulting licensing revenue, milestone revenue, product sales, the number of competitive products and the extent of any aggressive pricing activity, wholesaler buying patterns, the timing and amount of payments received pursuant to our current and future collaborations with third parties, the existence of any first-to-file exclusivity periods, and the progress and timing of expenditures related to our research, development and commercialization efforts. Due to these fluctuations, we presently believe that the period-to-period comparisons of our operating results are not a reliable indication of our future performance.

The following are selected financial data for the three and six months ended May 31, 2020 and 2019.

	For the three months ended				For the six months ended			
	May 31, 2020 (unaudited)	May 31, 2019 (unaudited)	Change		May 31, 2020 (unaudited)	May 31, 2019 (unaudited)	Change	
	$	$	$	%	$	$	$	%
Revenue:								
Licensing	395,740	399,696	(3,956)	-1%	773,294	664,247	109,047	16%
Up-front fees	-	814,824	(814,824)	-100%	-	893,809	(893,809)	-100%
	395,740	1,214,520			773,294	1,558,056		
Cost of goods sold	-	-	-	N/A	-	33,068	(33,068)	-100%
	395,740	1,214,520	(818,780)	-67%	773,294	1,524,988	(751,694)	-49%
Expenses:								
Research and development	635,326	1,655,039	(1,019,713)	-62%	1,583,171	3,787,300	(2,204,129)	-58%
Selling, general and administrative	548,232	1,476,013	(927,781)	-63%	1,071,463	2,683,256	(1,611,793)	-60%
Depreciation	102,423	126,776	(24,353)	-19%	205,122	252,060	(46,938)	-19%
	1,285,981	3,257,828	(1,971,847)	-61%	2,859,756	6,722,616	(3,862,860)	-57%
Loss from operations	(890,241)	(2,043,308)	1,153,067	-56%	(2,086,462)	(5,197,628)	3,111,166	-60%
Net foreign exchange gain	22,066	24,961	(2,895)	-12%	44,854	13,629	31,225	229%
Interest income	-	843	(843)	-100%	-	854	(854)	-100%
Interest expense	(180,258)	(55,294)	(124,964)	226%	(754,198)	(114,102)	(640,096)	561%
Net loss for the period	(1,048,433)	(2,072,798)	1,024,365	-49%	(2,795,806)	(5,297,247)	2,501,441	-47%

Three months ended May 31, 2020 compared to the three months ended May 31, 2019

Revenue

The Company recorded revenues of $395,740 for the three months ended May 31, 2020 versus $1,214,520 for the three months ended May 31, 2019. Such revenues consisted primarily of licensing revenues from commercial sales of the 15, 25, 30 and 35 mg strengths of our generic Focalin XR® under the Par agreement for the three months ended May 31, 2020. The higher revenue for the three months ended May 31, 2019 is primarily due to the change in the term of the Mallinckrodt agreement, which was terminated August 12, 2019, the term becoming 3 years instead of the original ten year term. This resulted in up-front fees of $814,824 recognized in the three months ended May 31, 2019 versus $Nil over the same period in 2020. Beginning in early 2018, we began to see a significant impact from aggressive pricing by competitors, resulting in a marked increase in gross-to-net deductions such as wholesaler rebates, chargebacks and pricing adjustments which continues to date. While the gross-to-net deductions fluctuate on a quarter over quarter basis, profit share payments for the last quarter has been consistent over the same period in 2019.

We entered into separate license and commercial supply agreements with Tris Pharma, granting Tris Pharma exclusive licenses to market, sell and distribute in the United States Quetiapine Extended-Release (ER) Tablets in the 50, 150, 200, 300 and 400 mg strengths, Desvenlafaxine Succinate ER Tablets in the 50 and 100 mg strengths and Venlafaxine Hydrochloride ER Capsules 37.5 mg, 75 mg and 150 mg, which are all approved for sale in the US market by the FDA. During the three months ended May 31, 2020, there was no revenue pursuant to the agreements with Tris Pharma as no goods were shipped.

Research and Development

Expenditures for R&D for the three months ended May 31, 2020 were lower by $1,019,713 compared to the three months ended May 31, 2019. The decrease is primarily due to significantly reduced third party consulting fees, decrease in expenses related to biostudies and the reduction in R&D staff. During the three months ended May 31, 2020, the Company reduced its head count for R&D staff to 8 employees compared to 48 for the three months ended May 31, 2019.

In the three months ended May 31, 2020, we recorded $9,977 of expenses for stock-based compensation for R&D employees compared to $128,257 for the three months ended May 31, 2019.

After adjusting for the stock-based compensation expenses discussed above, expenditures for R&D for the three months ended May 31, 2020 were lower by $901,433 compared to the three months ended May 31, 2019. The decrease is primarily due to significantly reduced third party consulting fees, decrease in expenses related to biostudies and the reduction in R&D staff.

Selling, General* and *Administrative

Selling, general and administrative expenses were $548,232 for the three months ended May 31, 2020 in comparison to $1,476,013 for the three months ended May 31, 2019, resulting in a decrease of $927,781. The decrease is mainly due to a decrease in administrative costs and a decrease in wages and marketing costs, partially offset by an increase in occupancy cost.

Administrative costs for the three months ended May 31, 2020 were $419,517 in comparison to $1,106,564 in the three months ended May 31, 2019. The decrease for the three months ended May 31, 2020 was due to the decrease in professional and legal fees.

Expenditures for wages and benefits for the three months ended May 31, 2020 were $78,287 in comparison to $250,798 in the three months ended May 31, 2019. For the three months ended May 31, 2020, we recorded an expense of $2,255 against expense for stock-based compensation compared to an expense of $31,759 for the three months ended May 31, 2019. After adjusting for the stock-based compensation expenses, expenditures for wages for the three months ended May 31, 2020 were lower by $143,007 compared to the three months ended May 31, 2019. The decrease is due to reduced number of personnel. During the three months ended May 31, 2020, the Company reduced its head count of administrative staff to 2 employees compared to 9 for the three months ended May 31, 2019.

Marketing costs for the three months ended May 31, 2020 were $12,038 in comparison to $81,460 in the three months ended May 31, 2019. This decrease is primarily the result of a decrease in travel expenditures related to business development and investor relations activities.

Occupancy costs for the three months ended May 31, 2020 were $38,390 in comparison to $37,191 for the three months ended May 31, 2019. The increase is due to higher facility operating expenses.

Depreciation

Depreciation expenses for the three months ended May 31, 2020 were $102,423 in comparison to $126,776 in the three months ended May 31, 2019. The decrease is primarily due to less investment in production, laboratory and computer equipment during the three months ended May 31, 2020.

Foreign Exchange Gain

Foreign exchange gain was $22,066 for the three months ended May 31, 2020 in comparison to a gain of $24,961 in the three months ended May 31, 2019. The foreign exchange gain for the three months ended May 31, 2020 was due to the strengthening of the U.S. dollar against the Canadian dollar during the three months ended May 31, 2020 as the exchange rates changed to $1.00 for C$1.3787 as at May 31, 2020 from $1.00 for C$1.3429 as at February 29, 2020. The foreign exchange gain for the three months ended May 31, 2019 was due to the strengthening of the U.S. dollar against the Canadian dollar during the three months ended May 31, 2019 as the exchange rates changed to $1.00 for C$1.3527 as at May 31, 2019 from $1.00 for C$1.3169 as at February 28, 2019.

Interest Expense

Interest expense for the three months ended May 31, 2020 was $180,258 in comparison to $55,294 in the three months ended May 31, 2019. This is primarily due to the accrual of interest in the three months ended May 31, 2020 on the May 2019 Debenture, which accrues interest at 12% annually, the 2018 Debenture, which accrues interest at 10% annually, and the November 2019 Debenture, which accrues interest at 12% annually. As well, interest was incurred on the 2018 Debenture being accreted at an annual effective interest rate of approximately 7.3%, and November 2019 Debenture being accreted at an annual effective interest rate of approximately 504.4% from March 1, 2020 to March 31, 2020, 72.4% from March 31, 2020 to May 15, 2020, and 249.2% from May 15, 2020 to May 31, 2020. In comparison, the interest incurred in the three months ended May 31, 2019 related to the 2013 Debenture, which accrued interest at 12% annually and the 2018 Debenture, which accrued interest payable at 10% annually; in addition, the related conversion option embedded derivative for the 2018 Debenture accreted at an annual effective interest rate of approximately 7.3%.

Net Loss

The Company recorded net loss for the three months ended May 31, 2020 of $1,048,433 or $0.04 per common share, compared with a net loss of $2,072,798 or $0.10 per common share for the three months ended May 31, 2019. In the three months ended May 31, 2020, the net loss is attributed to the decrease in amount of up-front fees recognized into revenue, offset by decreased administrative expenses related to professional and legal fees and R&D expenses related to the decrease in third party consulting fees, decrease in expenses related to biostudies and the reduction in R&D staff. In the three months ended May 31, 2019, the net loss was attributed to the lower licensing revenues from commercial sales of generic Focalin XR® and to a lesser extent, sales of generic Seroquel XR® shipped to Mallinckrodt, combined with increased administrative expense related to professional and legal fees.

Six months ended May 31, 2020 compared to the six months ended May 31, 2019

Revenue

The Company recorded revenues of $773,294 for the six months ended May 31, 2020 versus $1,558,056 for the six months ended May 31, 2019. Such revenues consisted primarily of licensing revenues from commercial sales of generic Focalin XR® under the Par agreement. The decrease in revenues in the six months ended May 31, 2020 compared to the six months ended May 31, 2019 is primarily due to more revenue recognition from the Mallinckrodt upfront fee in the second quarter of year 2019 due to change in contract term with Mallinckrodt which was terminated August 12, 2019, the term becoming 3 years instead of the original ten year term. Beginning in early 2018, we began to see a significant impact from aggressive pricing by competitors, resulting in a marked increase in gross-to-net deductions such as wholesaler rebates, chargebacks and pricing adjustments which continues to date. While the gross-to-net deductions fluctuate on a quarter over quarter basis, profit share payments for the last quarter has been consistent over the same period in 2019.

We entered into separate license and commercial supply agreements with Tris Pharma, granting Tris Pharma exclusive licenses to market, sell and distribute in the United States Quetiapine Extended-Release (ER) Tablets in the 50, 150, 200, 300 and 400 mg strengths, Desvenlafaxine Succinate ER Tablets in the 50 and 100 mg strengths and Venlafaxine Hydrochloride ER Capsules 37.5 mg, 75 mg and 150 mg, which are all approved for sale in the US market by the FDA. During the six months ended May 31, 2020, there was no revenue pursuant to the agreements with Tris Pharma as no goods were shipped.

Cost of goods sold

The Company recorded cost of goods sold of $Nil for the six months ended May 31, 2020 versus $33,068 for the six months ended May 31, 2019. The decrease in the six months ended May 31, 2020 is primarily due to the termination of the Mallinckrodt agreement effective August 12, 2019, and the fact that no goods were shipped under the Tris Pharma agreements.

Research and Development

Expenditures for R&D for the six months ended May 31, 2020 were lower by $2,204,129 compared to the six months ended May 31, 2019.

In the six months ended May 31, 2020, we recorded $53,405 of expenses for stock-based compensation for R&D employees compared to $131,757 for the six months ended May 31, 2019.

After adjusting for the stock-based compensation expenses discussed above, expenditures for R&D for the six months ended May 31, 2020 were lower by $2,125,777 compared to the six months ended May 31, 2019. The decrease is mainly due to the decrease in material purchases and patent and litigation expenses, lower third party consulting fees, decrease in expenses related to biostudies and a reduction in R&D staff. During the six months ended May 31, 2020, the Company reduced its head count to 8 employees compared to 48 for the three months ended May 31, 2019.

Selling, General* and *Administrative

Selling, general and administrative expenses were $1,071,463 for the six months ended May 31, 2020 in comparison to $2,683,256 for the six months ended May 31, 2019, resulting in a decrease of $1,611,793. The decrease is mainly due to a decrease in administrative costs and a decrease in wages and marketing costs.

Administrative costs for the six months ended May 31, 2020 were $735,789 in comparison to $1,960,475 in the six months ended May 31, 2019. The decrease for the six months ended May 31, 2020 was due to the decrease in professional and legal fees.

Expenditures for wages and benefits for the six months ended May 31, 2020 were $227,976 in comparison to $479,009 in the six months ended May 31, 2019. For the six months ended May 31, 2020, we recorded an expense of $12,576 against expense for stock-based compensation compared to an expense of $30,532 for the six months ended May 31, 2019. After adjusting for the stock-based compensation expenses, expenditures for wages for the six months ended May 31, 2020 were lower by $233,077 compared to the six months ended May 31, 2019.

Marketing costs for the six months ended May 31, 2020 were $46,319 in comparison to $175,926 in the six months ended May 31, 2019. This decrease is primarily the result of a decrease in travel expenditures related to business development and investor relations activities.

Occupancy costs for the six months ended May 31, 2020 were $61,379 in comparison to $67,846 for the six months ended May 31, 2019. The decrease is due to lower facility operating expenses.

Depreciation

Depreciation expenses for the six months ended May 31, 2020 were $205,122 in comparison to $252,060 in the six months ended May 31, 2019. The decrease is primarily due to less investment in production, laboratory and computer equipment during the six months ended May 31, 2020.

Foreign Exchange Gain

Foreign exchange gain was $44,854 for the six months ended May 31, 2020 in comparison to $13,629 in the six months ended May 31, 2019. The foreign exchange gain for the six months ended May 31, 2020 was due to the strengthening of the U.S. dollar against the Canadian dollar during the six months ended May 31, 2020 as the exchange rates changed to $1.00 for C$1.3787 as at May 31, 2020 from $1.00 for C$1.3289 as at November 30, 2019. The foreign exchange gain for the six months ended May 31, 2019 was due to the strengthening of the U.S. dollar against the Canadian dollar during the six months ended May 31, 2019 as the exchange rates changed to $1.00 for C$1.3527 as at May 31, 2019 from $1.00 for C$1.3301 as at November 30, 2018.

Interest Expense

Interest expense for the six months ended May 31, 2020 was $754,198 in comparison to $114,102 in the six months ended May 31, 2019. This is primarily due to interest accrued in the six months ended May 31, 2020 on the May 2019 Debenture, which accrues interest at 12% annually, interest paid on the 2018 Debenture, which accrues interest at 10% annually, and interest paid on the November 2019 Debenture, which accrues interest at 12% annually and the related May 2019 Debenture being accreted at an annual effective interest rate of approximately 782.7% from December 31, 2019 to January 31, 2019, the 2018 Debenture being accreted at an annual effective interest rate of approximately 7.3%, and November 2019 Debenture being accreted at an annual effective interest rate of approximately 152.4% from December 1, 2019 to December 31, 2019, 504.4% from January 31, 2020 to March 31, 2020, 72.4% from March 31, 2020 to May 15, 2020, and 249.2% from May 15, 2020 to May 31, 2020. In comparison, the interest paid in the six months ended May 31, 2019 related to the 2013 Debenture, which accrued interest payable at 12% annually and interest paid on the 2018 Debenture, which accrued interest payable at 10% annually and the related conversion option embedded derivative for the 2018 Debenture accreted at an annual effective interest rate of approximately 7.3%.

Net Loss

The Company recorded net loss for the six months ended May 31, 2020 of $2,795,806 or $0.12 per common share, compared with a net loss of $5,297,247 or $0.26 per common share for the six months ended May 31, 2019. In the six months ended May 31, 2020, the net loss is attributed to the increase in licensing revenues from commercial sales of generic Focalin XR®, offset by a decrease in up-front fees recognized in revenue, combined with decreased administrative expenses related to professional and legal fees and R&D expenses related to the decrease in third party consulting fees, decrease in expenses related to biostudies and the reduction in R&D staff. In the six months ended May 31, 2019, the net loss is attributed to the lower licensing revenues from commercial sales of generic Focalin XR® and to a lesser extent, sales of generic Seroquel XR® shipped to Mallinckrodt, combined with increased administrative expense related to professional and legal fees.

SUMMARY OF QUARTERLY RESULTS

The table below outlines selected financial data for the eight most recent quarters. The quarterly results are unaudited and have been prepared in accordance with U.S. GAAP, for interim financial information.

Quarter Ended	Revenue	Net loss	Loss per share	
			Basic[i]	Diluted[i]
	$	$	$	$
May 31, 2020	395,740	(1,048,433)	(0.04)	(0.04)
February 29, 2020	377,554	(1,747,373)	(0.08)	(0.08)
November 30, 2019	232,519	(1,333,074)	(0.04)	(0.04)
August 31, 2019	1,689,941	(1,454,325)	(0.07)	(0.07)
May 31, 2019	1,214,520	(2,072,798)	(0.10)	(0.10)
February 28, 2019	343,536	(3,224,449)	(0.16)	(0.16)
November 30, 2018	387,691	(3,784,512)	(0.67)	(0.67)
August 31, 2018	413,555	(3,954,104)	(0.91)	(0.91)

(i) Quarterly per share amounts may not sum due to rounding

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 somewhat variable over the last eight quarters and is reflective of varying levels of commercial sales of generic Focalin XR® capsules, the level of our R&D spending, and the vesting or modification of performance-based stock options. The lower net loss in the second quarter of 2020 is primarily attributed to slightly higher licensing revenue and lower R&D spending and selling, general and administrative expenses. The higher net loss in the first quarter of 2020 is primarily attributed to higher interest expense, higher general, selling, administrative spending partially offset by higher licensing revenue and lower R&D spending. The lower net loss in the fourth quarter of 2019 is primarily attributed to slightly higher licensing revenue and lower R&D spending and selling, general and administrative expenses. The lower net loss in the third quarter of 2019 is primarily attributed to recognition of upfront revenue due to the cancellation of Mallinckrodt agreement, lower R&D spending and selling, general and administrative expenses. The lower net loss in the second quarter of 2019 is primarily attributed to recognition of upfront revenue due to the cancellation of Mallinckrodt agreement and lower R&D spending offset by higher selling, general and administrative expenses. The lower net loss in the first quarter of 2019 is primarily attributed to lower R&D spending offset by higher selling, general and administrative expenses and licensing revenues. The lower net loss in the fourth quarter of 2018 is primarily attributed to lower R&D spending and selling, general and administrative expenses offset by licensing revenues. The higher net loss in the third quarter of 2018 is primarily attributed to higher third-party R&D expenses as a result of clinical trials for Oxycodone ER, as well as increased patent litigation expenses.

LIQUIDITY AND CAPITAL RESOURCES

	For the three months ended				For the six months ended			
	May 31, 2020 (unaudited)	May 31, 2019 (unaudited)	Change		May 31, 2020 (unaudited)	May 31, 2019 (unaudited)	Change	
	$	$	$	%	$	$	$	%
Cash flows provided from (used in) operating activities	66,046	(1,783,366)	1,849,412	-104%	7,476	(5,326,237)	5,333,713	-100%
Cash flows provided from (used in) financing activities	-	1,500	(1,500)	-100%	-	(272,047)	272,047	-100%
Cash flows used in investing activities	-	(9,624)	9,624	-100%	-	(13,414)	13,414	-100%
Increase (decrease) in cash	66,046	(1,791,490)	1,857,536	-104%	7,476	(5,611,698)	5,619,174	-100%
Cash, beginning of period	6,052	2,821,669	(2,815,617)	-100%	64,622	6,641,877	(6,577,255)	-99%
Cash, end of period	72,098	1,030,179	(958,081)	-93%	72,098	1,030,179	(958,081)	-93%

The Company had cash of $72,098 as at May 31, 2020 compared to $1,030,179 as at May 31, 2019. The decrease in cash was mainly due to expenditures for R&D and selling, general, and administrative expenses.

For the three months ended May 31, 2020, net cash flows provided from operating activities increased to $66,046 as compared to net cash flows used in operating activities for the three months ended May 31, 2019 of $1,783,366. The increase was primarily a result of the significantly lower loss from operations as a result of a decrease in up-front fees recognized into revenue, offset by significant decreases in R&D and selling, general and administrative expense.

R&D costs, which are a significant portion of the cash flows used in operating activities, related to continued internal R&D programs; these are expensed as incurred. However, equipment and supplies are capitalized and amortized over their useful lives if they have alternative future uses. For the three and six months ended May 31, 2020, R&D expense was $635,326, and $1,583,171, respectively compared to the three and six months ended May 31, 2019 which was $1,655,039, and $3,787,300. The decrease is primarily due to significantly reduced third party consulting fees, decrease in expenses related to biostudies and the reduction in R&D staff.

For the three and six months ended May 31, 2020, net cash flows from (used in) financing activities were $Nil each period, compared to $1,500 and ($272,047) for the three and six months ended May 31, 2019. Net cash flows from financing activities in the three and six months ended May 31, 2019, related to the issuance of 2,643,334 common shares on exercise of 2018 Pre-Funded Warrants issued as part of the October 2018 financing for gross proceeds of $27,953 offset by the principal repayment of $300,000 made on the 2013 Debenture. In October 2018, we completed an underwritten public offering in the United States, resulting in the sale to the public of 827,970 Units at $0.75 per Unit, which are comprised of one common share and one warrant (the "2018 Unit Warrants") exercisable at $0.75 per share. We concurrently sold an additional 1,947,261 common shares and warrants to purchase 2,608,695 common shares exercisable at $0.75 per share (the "2018 Option Warrants") pursuant to the over-allotment option exercised in part by the underwriter. The price for the common shares issued in connection with exercise of the overallotment option was $0.74 per share and the price for the warrants issued in connection with the exercise of the overallotment option was $0.01 per warrant, less in each case the underwriting discount. In addition, we issued 16,563,335 pre-funded units ("2018 Pre-Funded Units"), each 2018 Pre-Funded Unit consisting of one pre-funded warrant (a "2018 Pre-Funded Warrant") to purchase one common share and one warrant (a "2018 Warrant", and together with the 2018 Unit Warrants and the 2018 Option Warrants, the "2018 Firm Warrants") to purchase one common share. The 2018 Pre-Funded Units were offered to the public at $0.74 each and a 2018 Pre-Funded Warrant is exercisable at $0.01 per share. Each 2018 Firm Warrant is exercisable immediately and has a term of five years and each 2018 Pre-Funded Warrant is exercisable immediately and until all 2018 Pre-Funded Warrants are exercised. We also issued warrants to the placement agents to purchase 1,160,314 common shares at an exercise price of $0.9375 per share, which were exercisable immediately upon issuance (the "October 2018 Placement Agent Warrants"). In aggregate, the Company issued 2,775,231 common shares, 16,563,335 2018 Pre-Funded Warrants and 20,000,000 2018 Firm Warrants in addition to 1,160,314 October 2018 Placement Agent Warrants.

For the three and six months ended May 31, 2020, net cash flows used in investing activities was $Nil for each period compared to $9,624 and $13,414 for the three and six months ended May 31, 2019 which related primarily to the purchase of laboratory and computer equipment.

All non-cash items have been added back or deducted from the condensed unaudited interim consolidated statements of cash flows.

With the exception of the quarter ended February 28, 2014, the Company has incurred losses from operations since inception. To date, the Company has funded its R&D activities principally through the issuance of securities, loans from related parties, funds from the IPC Arrangement Transaction and funds received under commercial license agreements. Since November 2013, research has also been funded from revenues earned on sales of our generic Focalin XR® capsules for the 15 and 30 mg strengths. Despite the launch of the 25 and 35 mg strengths by Par in January 2017, the launch of the 10 and 20 mg strengths in May 2017 along with the launch of the 5 and 40 mg strengths in November 2017, we expect sales of generic Focalin XR®, due to continued competitive pressures, to be negatively impacted for the next several quarters. As of May 31, 2020, our cash balance was $72,098. We currently expect to meet our short-term cash requirements from quarterly profit share payments from Par and by cost savings associated with managing operating expense levels. If we are able to supply products to our marketing and distribution partner, Tris Pharma, and it achieves sales of our generic Seroquel XR®, generic Pristiq and generic Effexor XR at anticipated rates, then we may satisfy our cash needs with cost-saving measures. We will need to obtain additional funding to further product commercialization activities and the development of our product candidates. Potential sources of capital may include payments from licensing agreements, and/or debt financings and/or new strategic partnership agreements which the Company is actively exploring. The Company has funded its business activities principally through the issuance of securities, loans from related parties and funds from development agreements. There is no certainty that such funding will be available going forward. If conditions permit, we intend to utilize the equity markets and/or debt financing to bridge any funding shortfall. Our future operations are highly dependent upon our ability to source additional capital to support advancing our product pipeline through continued R&D activities and to fund any significant expansion of our operations. Our ultimate success will depend on whether our product candidates receive approval by the FDA or Health Canada or the regulatory authorities of other countries in which our products are proposed to be sold and on and whether we are able to successfully market our approved products. We cannot be certain that we will receive FDA or Health Canada or such other regulatory approval for any of our current or future product candidates, that we will reach the level of sales and revenues necessary to achieve and sustain profitability, or that we can secure other capital sources on terms or in amounts sufficient to meet our needs or at all. Our cash requirements for R&D during any period depend on the number and extent of the R&D activities we focus on. At present, we are focused principally on the development of 505(b)(2) product candidates, such as our Regabatin™ XR and Oxycodone ER 505(b)(2) product candidates, and selected generic product candidate development projects. Our development of Oxycodone ER required significant expenditures, including costs to defend against the Purdue litigation, and some of those are still owed by the Company, and some expenses are still ongoing. For our Regabatin™ XR 505(b)(2) product candidate, Phase III clinical trials can be capital intensive, and will only be undertaken consistent with the availability of funds and a prudent cash management strategy.

On September 10, 2018, the Company completed a private placement financing of the unsecured convertible 2018 Debenture in the principal amount of $0.5 million. The 2018 Debenture will mature on September 1, 2020. The 2018 Debenture bears interest at a rate of 10% per annum, payable monthly, is pre-payable at any time at the option of the Company and is convertible at any time into common shares of the Company at a conversion price of $3.00 per common share at the option of the holder.

On April 4, 2019, a tentative approval from TSX was received for refinancing of the 2013 Debenture subject to certain conditions being met. As a result of the refinancing, the principal amount owing under the 2013 Debenture was refinanced by the May 2019 Debenture. On May 1, 2019, the May 2019 Debenture was issued in the principal amount of $1,050,000, was originally scheduled to mature on November 1, 2019, bears interest at a rate of 12% per annum and is convertible into 1,779,661 common shares of the Company at a conversion price of $0.59 per common share. Dr. Isa Odidi and Dr. Amina Odidi, who are shareholders, directors, and executive officers of the Company, are the holders of the May 2019 Debenture. The maturity date for the May 2019 Debenture has been extended from time to time and the maturity date for the May 2019 Debenture is now December 31, 2020.

On August 26, 2019, the Company completed a private placement financing of the unsecured August 2019 Debenture in the principal amount of $140,800. The August 2019 Debenture was originally scheduled to mature on August 26, 2020, bore interest at a rate of 8% per annum, was pre-payable at any time at the option of the Company up to 180 days from date of issuance with pre-payment penalties ranging from 5% - 30% and was convertible at the option of the holder into common shares after 180 days at a conversion price which was equal to 75% of the market price (defined as the average of the lowest three (3) trading prices for the common shares during the twenty (20) trading day period prior to the conversion date). The Company incurred $15,800 in debt issuance costs. In November 2019, the August 2019 Debenture was fully paid.

On November 15, 2019, the Company completed a private placement financing of the unsecured November 2019 Debenture in the principal amount of $0.25 million. The November 2019 Debenture was originally scheduled to mature on December 31, 2019. The November 2019 Debenture bears interest at a rate of 12% per annum, payable monthly, is pre-payable at any time at the option of the Company and is convertible at any time into common shares of the Company at a conversion price of $0.12 per common share at the option of the holder. Dr. Isa Odidi and Dr. Amina Odidi, who are shareholders, directors and executive officers of the Company provided the Company with the $0.25 million of proceeds for the November 2019 Debenture. The maturity date for the November 2019 Debenture has been extended from time to time and the maturity date for the November 2019 Debenture is now December 31, 2020.

The availability of equity or debt financing will be affected by, among other things, the results of our R&D, our ability to obtain regulatory approvals, our success in commercializing approved products with our commercial partners and the market acceptance of our products, the state of the capital markets generally, our delisting from Nasdaq, strategic alliance agreements, and other relevant commercial considerations. In addition, if we raise additional funds by issuing equity securities, our then existing security holders will likely experience dilution, and the incurring of indebtedness would result in increased debt service obligations and could require us to agree to operating and financial covenants that would restrict our operations. In the event that we do not obtain sufficient additional capital, it will raise substantial doubt about our ability to continue as a going concern, realize our assets and pay our liabilities as they become due. Our cash outflows are expected to consist primarily of internal and external R&D, legal and consulting expenditures to advance our product pipeline and selling, general and administrative expenses to support our commercialization efforts. Depending upon the results of our R&D programs, the impact of the litigation against us and the availability of financial resources, we could decide to accelerate, terminate, or reduce certain projects, or commence new ones. Any failure on our part to successfully commercialize approved products or raise additional funds on terms favorable to us or at all, may require us to significantly change or curtail our current or planned operations in order to conserve cash until such time, if ever, that sufficient proceeds from operations are generated, and could result in us not taking advantage of business opportunities, in the termination or delay of clinical trials or us not taking any necessary actions required by the FDA or Health Canada for one or more of our product candidates, in curtailment of our product development programs designed to identify new product candidates, in the sale or assignment of rights to our technologies, products or product candidates, and/or our inability to file ANDAs, ANDSs or NDAs at all or in time to competitively market our products or product candidates.

In November 2013, the Company entered into an equity distribution agreement with Roth Capital Partners, LLC, pursuant to which the Company originally could sell up to a certain number of common shares through at-the-market issuances on Nasdaq or otherwise. In March 2018, the Company terminated its continuous offering under the prospectus supplement dated July 18, 2017 and prospectus dated July 17, 2017 in respect of its at-the-market program. The underwriting agreement relating to the October 2018 offering (described below) restricts the Company's ability to use this equity distribution agreement. It contains a prohibition on the Company: (i) for a period of two years following the date of the underwriting agreement, from directly or indirectly in any at-the-market or continuous equity transaction, offer to sell, or otherwise dispose of shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for its shares of capital stock or (ii) for a period of five years following the closing, effecting or entering into an agreement to effect any issuance by the Company of common shares or common share equivalents involving a certain variable rate transactions under an at-the-market offering agreement, whereby the Company may issue securities at a future determined price, except that, on or after the date that is two years after the closing, the Company may enter into an at-the-market offering agreement. Moreover, currently the Company does not meet the requirements to utilize its Registration Statement on Form F-3 to issue any further securities under at-the-market equity program (or otherwise) under Form F-3.

In March 2019, we received formal notice that a Nasdaq Panel had determined to delist our shares from Nasdaq based upon our non-compliance with the $1.00 bid price requirement, as set forth in Nasdaq Listing Rule 5550(a)(2). The suspension of trading on Nasdaq took effect at the open of business on March 21, 2019. Our shares began trading on the OTCQB under the symbol “IPCIF”, commencing on March 21, 2019. Our shares also are listed on the TSX under the symbol “IPCI” and our non-compliance with Nasdaq's requirements did not impact our listing or trading status on that exchange.

OUTSTANDING SHARE INFORMATION

As at May 31, 2020, the Company had 23,678,105 common shares issued and outstanding, which is an increase of 1,592,249 when compared to November 30, 2019. The number of shares outstanding increased as a result of the issuance of 1,592,249 common shares upon cashless exercise of the 2018 Pre-Funded Warrants. The number of options outstanding as of May 31, 2020 is 2,099,496, a decrease of 254,333 from November 30, 2019. The decrease is due to the forfeiture of 156,652 options, cancellation of 68,881 and expiry of 28,800 options during the six months ended May 31, 2020. The warrants outstanding as of May 31, 2020 represent 21,984,884 common shares issuable upon the exercise of 22,123,623 outstanding warrants, which represents a decrease of 1,616,667 common shares (1,616,667 warrants) from November 30, 2019, due to the cashless exercise of 1,616,667 to purchase 1,592,249 common shares during the six months ended May 31, 2020. During the three and six months ended May 31, 2020, no deferred share units (“DSUs”) were exercised and converted into common shares. The number of DSUs outstanding as of May 31, 2020 is Nil. As of July 15, 2020, the number of shares outstanding is 23,678,105.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT LIQUIDITY AND MARKET RISK

Liquidity risk is the risk that we will encounter difficulty raising liquid funds to meet our commitments as they fall due. In meeting our liquidity requirements, we closely monitor our forecasted cash requirements with expected cash drawdown.

We are exposed to interest rate risk, which is affected by changes in the general level of interest rates. Due to the fact that our cash is deposited with major financial institutions in an interest savings account, we do not believe that the results of operations or cash flows would be affected to any significant degree by a sudden change in market interest rates given their relative short-term nature.

Trade accounts receivable potentially subjects us to credit risk. We provide an allowance for doubtful accounts equal to the estimated losses expected to be incurred in the collection of accounts receivable.

We are also exposed to credit risk at period end from the carrying value of our cash. We manage this risk by maintaining bank accounts with a Canadian Chartered Bank. Our cash is not subject to any external restrictions.

We are exposed to changes in foreign exchange rates between the Canadian and U.S. Dollar which could affect the value of our cash. We had no foreign currency hedges or other derivative financial instruments as of May 31, 2020. We did not enter into financial instruments for trading or speculative purposes and we do not currently utilize derivative financial instruments.

We have balances in Canadian dollars that give rise to exposure to foreign exchange risk relating to the impact of translating certain non-U.S. Dollar balance sheet accounts as these statements are presented in U.S. Dollars. A strengthening U.S. Dollar will lead to a foreign exchange loss while a weakening U.S. Dollar will lead to a foreign exchange gain. For each Canadian dollar balance of $1.0 million, a +/- 10% movement in the Canadian currency held by us versus the U.S. Dollar would affect our loss and other comprehensive loss by $0.1 million.

WORKING CAPITAL

Working capital (defined as current assets minus current liabilities) has decreased by approximately $1.9 million at May 31, 2020 from November 30, 2019, mainly as a result of an increase in employee costs payable, accrued liabilities, accounts payable, accounts receivable, and prepaid expenses, offset by decreases in inventory. We are actively exploring partnership opportunities for both currently approved and yet-to-be-approved products, as well as potential international partnership opportunities for both existing and future products. While the Company has some flexibility with its level of expenditures, our future operations are highly dependent upon our ability to source additional capital to support advancing our product pipeline through continued R&D activities and to fund any significant expansion of our operations. Our ultimate success will depend on whether our product candidates receive the approval of the FDA, Health Canada, and the regulatory authorities of other countries in which our products are proposed to be sold and whether we are able to successfully market our approved products. We cannot be certain that we will receive FDA, Health Canada, or such other regulatory approval for any of our current or future product candidates, that we will reach the level of sales and revenues necessary to achieve and sustain profitability, or that we can secure other capital sources on terms or in amounts sufficient to meet our needs, or at all.

As an R&D company, we are eligible to receive investment tax credits from various levels of government under the SR&ED incentive programs. Depending on the financial condition of our operating subsidiary, Intellipharmaceutics Corp., R&D expenses in any fiscal year could be claimed. Eligible R&D expenses included salaries for employees involved in R&D, cost of materials, new equipment purchase as well as third party contract services. This amount is not a reduction in income taxes, but a form of government refundable credits based on the level of R&D that we carry out.

In January 2013, the Company completed the private placement financing of the unsecured 2013 Debenture in the original principal amount of $1.5 million. The 2013 Debenture bore interest at a rate of 12% per annum, payable monthly, was pre-payable at any time at the option of the Company and was convertible at any time into common shares at a conversion price of $30.00 per common share at the option of the holder. Drs. Isa and Amina Odidi, who are directors, executive officers and shareholders of our Company, provided us with the original $1.5 million of the proceeds for the 2013 Debenture. In December 2016, a principal repayment of $150,000 was made on the 2013 Debenture and the maturity date was extended. In December 2018, a principal repayment of $300,000 was made on the 2013 Debenture and the maturity date was extended The maturity date for the 2013 Debenture was extended from time to time until it was refinanced into the May 2019 Debenture on May 1, 2019.

On April 4, 2019, a tentative approval from TSX was received for refinancing of the 2013 Debenture subject to certain conditions being met. As a result of the refinancing, the principal amount owing under the 2013 Debenture was refinanced by the May 2019 Debenture. On May 1, 2019, the May 2019 Debenture was issued in the principal amount of $1,050,000, was originally scheduled to mature on November 1, 2019, bears interest at a rate of 12% per annum and is convertible into 1,779,661 common shares of the Company at a conversion price of $0.59 per common share. Dr. Isa Odidi and Dr. Amina Odidi, who are shareholders, directors, and executive officers of the Company, are the holders of the May 2019 Debenture. The maturity date for the May 2019 Debenture has been extended from time to time and the maturity date for the May 2019 Debenture is currently December 31, 2020.

On September 10, 2018, the Company completed a private placement financing of the 2018 Debenture in the principal amount of $0.5 million. The 2018 Debenture is due to mature on September 1, 2020. The 2018 Debenture bears interest at a rate of 10% per annum, payable monthly, is pre-payable at any time at the option of the Company and is convertible at any time into common shares at a conversion price of $3.00 per common share at the option of the holder. Drs. Isa and Amina Odidi, who are directors, executive officers and shareholders of our Company, provided the original $500,000 of the proceeds for the 2018 Debenture.

On August 26, 2019, the Company completed a private placement financing of the unsecured August 2019 Debenture in the principal amount of $140,800. The August 2019 Debenture was originally scheduled to mature on August 26, 2020, bore interest at a rate of 8% per annum, was pre-payable at any time at the option of the Company up to 180 days from date of issuance with pre-payment penalties ranging from 5% - 30% and was convertible at the option of the holder into common shares after 180 days at a conversion price which was equal to 75% of the market price (defined as the average of the lowest three (3) trading prices for the common shares during the twenty (20) trading day period prior to the conversion date). The Company incurred $15,800 in debt issuance costs. In November 2019, the August 2019 Debenture was fully paid.

On November 15, 2019, the Company completed a private placement financing of the unsecured convertible November 2019 Debenture in the principal amount of $0.25 million. The November 2019 Debenture was originally scheduled to mature on December 31, 2019. The November 2019 Debenture bears interest at a rate of 12% per annum, payable monthly, is pre-payable at any time at the option of the Company and is convertible at any time into common shares of the Company at a conversion price of $0.12 per common share at the option of the holder. Dr. Isa Odidi and Dr. Amina Odidi, who are shareholders, directors and executive officers of the Company provided the Company with the $0.25 million of proceeds for the November 2019 Debenture.The maturity date for the November 2019 Debenture has been extended from time to time and the maturity date for the November 2019 Debenture is currently December 31, 2020.

CAPITAL EXPENDITURES

Total capital expenditures in the three and six months ended May 31, 2020 were $Nil and $Nil compared to $9,624 and $13,414 in the three and six months ended May 31, 2019. Capital expenditures in fiscal 2019 related primarily to the purchase of laboratory and computer equipment.

CONTRACTUAL OBLIGATIONS

In the table below, we set forth our enforceable and legally binding obligations and future commitments and obligations related to all contracts. Some of the figures we include in this table are based on management’s estimate and assumptions about these obligations, including their duration, the possibility of renewal, anticipated actions by third parties, and other factors. Operating lease obligations relate to the lease of premises for the combined properties, comprising the Company’s premises that it operates from at 30 Worcester Road as well as the adjoining property at 22 Worcester Road, which is indirectly owned by the same landlord, which will expire in November 2020, subject to a 5 year renewal option. The Company also has an option to purchase the combined properties up to November 30, 2020, based on a fair value purchase formula but does not currently expect to exercise this option in 2020. The Company vacated 22 Worcester Road as of June 30, 2020.

	Less than 3 months	3 to 6 months	6 to 9 months	9 months to 1 year	Greater than 1 year	Total
	$	$	$	$	$	$
Accounts payable	4,296,577	-	-	-	-	4,296,577
Accrued liabilities	1,513,429	-	-	-	-	1,513,429
Employee costs payable	1,628,580	-	-	-	-	1,628,580
Convertible debentures	1,319,014	500,137	-	-	-	1,819,151
Promissory notes payable	154,379	-	-	-	-	154,379
Total contractual obligations	8,911,979	500,137	-	-	-	9,412,116

CONTINGENCIES AND LITIGATION

From time to time, we may be exposed to claims and legal actions in the normal course of business. As at May 31, 2020, and continuing as at July 15, 2020, we are not aware of any pending or threatened material litigation claims against us, other than the following as described below.

In November 2016, we filed an NDA for our Oxycodone ER product candidate, relying on the 505(b)(2) regulatory pathway, which allowed us to reference data from Purdue's file for its OxyContin® extended release oxycodone hydrochloride. Our Oxycodone ER application was accepted by the FDA for further review in February 2017. We certified to the FDA that we believed that our Oxycodone ER product candidate would not infringe any of the OxyContin® patents listed in the Orange Book, or that such patents are invalid, and so notified Purdue and the other owners of the subject patents listed in the Orange Book of such certification.

On April 7, 2017, we received notice that the Purdue litigation plaintiffs had commenced patent infringement proceedings against us in the U.S. District Court for the District of Delaware (docket number 17-392) in respect of our NDA filing for Oxycodone ER, alleging that our proposed Oxycodone ER infringes 6 out of the 16 patents associated with the branded product OxyContin®, or the OxyContin® patents, listed in the Orange Book. The complaint seeks injunctive relief as well as attorneys' fees and costs and such other and further relief as the Court may deem just and proper. An answer and counterclaim have been filed.
Subsequent to the above-noted filing of lawsuit, 4 further such patents were listed and published in the Orange Book. The Company then similarly certified to the FDA concerning such further patents. On March 16, 2018, we received notice that the Purdue litigation plaintiffs had commenced further such patent infringement proceedings against us adding the 4 further patents. This lawsuit is also in the District of Delaware federal court under docket number 18-404.

As a result of the commencement of the first of these legal proceedings, the FDA is stayed for 30 months from granting final approval to our Oxycodone ER product candidate. That time period commenced on February 24, 2017, when the Purdue litigation plaintiffs received notice of our certification concerning the patents, and will expire on August 24, 2019, unless the stay is earlier terminated by a final declaration of the courts that the patents are invalid, or are not infringed, or the matter is otherwise settled among the parties.

On or about June 26, 2018 the court issued an order to sever 6 "overlapping" patents from the second Purdue case, but ordered litigation to proceed on the 4 new (2017-issued) patents. An answer and counterclaim were filed on July 9, 2018. The existence and publication of additional patents in the Orange Book, and litigation arising therefrom, is an ordinary and to be expected occurrence in the course of such litigation.

On July 6, 2018 the court issued a claims construction on the first case. We believe that we have non-infringement and/or invalidity defenses to all of the asserted claims of the subject patents in both of the cases and will vigorously defend against these claims.

On July 24, 2018, the parties to the case mutually agreed to dismiss the infringement claims related to the Grünenthal '060 patent. The Grünenthal '060 patent is one of the six patents included in the original litigation case, however, the dismissal does not by itself result in a termination of the 30-month litigation stay. Infringement claims related to this patent have been dismissed without prejudice.

On October 4, 2018, the parties to the 17-392 docket case mutually agreed to postpone the scheduled court date pending a case status conference scheduled for December 17, 2018. At that time, further trial scheduling and other administrative matters were postponed pending the Company's resubmission of the Oxycodone ER NDA. That filing was timely filed at the end of February 2019. The trial in the 17-392 case was scheduled for November 12, 2019. On January 17, 2019, the court issued a scheduling order in 18-404 that schedules the remaining major portions. The trial in the 18-404 case was scheduled for June 2020, which is also subject to extension via the bankruptcy.

The U.S. Federal Circuit Court of Appeal affirmed on April 4, 2019 the invalidity of one Purdue OxyContin® patent. The patent is: 9,060,976. The patent was nominally in our 17-392 and 18-404 cases. The invalidity ruling reduces yet another patent from the overall picture. However, it does not, by itself, eliminate the 30-month litigation stay in either docketed case.

On October 4, 2019 following the filing of a bankruptcy stay by Purdue Pharma, the ongoing litigation cases numbers 1:17-cv-00392-RGA and 1:18-cv-00404-RGA-SRF between Purdue Pharma L.P. et al and Intellipharmaceutics International have been stayed and the existing dates in both cases vacated by an order issued by the courts in the District of Delaware. No new dates were given for reinstatement; however, the parties are required to provide a further status report no later than March 13, 2020. During a status update March 13, 2020, the stay was ordered to be continued. The parties are required to submit a joint status report no less than two business days before June 3, 2020. On April 24, 2019, an order had been issued, setting the trial date for case number 17-392 in the District of Delaware, and also extending the 30-month stay date for regulatory approval to March 2, 2020. With the current litigation stay order, the previous 30-month stay date of March 2, 2020 was unchanged, and has now expired.

On April 15, 2020, Purdue filed a new patent infringement suit against the Company. The suit was filed in the District of Delaware, under docket number: 1:20-cv-00515. The new patent suit relates to additional Paragraph IV certifications lodged against Purdue's patent numbers: 10,407,434 and 10,369,109. The new lawsuit has not yet been served on the Company. There is no formal court schedule on the new case yet.

On July 2, 2020 the parties entered into the Purdue stipulated dismissal. The Purdue stipulated dismissal, which is subject to approval by the bankruptcy court presiding over Purdue litigation plaintiffs' pending chapter 11 cases, provides for the termination of patent infringement proceedings commenced by Purdue litigation plaintiffs against the Company in the United States District Court for the District of Delaware in respect of the Company's NDA filing for Aximris XR ™ with the FDA. The Purdue stipulated dismissal also provides for a thirty (30) day period following a final approval of the Company's Aximris XR ™ NDA during which the parties will attempt to resolve any potential asserted patent infringement claims relating to the NDA. If the parties fail to resolve all such claims during a period of thirty (30) days following such final approval, Purdue litigation plaintiffs will have fifteen (15) days to pursue an infringement action against the Company.

We are confident that we do not infringe any of the subject patents in any of the cases and will vigorously defend against these claims.

In July 2017, three complaints were filed in the U.S. District Court for the Southern District of New York that were later consolidated under the caption Shanawaz v. Intellipharmaceutics Int'l Inc., et al., No. 1:17-cv-05761 (S.D.N.Y.). The lead plaintiffs filed a consolidated amended complaint on January 29, 2018. In the amended complaint, the lead plaintiffs assert claims on behalf of a putative class consisting of purchasers of our securities between May 21, 2015 and July 26, 2017. The amended complaint alleges that the defendants violated Sections 10(b) and 20(a) of the U.S. Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder by making allegedly false and misleading statements or failing to disclose certain information regarding our NDA for Oxycodone ER abuse-deterrent oxycodone hydrochloride extended release tablets. The complaint seeks, among other remedies, unspecified damages, attorneys' fees and other costs, equitable and/or injunctive relief, and such other relief as the court may find just and proper.

On March 30, 2018, the Company and the other defendants filed a motion to dismiss the amended complaint for failure to state a valid claim. The defendants' motion to dismiss was granted in part, and denied in part, in an Order dated December 17, 2018. In its Order, the court dismissed certain of the plaintiffs' securities claims to the extent that the claims were based upon statements describing the Oxycodone ER product's abuse-deterrent features and its bioequivalence to OxyContin®. However, the court allowed the claims to proceed to the extent plaintiffs challenged certain public statements describing the contents of the Company's Oxycodone ER NDA. Defendants filed an answer to the amended complaint on January 7, 2019. On February 5, 2019, the court held an initial pretrial conference and entered a scheduling order governing discovery and class certification. In an order entered at the parties request on May 9, 2019, the Court stayed proceedings in the action to permit the parties time to conduct a mediation. As a result of subsequent extensions, the stay was extended through October 10, 2019. The parties participated in a mediation on August 1, 2019, during which the parties tentatively agreed to the terms of a settlement of the action subject to the satisfaction of certain financial conditions by the Company. On October 10, 2019, the Company provided notice that it was not able to satisfy those conditions. As a result, it is possible that the parties will resume active litigation in the action in the near future. If a settlement does not go forward, the Company and the other defendants intend to vigorously defend themselves against the remainder of the claims asserted in the consolidated action.

On November 7, 2019 the Company announced that the parties in Shanawaz v. Intellipharmaceutics International, Inc., an action pending in New York reached a settlement that is subject to the approval of the court following notice to class members. The stipulation of settlement provides for a settlement payment of US$1.6 million, which Intellipharmaceutics anticipates will be funded by available insurance. As part of the settlement, the Company also agreed to contribute to the settlement fund specific anticipated Canadian tax refunds of up to US$400,000 to the extent received within 18 months after the entry of final judgment. The stipulation acknowledges that the Company and the other defendants continue to deny that they committed any violation of the U.S. securities laws or engaged in any other wrongdoing and that they are entering into the settlement at this time based on the burden, expense, and inherent uncertainty of continuing the litigation.

Although the Company believes that the settlement represents a fair and reasonable compromise of the matters in dispute in the litigation, there can be no assurance that the court will approve the stipulation of settlement as proposed, or at all. If the stipulation of settlement is not approved or otherwise fails to become effective, then the parties will be returned to their respective positions in the litigation as of August 9, 2019. Given the lack of activity for the past several months, plaintiffs' counsel filed on March 11, 2020, a letter on behalf of all parties jointly requesting a conference with the Court about the preliminary approval motion for the settlement. The court has not yet acted on the motion for preliminary approval.

On February 21, 2019, the Company and its CEO, Dr. Isa Odidi, were served with a Statement of Claim filed in the Superior Court of Justice of Ontario for a proposed class action under the Ontario Class Proceedings Act. The Action was brought by Victor Romita, the proposed representative plaintiff, on behalf of a class of Canadian persons who traded shares of the Company during the period from February 29, 2016 to July 26, 2017. The Statement of Claim, under the caption Victor Romita v. Intellipharmaceutics International Inc. and Isa Odidi, asserted that the defendants knowingly or negligently made certain public statements during the relevant period that contained or omitted material facts concerning Oxycodone ER abuse-deterrent oxycodone hydrochloride extended release tablets. The plaintiff alleges that he and the class suffered loss and damages as a result of their trading in the Company's shares during the relevant period. The plaintiff seeks, among other remedies, unspecified damages, legal fees and court and other costs as the Court may permit. On February 26, 2019, the plaintiff delivered a Notice of Motion seeking the required approval from the Court, in accordance with procedure under the Ontario Securities Act, to allow the statutory claims under the Ontario Securities Act to proceed with respect to the claims based upon the acquisition or disposition of the Company's shares on the TSX during the relevant period. On June 28, 2019, the Court endorsed a timetable for the exchange of material leading to the hearing of the Motion scheduled for January 27-28, 2020. On October 28, 2019, plaintiff's counsel advised the court that the Plaintiff intended to amend his claim and could not proceed with the Leave Motion scheduled for January 27-28, 2020. As such, the Court released those dates. On January 28, 2020 the plaintiff served a Notice of Motion for leave to amend the Statement of Claim. On April 2, 2020 the plaintiff delivered an Amended Motion Record and Amended Notice of Motion seeking an order for leave to issue a fresh as Amended Statement of Claim including the addition of Christopher Pearce as a Plaintiff ("Amendment Motion"). On May 1, 2020, Mr. Justice Morgan granted the plaintiff's Amendment Motion. The Leave Motion is currently scheduled to proceed on October 13-14, 2020. No date has been set for the hearing of the certification application. The Company and Dr. Odidi intend to vigorously defend the action and have filed a Notice of Intent to Defend.

On October 7, 2019, a complaint was filed in the U.S. District Court for the Southern District of New York by Alpha against the Company, two of its existing officers and directors and its former Chief Financial Officer. In the complaint, Alpha alleges that the Company and the executive officers/directors named in the complaint violated Sections 11, 12(a)(2) and 15 of the U.S. Securities Act of 1933, as amended, by allegedly making false and misleading statements in the Company's Registration Statement on Form F-1 filed with the U.S. Securities and Exchange Commission on September 20, 2018, as amended, by failing to disclose certain information regarding the resignation of the Company's then Chief Financial Officer, which was announced several weeks after such registration statement was declared effective. In the complaint, Alpha seeks unspecified damages, rescission of its purchase of the Company's securities in the relevant offering, attorneys' fees and other costs and further relief as the court may find just and proper. On December 12, 2019, the Company and the other defendants in the action filed a motion to dismiss for failure to state a claim. The plaintiff filed an opposition to that motion on February 4, 2020 and a reply brief in further support of the motion to dismiss the action was filed March 6, 2020. In addition, the Court scheduled a mandatory settlement conference with the Magistrate Judge for April 23, 2020 which the Company and its counsel attended. On June 18, 2020, the court largely denied the Company's motion to dismiss the action. As a result, discovery is now going forward and is scheduled to conclude on December 18, 2020. The Company and other defendants intend to vigorously defend against the allegations set forth in the complaint. However, there can be no assurance that the case can be resolved in the Company's favor.

On February 5, 2020, we announced the resignation of Greg Powell, our former Chief Financial Officer, for personal and family reasons. On or about May 28, 2020, the Company became aware that a statement of claim was filed in the Ontario Superior Court of Justice (CV-20-00641581-0000) against the Company and its directors by Greg Powell. The claims seek damages for unpaid wages, wrongful dismissal, manner of dismissal plus other compensation claims and special damages to be specified at a later date. The Company and the other defendants intend to vigorously defend against the allegations set forth in the complaint. However, there can be no assurance that the case can be resolved in the Company's favor.

On or about April 28, 2020, the Company received demand letters from their landlord for amounts owing. Amounts in question are fully accrued for and included in accounts payable, accrued liabilities and employee costs payable in the condensed unaudited interim balance sheets. The Company is in negotiations and management believes that amounts accrued are sufficient to cover the liabilities. In addition, the Company has vacated 22 Worcester Road as of June 30, 2020 and has no further obligation in respect of the rental payments on that building from and after July 1, 2020, but is liable for charges due prior to that date.

RELATED PARTY TRANSACTIONS

In January 2013, the Company completed the private placement financing of the unsecured 2013 Debenture in the original principal amount of $1.5 million. The 2013 Debenture bore interest at a rate of 12% per annum, payable monthly, was pre-payable at any time at the option of the Company and was convertible at any time into common shares at a conversion price of $30.00 per common share at the option of the holder. Drs. Isa and Amina Odidi, who are directors, executive officers and shareholders of our Company, provided us with the original $1.5 million of the proceeds for the 2013 Debenture. In December 2016, a principal repayment of $150,000 was made on the 2013 Debenture and the maturity date was extended until April 1, 2017. The maturity date for the 2013 Debenture was further extended from time to time. In December 2018, a principal repayment of $300,000 was made on the 2013 Debenture. On April 4, 2019, a tentative approval from TSX was received for refinancing of the 2013 Debenture subject to certain conditions being met. As a result of the refinancing, the principal amount owing under the 2013 Debenture was refinanced by the May 2019 Debenture. On May 1, 2019, the May 2019 Debenture was issued in the principal amount of $1,050,000, was originally scheduled to mature on November 1, 2019, bears interest at a rate of 12% per annum and is convertible into 1,779,661 common shares of the Company at a conversion price of $0.59 per common share. Dr. Isa Odidi and Dr. Amina Odidi, who are shareholders, directors, and executive officers of the Company, are the holders of the May 2019 Debenture. The maturity date for the May 2019 Debenture has been extended from time to time and the maturity date for the May 2019 Debenture is now December 31, 2020.

On September 10, 2018, the Company completed the 2018 Debenture Financing. The 2018 Debenture bears interest at a rate of 10% per annum, payable monthly, may be prepaid at any time at our option, and is convertible into common shares at any time prior to the maturity date at a conversion price of $3.00 per common share at the option of the holder. Drs. Isa and Amina Odidi, who are directors, executive officers and shareholders of our Company, provided us with the original $500,000 of proceeds for the 2018 Debenture. The maturity date for the 2018 Debenture is September 1, 2020. The net proceeds of the 2018 Debenture were used for working capital and general corporate purposes.

To the Company's knowledge, Armistice, previously a holder of in excess of 10% of the Company's outstanding common shares, participated in (i) a registered direct offering in October 2017, pursuant to a placement agent agreement dated October 10, 2017 between the Company and H.C. Wainwright & Co., LLC ("Wainwright"), and (ii) the registered direct offerings completed in March 2018, pursuant to placement agent agreements dated March 12, 2018 and March 18, 2018 between the Company and Wainwright; and (iii) the underwritten public offering completed in October 2018. Armistice reported on a Schedule 13-G/A, filed with the SEC on February 14, 2019, that it was the beneficial owner of less than 10% of the Company's Common Shares. Sabby Volatility Warrant Master Fund, Ltd. and its affiliates reported on a Schedule 13-G/A, filed with the SEC on January 21, 2020, that they were each the beneficial owner of 1,101,571, representing approximately 4.65% of the Company's Common Shares at the time.

In September 2019, the Company issued two promissory notes payable. The notes are unsecured, non-interest bearing with no fixed repayment terms, in the amounts of US$6,500 and CDN$203,886, and payable to Dr. Isa Odidi and Dr. Amina Odidi, who are stockholders, directors and executive officers of the Company. The proceeds from such notes were used for working capital and general corporate purposes.

On November 15, 2019, the Company issued the November 2019 Debenture, an unsecured convertible debenture in the principal amount of $250,000 that was originally scheduled to mature on December 31, 2019, bears interest at a rate of 12% per annum and is convertible into common shares of the Company at a conversion price of $0.12 per share. The Company used the proceeds from the November 2019 Debenture for working capital and general corporate purposes. Dr. Isa Odidi and Dr. Amina Odidi, who are shareholders, directors, and executive officers of the Company, are the holders of the November 2019 Debenture. The maturity date for the November 2019 Debenture has been extended from time to time and the maturity date for the November 2019 Debenture is now December 31, 2020.

The Company's Corporate Governance Committee, made up of independent directors, oversees any potential transaction and negotiation that could give rise to a related party transaction or create a conflict of interest, and conducts an appropriate review.

DISCLOSURE CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including the Chief Executive Officer and the acting Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as of May 31, 2020. Disclosure controls and procedures are designed to ensure that the information required to be disclosed by the Company in the reports it files or submits under securities legislation is recorded, processed, summarized and reported on a timely basis and that such information is accumulated and communicated to management, including the Company's Chief Executive Officer and acting Chief Financial Officer, as appropriate, to allow required disclosures to be made in a timely fashion. Based on that evaluation, management has concluded that these disclosure controls and procedures were effective as of May 31, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of our Company is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles and includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the Company's receipts and expenditures are being made only in accordance with authorizations of the Company's management and directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Management assessed the effectiveness of the Company's internal control over financial reporting using the 1992 Internal Control-Integrated Framework developed by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Based on this assessment, management concluded that the Company's internal control over financial reporting was effective as of May 31, 2020.

In the second quarter of 2017, we initiated the transition from the COSO 1992 Internal Control - Integrated Framework to the COSO 2013 Internal Control - Integrated Framework. Management has completed the business risk and information technology components and is working towards completion of controls over financial reporting as well as fraud risk. We currently expect the transition to this new framework to continue through the fiscal year 2020. Although we do not expect to experience significant changes in internal control over financial reporting as a result of our transition, we may identify significant deficiencies or material weaknesses and incur additional costs in the future as a result of our transition.

Changes in Internal Control over Financial Reporting

During the three and six months ended May 31, 2020, there were no changes made to the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting, and specifically, there were no changes in accounting functions, board or related committees and charters, or auditors; no functions, controls or financial reporting processes of any constituent entities were adopted as the Company's functions, controls and financial processes; and no other significant business processes were implemented.

OFF-BALANCE SHEET ARRANGEMENTS

The Company, as part of its ongoing business, does not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities ("SPE"), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of May 31, 2020, the Company was not involved in any material unconsolidated SPE transactions.

RISKS AND UNCERTAINTIES

We are a R&D company that received final FDA approval of our once daily generic Focalin XR® capsules for the 15 and 30 mg strengths in November 2013. We depend significantly on the actions of our marketing partner Par in the prosecution, regulatory approval and commercialization of our generic Focalin XR® capsules and on their timely payment to us of the contracted calendar quarterly payments as they come due. Our near-term ability to generate significant revenue will depend upon successful commercialization of our products in the U.S., where the branded Focalin XR® product and the branded Seroquel XR® product are in the market. Although we have several other products in our pipeline, and received final approval from the FDA for our generic Keppra XR® (levetiracetam extended-release tablets) for the 500 and 750 mg strengths, final approval from the FDA for our generic Glucophage XR® in the 500 and 750 mg strengths, final approval from the FDA for our generic Effexor XR® in the 37.5, 75, and 150 mg strengths and of our generic Seroquel XR®, and final approval from the FDA for our generic Pristiq® (desvenlafaxine extended-release tablets) in the 50 and 100 mg strengths, the majority of the products in our pipeline are at earlier stages of development. We are exploring licensing and commercial alternatives for our generic Seroquel XR®, generic Keppra XR®, generic Effexor XR® and generic Glucophage XR® product strengths that have been approved by the FDA. Potential licensing and commercial alternatives for these products include licensing and distribution deals for regions outside of North America. Because of these characteristics, the Company is subject to certain risks and uncertainties, or risk factors. The Company cannot predict or identify all such risk factors nor can it predict the impact, if any, of the risk factors on its business operations or the extent to which a factor, event or any such combination may materially change future results of financial position from those reported or projected in any forward looking statements. Accordingly, the Company cautions the reader not to rely on reported financial information and forward-looking statements to predict actual future results. This document and the accompanying financial information should be read in conjunction with this statement concerning risks and uncertainties. Some of the risks, uncertainties and events that may affect the Company, its business, operations and results of operations are given in this section. However, the factors and uncertainties are not limited to those stated.

We believe that the revenues derived from our generic Focalin XR® capsules are subject to wholesaler buying patterns, increased generic competition negatively impacting price, margins and market share consistent with industry post-exclusivity experience and, to a lesser extent, seasonality (as these products are indicated for conditions including attention deficit hyperactivity disorder which we expect may see increases in prescription rates during the school term and declines in prescription rates during the summer months). Accordingly, these factors may cause our operating results to fluctuate.

Since we commenced operations, we have incurred accumulated losses through May 31, 2020. We had an accumulated deficit of $96,501,391 as of May 31, 2020 and have incurred additional losses since such date. As we engage in the development of products in our pipeline, we will continue to incur further losses. There can be no assurance that we will ever be able to achieve or sustain profitability or positive cash flow. Our ultimate success will depend on whether our product candidates receive the approval by the FDA, Health Canada, and the regulatory authorities of the other countries in which our products are proposed to be sold and whether we are able to successfully market the approved products. We cannot be certain that we will be able to receive FDA, Health Canada, or such other regulatory approval for any of our current or future product candidates, that we will reach the level of sales and revenues necessary to achieve and sustain profitability, or that we can secure other capital sources on terms or in amounts sufficient to meet our needs, or at all.

Our business requires substantial capital investment in order to conduct the R&D, clinical and regulatory activities and to defend against patent litigation claims in order to bring our products to market and to establish commercial manufacturing, marketing and sales capabilities. In the event that we do not obtain sufficient additional capital, it will raise substantial doubt about our ability to continue as a going concern, realize our assets, and pay our liabilities as they become due.

Nasdaq delisted our common shares from trading on its exchange which could limit investors' ability to make transactions in our shares and subject us to additional trading restrictions. Subsequent to Nasdaq delisting our shares from trading on its exchange, our shares are quoted in the over-the-counter market on the OTCQB. We could face material adverse consequences due to the delisting of our shares from Nasdaq, including: (i) a limited availability of market quotations for our shares; (ii) reduced liquidity for our shares; (iii) a determination that our common shares are "penny stock" which will require brokers trading in our common shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our shares; (iv) a limited amount of news and analyst coverage; and (v) restrictions on our ability to issue additional securities or obtain additional financing in the future.

Our cash outflows are expected to consist primarily of internal and external R&D, legal and consulting expenditures to advance our product pipeline and selling, general and administrative expenses to support our commercialization efforts. Depending upon the results of our R&D programs, the impact of the litigation against us and the availability of financial resources, we could decide to accelerate, terminate, or reduce certain projects, or commence new ones. Any failure on our part to successfully commercialize approved products or raise additional funds on terms favorable to us, or at all, may require us to significantly change or curtail our current or planned operations in order to conserve cash until such time, if ever, that sufficient proceeds from operations are generated, and could result in us not taking advantage of business opportunities, in the termination or delay of clinical trials or in not taking any necessary actions required by the FDA or Health Canada for one or more of our product candidates, in curtailment of our product development programs designed to identify new product candidates, in the sale or assignment of rights to our technologies, products or product candidates, and/or in our inability to file ANDAs, ANDSs or NDAs at all or in time to competitively market our products or product candidates.

We set goals regarding the expected timing of meeting certain corporate objectives, such as the commencement and completion of clinical trials, anticipated regulatory approval and product launch dates. From time to time, we may make certain public statements regarding these goals. The actual timing of these events can vary dramatically due to, among other things, insufficient funding, delays or failures in our clinical trials or bioequivalence studies, the uncertainties inherent in the regulatory approval process, such as failure to secure requested product labeling approvals, requests for additional information, delays in achieving manufacturing or marketing arrangements necessary to commercialize our product candidates and failure by our collaborators, marketing and distribution partners, suppliers and other third parties to fulfill contractual obligations. In addition, the possibility of a patent infringement suit, such as the Purdue litigation, regarding one or more of our product candidates could delay final FDA approval of such candidates and materially adversely affect our ability to market our products. Even if we are found not to infringe Purdue's or any other plaintiff's patent claims or the claims are found invalid or unenforceable, defending any such infringement claims could be expensive and time-consuming and could distract management from their normal responsibilities. If we fail to achieve one or more of our planned goals, the price of our common shares could decline.

In December 2019, COVID-19, a novel strain of the coronavirus was first identified in Wuhan, Hubei Province, China. COVID-19 spread to other parts of the world, including Canada as well as the United States, India and Europe from where we obtain services and supplies. As COVID-19 has spread, we and third parties with which we contract are having to ask employees to temporarily work from home, which could adversely impact the productivity of our workforce or the workforce of third parties on which we rely for supplies and services required for our operations. The result is generally potential interruptions or delays in our business operations. The limitations on travel and interruption in global shipping could affect the transport of supplies and raw materials. Any disruption of our suppliers would likely impact our ability to conduct R&D and commercial operations, and ultimately materially adversely affect our operating results.

The extent to which COVID-19 impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including the duration of the outbreak, new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others.

Further risks and uncertainties affecting us can be found elsewhere in this document, in our latest Annual Information Form, and our latest Form 20-F, as amended, and other public documents filed on SEDAR and EDGAR.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's latest Annual Information Form, and latest Form 20-F, as amended, can be located under the Company's profile on the SEDAR website at *www.sedar.com* and on the EDGAR section of the SEC's website at *www.sec.gov*.

EXHIBIT 99.2

Condensed unaudited interim consolidated financial statements of

Intellipharmaceutics International Inc.

May 31, 2020

Intellipharmaceutics International Inc.

May 31, 2020

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Intellipharmaceutics International Inc.

Condensed unaudited interim consolidated balance sheets

As at

(Stated in U.S. dollars)

	May 31, 2020	November 30, 2019
	$	$
Assets		
Current		
Cash	72,098	64,622
Accounts receivable, net	240,679	177,202
Investment tax credits	775,736	775,736
Prepaid expenses, sundry and other assets	191,966	156,616
Inventory (Note 3)	246,756	349,131
	1,527,235	1,523,307
Property and equipment, net (Note 4)	2,036,015	2,273,406
	3,563,250	3,796,713
Liabilities		
Current		
Accounts payable	4,296,577	3,757,018
Accrued liabilities	1,513,429	927,698
Employee costs payable	1,628,580	893,864
Income tax payable (Note 10)	5,678	5,678
Promissory notes payable (Note 5)	154,379	159,863
Convertible debentures (Note 5)	1,772,034	1,744,813
	9,370,677	7,488,934
	9,370,677	7,488,934
Shareholders' equity (deficiency)		
Capital stock (Note 6)		
Authorized		
Unlimited common shares without par value		
Unlimited preference shares		
Issued and outstanding		
23,678,105 common shares	46,144,402	45,561,222
(November 30, 2019 - 22,085,856)		
Additional paid-in capital	44,265,141	44,167,721
Accumulated other comprehensive income	284,421	284,421
Accumulated deficit	(96,501,391)	(93,705,585)
	(5,807,427)	(3,692,221)
Contingencies (Note 11)		
	3,563,250	3,796,713

See accompanying notes to the condensed unaudited interim consolidated financial statements

Intellipharmaceutics International Inc.

Condensed unaudited interim consolidated statements of operations and comprehensive loss
For the three and six months ended May 31, 2020 and 2019
(Stated in U.S. dollars)

	Three months ended		Six months ended	
	May 31, 2020	May 31, 2019	May 31, 2020	May 31, 2019
	$	$	$	$
Revenue				
Licensing (Note 3)	395,740	399,696	773,294	664,247
Up-front fees (Note 3)	-	814,824	-	893,809
	395,740	1,214,520	773,294	1,558,056
Cost of good sold				
Cost of goods sold	-	-	-	33,068
Gross Margin	395,740	1,214,520	773,294	1,524,988
Expenses				
Research and development	635,326	1,655,039	1,583,171	3,787,300
Selling, general and administrative	548,232	1,476,013	1,071,463	2,683,256
Depreciation (Note 4)	102,423	126,776	205,122	252,060
	1,285,981	3,257,828	2,859,756	6,722,616
Loss from operations	(890,241)	(2,043,308)	(2,086,462)	(5,197,628)
Net foreign exchange gain	22,066	24,961	44,854	13,629
Interest income	-	843	-	854
Interest expense	(180,258)	(55,294)	(754,198)	(114,102)
Net loss and comprehensive loss	(1,048,433)	(2,072,798)	(2,795,806)	(5,297,247)
Loss per common share, basic and diluted	(0.04)	(0.10)	(0.12)	(0.26)
Weighted average number of common shares outstanding, basic and diluted	23,678,105	21,037,532	23,445,792	20,047,972

See accompanying notes to condensed unaudited interim consolidated financial statements

Intellipharmaceutics International Inc.

Condensed unaudited interim consolidated statements of shareholders' equity (deficiency)
For the six months ended May 31, 2020 and 2019
(Stated in U.S. dollars)

	Number	Capital stock amount	Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total shareholders' equity (deficiency)
Balance, November 30, 2018	18,252,243	44,327,952	45,110,873	284,421	(85,620,939)	4,102,307
Stock options to employees (Note 7)	-	-	162,289	-	-	162,289
Proceeds from exercise of 2018 Pre-Funded Warrants (Note 9)	3,823,334	1,007,658	(979,705)	-	-	27,953
Net loss	-	-	-	-	(5,297,247)	(5,297,247)
Balance, May 31, 2019	22,075,577	45,335,610	44,293,457	284,421	(90,918,186)	(1,004,698)
Balance, November 30, 2019	22,085,856	45,561,222	44,167,721	284,421	(93,705,585)	(3,692,221)
Stock options to employees (Note 7)	-	-	65,981	-	-	65,981
Cashless exercise of 2018 Pre-Funded Warrants (Note 9)	1,592,249	583,180	(583,180)	-	-	-
Beneficial conversion feature related to Debentures (Note 5)	-	-	614,619	-	-	614,619
Net loss	-	-	-	-	(2,795,806)	(2,795,806)
Balance, May 31, 2020	23,678,105	46,144,402	44,265,141	284,421	(96,501,391)	(5,807,427)

See accompanying notes to condensed unaudited interim consolidated financial statements

Intellipharmaceutics International Inc.

Condensed unaudited interim consolidated statements of cash flows
For the three and six months ended May 31, 2020 and 2019
(Stated in U.S. dollars)

	Three months ended		Six months ended	
	May 31, 2020	May 31, 2019	May 31, 2020	May 31, 2019
	$	$	$	$
Net loss	(1,048,433)	(2,072,798)	(2,795,806)	(5,297,247)
Items not affecting cash				
Depreciation (Note 4)	102,423	125,895	205,122	252,060
Stock-based compensation (Note 7)	12,232	160,016	65,981	162,289
Accreted interest (Note 5)	127,403	8,260	641,840	16,197
Unrealized foreign exchange loss	(5,484)	885	(5,484)	883
Change in non-cash operating assets & liabilities				
Accounts receivable	23,558	(79,846)	(63,477)	(55,761)
Investment tax credits	-	(45,000)	-	(90,000)
Inventory	-	-	102,375	31,723
Prepaid expenses, sundry and other assets	(19,654)	201,083	(35,350)	169,401
Accounts payable, accrued liabilities and employee costs payable	874,001	735,923	1,892,275	377,002
Deferred revenue	-	(817,784)	-	(892,784)
Cash flows used in operating activities	66,046	(1,783,366)	7,476	(5,326,237)
Financing activities				
Repayment of 2013 Debenture (Note 5)	-	-	-	(300,000)
Proceeds from issuance of shares on exercise of 2018 Pre-Funded Warrants (Note 9)	-	1,500	-	27,953
Cash flows provided from (used in) financing activities	-	1,500	-	(272,047)
Investing activity				
Purchase of property and equipment (Note 4)	-	(9,624)	-	(13,414)
Cash flows used in investing activities	-	(9,624)	-	(13,414)
Increase (decrease) in cash	66,046	(1,791,490)	7,476	(5,611,698)
Cash, beginning of period	6,052	2,821,669	64,622	6,641,877
Cash, end of period	72,098	1,030,179	72,098	1,030,179
Supplemental cash flow information				
Interest paid	-	44,331	-	90,754
Taxes paid	-	-	-	-

See accompanying notes to condensed unaudited interim consolidated financial statements

1. Nature of operations

Intellipharmaceutics International Inc. (the "Company") is a pharmaceutical company specializing in the research, development and manufacture of novel and generic controlled-release and targeted-release oral solid dosage drugs.

On October 22, 2009, IntelliPharmaCeutics Ltd. ("IPC Ltd. ") and Vasogen Inc. completed a court approved plan of arrangement and merger (the "IPC Arrangement Agreement"), resulting in the formation of the Company, which is incorporated under the laws of Canada. The Company's common shares are traded on the Toronto Stock Exchange ("TSX") and the OTCQB Venture Market.

The Company earns revenue from non-refundable upfront fees, milestone payments upon achievement of specified research or development, exclusivity milestone payments and licensing and cost-plus payments on sales of resulting products. In November 2013, the U.S. Food and Drug Administration ("FDA") granted the Company final approval to market the Company's first product, the 15 mg and 30 mg strengths of the Company's generic Focalin XR® (dexmethylphenidate hydrochloride extended-release) capsules. In 2017, the FDA granted final approval for the remaining 6 (six) strengths, all of which have been launched. In May 2017, the FDA granted the Company final approval for its second commercialized product, the 50, 150, 200, 300 and 400 mg strengths of generic Seroquel XR® (quetiapine fumarate extended release) tablets, and the Company commenced shipment of all strengths that same month. In November 2018, the FDA granted the Company final approval for its venlafaxine hydrochloride extended-release capsules in the 37.5, 75, and 150 mg strengths.

Going concern

The condensed unaudited interim consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. The Company has incurred losses from operations since inception and has reported losses of $1,048,433 and $2,795,806 for the three and six months ended May 31, 2020 (three and six months ended May 31, 2019 - $2,072,798 and $5,297,247) and has an accumulated deficit of $96,501,391 as at May 31, 2020 (November 30, 2019 - $93,705,585). The Company has a working capital deficiency of $7,843,442 as at May 31, 2020 (November 30, 2019 – $5,965,627). The Company has funded its research and development ("R&D") activities principally through the issuance of securities, loans from related parties, funds from the IPC Arrangement Agreement, and funds received under development agreements. There is no certainty that such funding will be available going forward. These conditions raise substantial doubt about its ability to continue as a going concern and realize its assets and pay its liabilities as they become due.

In order for the Company to continue as a going concern and fund any significant expansion of its operation or R&D activities, the Company may require significant additional capital. Although there can be no assurances, such funding may come from revenues from the sales of the Company's generic Focalin XR® (dexmethylphenidate hydrochloride extended-release) capsules, from revenues from the sales of the Company's generic Seroquel XR® (quetiapine fumarate extended-release) tablets and from potential partnering opportunities. Other potential sources of capital may include payments from licensing agreements, cost savings associated with managing operating expense levels, other equity and/or debt financings, and/or new strategic partnership agreements which fund some or all costs of product development. The Company's ultimate success will depend on whether its product candidates receive the approval of the FDA, Health Canada, and the regulatory authorities of the other countries in which its products are proposed to be sold and whether it is able to successfully market approved products. The Company cannot be certain that it will receive FDA, Health Canada, or such other regulatory approval for any of its current or future product candidates, or that it will reach the level of sales and revenues necessary to achieve and sustain profitability, or that the Company can secure other capital sources on terms or in amounts sufficient to meet its needs, or at all.

The availability of equity or debt financing will be affected by, among other things, the results of the Company's R&D, its ability to obtain regulatory approvals, its success in commercializing approved products with its commercial partners and the market acceptance of its products, the state of the capital markets generally, the delisting from Nasdaq (as defined below), strategic alliance agreements, and other relevant commercial considerations.

1. Nature of operations (continued)

Going concern (continued)

In addition, if the Company raises additional funds by issuing equity securities, its then existing security holders will likely experience dilution, and the incurring of indebtedness would result in increased debt service obligations and could require the Company to agree to operating and financial covenants that would restrict its operations. In the event that the Company does not obtain sufficient additional capital, it will raise substantial doubt about the Company's ability to continue as a going concern, realize its assets and pay its liabilities as they become due. The Company's cash outflows are expected to consist primarily of internal and external R&D, legal and consulting expenditures to advance its product pipeline and selling, general and administrative expenses to support its commercialization efforts. Depending upon the results of the Company's R&D programs, the impact of the litigation against the Company and the availability of financial resources, the Company could decide to accelerate, terminate, or reduce certain projects, or commence new ones. Any failure on its part to successfully commercialize approved products or raise additional funds on terms favorable to the Company or at all, may require the Company to significantly change or curtail its current or planned operations in order to conserve cash until such time, if ever, that sufficient proceeds from operations are generated, and could result in the Company not taking advantage of business opportunities, in the termination or delay of clinical trials or the Company not taking any necessary actions required by the FDA or Health Canada for one or more of the Company's product candidates, in curtailment of the Company's product development programs designed to identify new product candidates, in the sale or assignment of rights to its technologies, products or product candidates, and/or its inability to file Abbreviated New Drug Applications ("ANDAs"), Abbreviated New Drug Submissions ("ANDSs") or New Drug Applications ("NDAs") at all or in time to competitively market its products or product candidates.

The condensed unaudited interim consolidated financial statements do not include any adjustments that might result from the outcome of uncertainties described above. If the going concern assumption no longer becomes appropriate for these condensed unaudited interim consolidated financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

2. Basis of presentation

(a) Basis of consolidation

These condensed unaudited interim consolidated financial statements include the accounts of the Company and its wholly owned operating subsidiaries, IPC Ltd., Intellipharmaceutics Corp., and Vasogen Corp.

References in these condensed unaudited interim consolidated financial statements to share amounts, per share data, share prices, exercise prices and conversion rates have been adjusted to reflect the effect of the 1-for-10 reverse stock split (known as a share consolidation under Canadian law) (the "reverse split") which became effective on each of The Nasdaq Stock Market LLC ("Nasdaq") and TSX at the opening of the market on September 14, 2018. The term "share consolidation" is intended to refer to such reverse split and the terms "pre-consolidation" and "post-consolidation" are intended to refer to "pre-reverse split" and "post-reverse split", respectively.

In September 2018, the Company announced the reverse split. At a special meeting of the Company's shareholders held on August 15, 2018, the Company's shareholders granted the Company's Board of Directors discretionary authority to implement a share consolidation of the issued and outstanding common shares of the Company on the basis of a share consolidation ratio within a range from five (5) pre-consolidation common shares for one (1) post-consolidation common share to fifteen (15) pre-consolidation common shares for one (1) post-consolidation common share. The Board of Directors selected a share consolidation ratio of ten (10) pre-consolidation shares for one (1) post-consolidation common share. On September 12, 2018, the Company filed an amendment to the Company's articles ("Articles of Amendment") to implement the 1-for-10 reverse split.

2. Basis of presentation (continued)

(a) Basis of consolidation (continued)

The Company's common shares began trading on each of Nasdaq and TSX on a post-split basis under the Company's existing trade symbol "IPCI" at the opening of the market on September 14, 2018. In accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), the change has been applied retroactively.

The condensed unaudited interim consolidated financial statements do not conform in all respects to the annual requirements of U.S. GAAP. Accordingly, these condensed unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended November 30, 2019.

These condensed unaudited interim consolidated financial statements have been prepared using the same accounting policies and methods as those used by the Company in the annual audited consolidated financial statements for the year ended November 30, 2019 except for the adoption of Accounting Standards Update ("ASU") No. 2016-02, Leases ("ASC 842"), as further discussed below in Note 3.

The condensed unaudited interim consolidated financial statements reflect all adjustments necessary for the fair presentation of the Company's financial position and results of operations for the interim periods presented. All such adjustments are normal and recurring in nature.

All inter-company accounts and transactions have been eliminated on consolidation.

(b) Use of estimates

The preparation of the condensed unaudited interim consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Areas where significant judgment is involved in making estimates are: the determination of the functional currency; the fair values of financial assets and liabilities; the determination of units of accounting for revenue recognition; the accrual of licensing and milestone revenue; and forecasting future cash flows for assessing the going concern assumption.

3. Significant accounting policies

(a) Revenue recognition

The Company accounts for revenue in accordance with the provisions of ASC 606. Under ASC 606, the Company recognizes revenue when the customer obtains control of promised goods or services, in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. The Company recognizes revenue following the five-step model prescribed under ASC 606: (i) identify contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenues when (or as) the Company satisfies the performance obligation(s). The Company earns revenue from non-refundable upfront fees, milestone payments upon achievement of specified research or development, exclusivity milestone payments and licensing payments on sales of resulting products.

The relevant revenue recognition accounting policy is applied to each separate unit of accounting.

Licensing

The Company recognizes revenue from the licensing of the Company's drug delivery technologies, products and product candidates. Under the terms of the licensing arrangements, the Company provides the customer with a right to access the Company's intellectual property with regards to the license which is granted. Revenue arising from the license of intellectual property rights is recognized over the period the Company transfers control of the intellectual property.

3. Significant accounting policies (continued)

(a) Revenue recognition (continued)

The Company has a license and commercialization agreement with Par Pharmaceutical Inc. ("Par"). Under the exclusive territorial license rights granted to Par, the agreement requires that Par manufacture, promote, market, sell and distribute the product. Licensing revenue amounts receivable by the Company under this agreement are calculated and reported to the Company by Par, with such amounts generally based upon net product sales and net profit which include estimates for chargebacks, rebates, product returns, and other adjustments. Licensing revenue payments received by the Company from Par under this agreement are not subject to further deductions for chargebacks, rebates, product returns, and other pricing adjustments. Based on this arrangement and the guidance per ASC 606, the Company records licensing revenue over the period the Company transfers control of the intellectual property in the condensed unaudited interim consolidated statements of operations and comprehensive loss.

The Company also had a license and commercial supply agreement (the "Mallinckrodt agreement") with Mallinckrodt LLC ("Mallinckrodt") which provided Mallinckrodt an exclusive license to market, sell and distribute in the U.S. three drug product candidates for which the Company has ANDAs filed with the FDA, one of which (the Company's generic Seroquel XR®) received final approval from the FDA in 2017. Under the terms of this agreement, the Company was responsible for the manufacture of approved products for subsequent sale by Mallinckrodt in the U.S. market. Following receipt of final FDA approval for its generic Seroquel XR®, the Company began shipment of manufactured product to Mallinckrodt. The Company recorded revenue once Mallinckrodt obtained control of the product and the performance obligation was satisfied.

On April 12, 2019, Mallinckrodt and the Company mutually agreed to terminate the Mallinckrodt agreement, effective no later than August 31, 2019. Under the terms of the mutual agreement, Mallinckrodt was released from certain obligations under the agreement as of April 12, 2019. Effective August 12, 2019, the Mallinckrodt agreement was terminated.

Licensing revenue in respect of manufactured product were reported as revenue in accordance with ASC 606. Once product was sold by Mallinckrodt, the Company received downstream licensing revenue amounts calculated and reported by Mallinckrodt, with such amounts generally based upon net product sales and net profit which included estimates for chargebacks, rebates, product returns, and other adjustments. Such downstream licensing revenue payments received by the Company under this Mallinckrodt agreement were not subject to further deductions for chargebacks, rebates, product returns, and other pricing adjustments. Based on this Mallinckrodt agreement and the guidance per ASC 606, the Company recorded licensing revenue as earned on a monthly basis.

Milestones

For milestone payments that are not contingent on sales-based thresholds, the Company applies a most-likely amount approach on a contract-by-contract basis. Management makes an assessment of the amount of revenue expected to be received based on the probability of the milestone outcome. Variable consideration is included in revenue only to the extent that it is probable that the amount will not be subject to a significant reversal when the uncertainty is resolved (generally when the milestone outcome is satisfied).

Research and development

Under arrangements where the license fees and research and development activities can be accounted for as a separate unit of accounting, non-refundable upfront license fees are deferred and recognized as revenue on a straight-line basis over the expected term of the Company's continued involvement in the research and development process.

Deferred revenue

Deferred revenue represents the funds received from clients, for which the revenues have not yet been earned, as the milestones have not been achieved, or in the case of upfront fees for drug development, where the work remains to be completed. During the year ended November 30, 2016, the Company received an up-front payment of $3,000,000 from Mallinckrodt pursuant to the Mallinckrodt agreement, and initially recorded it as deferred revenue, as it did not meet the criteria

3. Significant accounting policies (continued)

(a) Revenue recognition (continued)

for recognition. For the three and six months ended May 31, 2020, the Company recognized $Nil (three and six months ended May 31, 2019, the Company recognized $814,824 and $893,809) of revenue. As of May 31, 2020 and November 30, 2019, the Company has recorded a deferred revenue balance of $Nil due to the termination of the Mallinckrodt agreement on August 12, 2019.

(b) Research and development costs

Research and development costs related to continued research and development programs are expensed as incurred in accordance with ASC topic 730. However, materials and equipment are capitalized and amortized over their useful lives if they have alternative future uses.

(c) Inventory

Inventories comprise raw materials, work in process, and finished goods, which are valued at the lower of cost or market, on a first-in, first-out basis. Cost for work in process and finished goods inventories includes materials, direct labor, and an allocation of manufacturing overhead. Market for raw materials is replacement cost, and for work in process and finished goods is net realizable value. The Company evaluates the carrying value of inventories on a regular basis, taking into account such factors as historical and anticipated future sales compared with quantities on hand, the price the Company expects to obtain for products in their respective markets compared with historical cost and the remaining shelf life of goods on hand. As of May 31, 2020, the Company had raw materials inventories of $172,829 (November 30, 2019 - $172,830), work in process of $73,927 (November 30, 2019 - $73,927) and finished goods inventory of $Nil (November 30, 2019 - $102,374) relating to the Company's generic Seroquel XR® product. The recoverability of the cost of any pre-launch inventories with a limited shelf life is evaluated based on the specific facts and circumstances surrounding the timing of the anticipated product launch.

(d) Translation of foreign currencies

Transactions denominated in currencies other than the Company and its wholly owned operating subsidiaries' functional currencies, monetary assets and liabilities are translated at the period end rates. Revenue and expenses are translated at rates of exchange prevailing on the transaction dates. All of the exchange gains or losses resulting from these other transactions are recognized in the condensed unaudited interim consolidated statements of operations and comprehensive loss.

The functional and reporting currency of the Company and its subsidiaries is the U.S. dollar.

(e) Convertible debentures

In fiscal year 2013, the Company issued an unsecured convertible debenture in the principal amount of $1,500,000 (the "2013 Debenture"). At issuance, the conversion option was bifurcated from its host contract and the fair value of the conversion option was characterized as an embedded derivative upon issuance as it met the criteria of ASC topic 815 Derivatives and Hedging.

Subsequent changes in the fair value of the embedded derivative were recorded in the condensed unaudited interim consolidated statements of operations and comprehensive loss. The proceeds received from the 2013 Debenture less the initial amount allocated to the embedded derivative were allocated to the liability and were accreted over the life of the 2013 Debenture using the effective rate of interest. The Company changed its functional currency effective December 1, 2013 such that the conversion option no longer met the criteria for bifurcation and was prospectively reclassified to shareholders' equity under ASC Topic 815 at the U.S. dollar translated amount at December 1, 2013.

On September 10, 2018, the Company completed a private placement financing (the "2018 Debenture Financing") of an unsecured convertible debenture in the principal amount of $500,000 (the "2018 Debenture"). At issuance, the conversion price was lower than the market share price, and the value of the beneficial conversion feature related to the 2018 Debenture was allocated to Additional paid-in capital in the condensed unaudited interim consolidated statements of shareholders' equity (deficiency).

3. Significant accounting policies (continued)

(e) Convertible debentures

On April 4, 2019, a tentative approval from TSX was received for a proposed refinancing of the 2013 Debenture subject to certain conditions being met. As a result of the refinancing, the principal amount owing under the 2013 Debenture was refinanced by a new debenture (the "May 2019 Debenture"). On May 1, 2019, the May 2019 Debenture was issued in the principal amount of $1,050,000, that was originally scheduled to mature on November 1, 2019, bears interest at a rate of 12% per annum and is convertible into 1,779,661 common shares of the Company at a conversion price of $0.59 per common share. At issuance, the conversion option was not characterized as an embedded derivative as it did not meet the criteria of ASC topic 815 Derivatives and Hedging. Also, at issuance, as the conversion price was higher than the market share price, conversion option was not bifurcated from its host contract and the total value of the convertible debenture was recognized as a liability.

On August 26, 2019, the Company issued an unsecured convertible debenture in the principal amount of $140,800 (the "August 2019 Debenture"). At issuance, the conversion price was lower than the market share price, and the value of the beneficial conversion feature related to the August 2019 Debenture was allocated to Additional paid-in capital in the condensed unaudited interim consolidated statements of shareholders' equity (deficiency). In November 2019, the August 2019 Debenture was paid in full.

On November 15, 2019, the Company issued an unsecured convertible debenture in the principal amount of $250,000 (the "November 2019 Debenture") that was originally scheduled to mature on December 31, 2019, bears interest at a rate of 12% per annum and is convertible into common shares of the Company at a conversion price of $0.12 per share. At issuance, the conversion price was lower than the market share price, and the value of the beneficial conversion feature related to the November 2019 Debenture was allocated to Additional paid-in capital in the condensed unaudited interim consolidated statements of shareholders' equity (deficiency).

(f) Investment tax credits

The investment tax credits ("ITC") receivable are amounts considered recoverable from the Canadian federal and provincial governments under the Scientific Research & Experimental Development ("SR&ED") incentive program. The amounts claimed under the program represent the amounts based on management estimates of eligible research and development costs incurred during the year. Realization is subject to government approval. Any adjustment to the amounts claimed will be recognized in the year in which the adjustment occurs. Refundable ITCs claimed relating to capital expenditures are credited to property and equipment. Refundable ITCs claimed relating to current expenditures are netted against research and development expenditures.

(g) Recently adopted accounting pronouncements

On December 1, 2019, the Company adopted Accounting Standards Codification ("ASC") Topic 842 *Leases* using the modified retrospective transition method, applying the new standard to all leases existing at the date of initial application. In addition, the Company elected the package of practical expedients in transition, which permitted the Company not to reassess prior conclusions about lease identification, lease classification and initial direct costs on leases that commenced prior to adoption of the new standard. The Company also elected the ongoing practical expedient not to recognize operating lease right-of-use assets and operating lease liabilities for short-term leases. As a result of adopting the new standard, the Company didn't recognize any right-of-use ("ROU") assets or right-of-use lease liabilities in the condensed unaudited interim consolidated balance sheet as the Company only has one lease which has a term of less than 12 months. As a result of the adoption of Topic 842, there was no impact to opening accumulated deficit.

(Stated in U.S. dollars)

4. Property and equipment

	Computer equipment	Computer software	Furniture and fixtures	Laboratory equipment	Leasehold improvements	Laboratory equipment under capital lease	Computer equipment under capital lease	Total
	$	$	$	$	$	$	$	$
Cost								
Balance at November 30, 2018	551,086	156,059	172,498	5,367,645	1,441,452	276,300	76,458	8,041,498
Additions	3,790	-	-	20,308	-	-	-	24,098
Balance at November 30, 2019	554,876	156,059	172,498	5,387,953	1,441,452	276,300	76,458	8,065,596
Disposition	-	-	-	(32,269)	-	-	-	(32,269)
Balance at May 31, 2020	554,876	156,059	172,498	5,355,684	1,441,452	276,300	76,458	8,033,327
Accumulated depreciation								
Balance at November 30, 2018	363,662	143,593	130,491	3,082,808	1,275,781	214,298	74,872	5,285,505
Depreciation	57,128	6,233	8,402	339,210	82,835	12,401	476	506,685
Balance at November 30, 2019	420,790	149,826	138,893	3,422,018	1,358,616	226,699	75,348	5,792,190
Depreciation	20,113	1,558	3,360	133,547	41,418	4,960	166	205,122
Balance at May 31, 2020	440,903	151,384	142,253	3,555,565	1,400,034	231,659	75,514	5,997,312
Net book value at:								
November 30, 2019	134,086	6,233	33,605	1,965,935	82,836	49,601	1,110	2,273,406
May 31, 2020	113,973	4,675	30,245	1,800,119	41,418	44,641	944	2,036,015

As at May 31, 2020, there was $574,002 (November 30, 2019 - $606,271) of laboratory equipment that was not available for use and therefore, no depreciation has been recorded for such laboratory equipment. During the three and six months ended May 31, 2020, the Company recorded depreciation expense within cost of goods sold in the amount of $Nil and $Nil (three and six months ended May 31, 2019 - $Nil and $883), respectively. Also, during the six months ended May 31, 2020, the Company returned equipment in the amount of $32,269, which was unpaid previously.

(Stated in U.S. dollars)

5. Convertible debentures and promissory notes payable

(a) Convertible debentures

Amounts due to the related parties are payable to entities controlled by two shareholders who are also officers and directors of the Company.

	May 31, 2020	November 30, 2019
Convertible debenture payable to two directors and officers of the Company, unsecured, 10% annual interest rate, payable monthly ("2018 Debenture")	$ 490,954	$ 473,442
Convertible debenture payable to two directors and officers of the Company, unsecured, 12% annual interest rate, payable monthly ("May 2019 Debenture")	$ 1,050,000	$ 1,050,000
Convertible debenture payable to two directors and officers of the Company, unsecured, 12% annual interest rate, payable monthly ("November 2019 Debenture")	$ 231,080	$ 221,371
	$ 1,772,034	$ 1,744,813

On January 10, 2013, the Company completed a private placement financing of the unsecured convertible 2013 Debenture in the original principal amount of $1.5 million, which was originally scheduled to mature on January 1, 2015. The 2013 Debenture bore interest at a rate of 12% per annum, payable monthly, was pre-payable at any time at the option of the Company and was convertible at any time into common shares at a conversion price of $30.00 per common share at the option of the holder.

Dr. Isa Odidi and Dr. Amina Odidi, shareholders, directors and executive officers of the Company purchased the 2013 Debenture and provided the Company with the original $1.5 million of the proceeds for the 2013 Debenture.

Effective October 1, 2014, the maturity date for the 2013 Debenture was extended to July 1, 2015. Under ASC 470-50, the change in the debt instrument was accounted for as a modification of debt. The increase in the fair value of the conversion option at the date of the modification, in the amount of $126,414, was recorded as a reduction in the carrying value of the debt instrument with a corresponding increase to Additional paid-in capital. The carrying amount of the debt instrument was accreted over the remaining life of the 2013 Debenture using a 15% effective rate of interest.

Effective June 29, 2015, the July 1, 2015 maturity date for the 2013 Debenture was further extended to January 1, 2016. Under ASC 470-50, the change in the maturity date for the debt instrument resulted in an extinguishment of the original 2013 Debenture as the change in the fair value of the embedded conversion option was greater than 10% of the carrying amount of the 2013 Debenture. In accordance with ASC 470-50-40, the 2013 Debenture was recorded at fair value. The difference between the fair value of the convertible 2013 Debenture after the extension and the net carrying value of the 2013 Debenture prior to the extension of $114,023 was recognized as a loss on the statement of operations and comprehensive loss. The carrying amount of the debt instrument was accreted to the face amount of the 2013 Debenture over the remaining life of the 2013 Debenture using a 14.6% effective rate of interest.

Effective December 8, 2015, the January 1, 2016 maturity date for the 2013 Debenture was further extended to July 1, 2016. Under ASC 470-50, the change in the debt instrument was accounted for as a modification of debt. The increase in the fair value of the conversion option at the date of the modification, in the amount of $83,101, was recorded as a reduction in the carrying value of the debt instrument with a corresponding increase to Additional paid-in capital. The carrying amount of the debt instrument was accreted over the remaining life of the 2013 Debenture using a 6.6% effective rate of interest.

5. Convertible debentures and promissory notes payable (continued)

(a) Convertible debentures (continued)

Effective May 26, 2016, the July 1, 2016 maturity date for the 2013 Debenture was further extended to December 1, 2016. Under ASC 470-50, the change in the debt instrument was accounted for as a modification of debt. The increase in the fair value of the conversion option at the date of the modification, in the amount of $19,808, was recorded as a reduction in the carrying value of the debt instrument with a corresponding increase to Additional paid-in capital. The carrying amount of the debt instrument was accreted over the remaining life of the 2013 Debenture using a 4.2% effective rate of interest.

Effective December 1, 2016, the maturity date for the 2013 Debenture was further extended to April 1, 2017 and a principal repayment of $150,000 was made at the time of the extension. Under ASC 470-50, the change in the debt instrument was accounted for as a modification of debt. The increase in the fair value of the conversion option at the date of the modification, in the amount of $106,962, was recorded as a reduction in the carrying value of the debt instrument with a corresponding increase to Additional paid-in capital. The carrying amount of the debt instrument was accreted over the remaining life of the 2013 Debenture using a 26.3% effective rate of interest.

Effective March 28, 2017, the maturity date for the 2013 Debenture was further extended to October 1, 2017. Under ASC 470-50, the change in the debt instrument was accounted for as a modification of debt. The increase in the fair value of the conversion option at the date of the modification, in the amount of $113,607, was recorded as a reduction in the carrying value of the debt instrument with a corresponding increase to Additional paid-in capital. The carrying amount of the debt instrument was accreted over the remaining life of the 2013 Debenture using a 15.2% effective rate of interest.

Effective September 28, 2017, the maturity date for the 2013 Debenture was further extended to October 1, 2018. Under ASC 470-50, the change in the debt instrument was accounted for as a modification of debt. The increase in the fair value of the conversion option at the date of the modification, in the amount of $53,227, was recorded as a reduction in the carrying value of the debt instrument with a corresponding increase to Additional paid-in capital. The carrying amount of the debt instrument was accreted over the remaining life of the 2013 Debenture using a 4.9% effective rate of interest.

Effective October 1, 2018, the maturity date for the 2013 Debenture was further extended to April 1, 2019. Effective April 1, 2019, the maturity date for the 2013 Debenture was further extended to May 1, 2019. Under ASC 470-50, the changes in the debt instrument were accounted for as modifications of debt. There were no changes in the fair value of the conversion option at the respective dates of the modifications. The carrying amount of the debt instrument is accreted over the remaining life of the 2013 Debenture using a nominal effective rate of interest. In December 2018, a principal repayment of $300,000 was made on the 2013 Debenture to Drs. Isa and Amina Odidi.

On April 4, 2019, a tentative approval from TSX was received for a proposed refinancing of the 2013 Debenture subject to certain conditions being met. As a result of the refinancing, the principal amount owing under the 2013 Debenture was refinanced by the May 2019 Debenture. On May 1, 2019, the May 2019 Debenture was issued in the principal amount of $1,050,000, that was originally scheduled to mature on November 1, 2019, bears interest at a rate of 12% per annum and is convertible into 1,779,661 common shares of the Company at a conversion price of $0.59 per common share. Dr. Isa Odidi and Dr. Amina Odidi, who are shareholders, directors, and executive officers of the Company, are the holders of the May 2019 Debenture.

Effective November 1, 2019, the maturity date for the May 2019 Debenture was extended to December 31, 2019. Under ASC 470-50, the change in the debt instrument was accounted for as a modification of debt. The carrying amount of the debt instrument is accreted over the remaining life of the May 2019 Debenture using a nominal effective rate of interest.

5. Convertible debentures and promissory notes payable (continued)

(a) Convertible debentures (continued)

Effective December 31, 2019, the December 31, 2019 maturity date for the May 2019 Debenture was further extended to February 1, 2020. Under ASC 470-50, the change in the debt instrument was accounted for as an extinguishment of debt. At the date of extinguishment, the Company derecognized the carrying amount of convertible debt of $1,050,000 and recorded the new convertible debt at the fair value of $1,050,000, resulting in no gain or loss. As the conversion price was lower than the market share price, the beneficial conversion feature valued at December 31, 2019 of $427,119 was allocated to Additional paid-in capital. Subsequently, the fair value of the May 2019 Debenture is accreted over the remaining life of the May 2019 Debenture using an effective rate of interest of 782.7%.

Effective January 31, 2020, the February 1, 2020 maturity date was further extended to March 31, 2020. Under ASC 470-50, the change in the debt instrument was accounted for as an extinguishment of debt. At the date of extinguishment, the Company derecognized the carrying amount of convertible debt of $1,050,000 and recorded the new convertible debt at the fair value of $1,050,000, resulting in no gain or loss. The carrying amount of the debt instrument is accreted over the remaining life of the May 2019 Debenture using a nominal effective rate of interest.

Effective March 31, 2020, the maturity date for the May 2019 Debenture was further extended to May 15, 2020. Under ASC 470-50, the change in the debt instrument was accounted for as an extinguishment of debt. At the date of extinguishment, the Company derecognized the carrying amount of convertible debt of $1,050,000 and recorded the new convertible debt at the fair value of $1,050,000, resulting in no gain or loss. The carrying amount of the debt instrument is accreted over the remaining life of the May 2019 Debenture using a nominal effective rate of interest.

Effective May 15, 2020, the maturity date for the May 2019 Debenture was further extended to June 12, 2020. Under ASC 470-50, the change in the debt instrument was accounted for as an extinguishment of debt. At the date of extinguishment, the Company derecognized the carrying amount of convertible debt of $1,050,000 and recorded the new convertible debt at the fair value of $1,050,000, resulting in no gain or loss. The carrying amount of the debt instrument is accreted over the remaining life of the May 2019 Debenture using a nominal effective rate of interest. Effective June 12, 2020, the maturity date for the May 2019 Debenture was further extended to July 15, 2020. Effective July 15, 2020, the maturity date for the May 2019 Debenture was further extended to December 31, 2020.

On September 10, 2018, the Company completed a private placement financing of the unsecured convertible 2018 Debenture in the principal amount of $0.5 million. The 2018 Debenture will mature on September 1, 2020. The 2018 Debenture bears interest at a rate of 10% per annum, payable monthly, is pre-payable at any time at the option of the Company and is convertible at any time into common shares of the Company at a conversion price of $3.00 per common share at the option of the holder. Dr. Isa Odidi and Dr. Amina Odidi, who are shareholders, directors and executive officers of the Company provided the Company with the $0.5 million of the proceeds for the 2018 Debenture.

At issuance, as the conversion price was lower than the market share price, the beneficial conversion feature valued at September 10, 2018 of $66,667 was allocated to Additional paid-in capital. Subsequently, the fair value of the 2018 Debenture is accreted over the remaining life of the 2018 Debenture using an effective rate of interest of 7.3%.

On August 26, 2019, the Company completed a private placement financing of the unsecured August 2019 Debenture in the principal amount of $140,800. The August 2019 Debenture was originally scheduled to mature on August 26, 2020, bore interest at a rate of 8% per annum, was pre-payable at any time at the option of the Company up to 180 days from date of issuance with pre-payment penalties ranging from 5% - 30% and was convertible at the option of the holder into common shares after 180 days at a conversion price which was equal to 75% of the market price (defined as the average of the lowest three (3) trading prices for the common shares during the twenty (20) trading day period prior to the conversion date). The Company incurred $15,800 in debt issuance costs of which $7,031 was debited to Additional paid-in capital and $8,769 was offset against the convertible debenture.

5. Convertible debentures and promissory notes payable (continued)

(a) Convertible debentures (continued)

At issuance, as the conversion price was lower than the market share price, the beneficial conversion feature valued at August 26, 2019 of $62,655 was allocated to Additional paid-in capital. Subsequently, the fair value of the August 2019 Debenture is accreted over the remaining life of the August 2019 Debenture using an effective rate of interest of 77.1%.

In November 2019, the August 2019 Debenture was fully paid, and the value of the beneficial conversion feature was recalculated at settlement in the amount of $88,652, which was offset to Additional paid-in capital and $4,419 gain on settlement was recognized in the condensed unaudited interim consolidated statements of operations and comprehensive loss.

On November 15, 2019, the Company completed a private placement financing of the unsecured convertible November 2019 Debenture in the principal amount of $0.25 million. The November 2019 Debenture was originally scheduled to mature on December 31, 2019. The November 2019 Debenture bears interest at a rate of 12% per annum, payable monthly, is pre-payable at any time at the option of the Company and is convertible at any time into common shares of the Company at a conversion price of $0.12 per common share at the option of the holder. Dr. Isa Odidi and Dr. Amina Odidi, who are shareholders, directors and executive officers of the Company provided the Company with the $0.25 million of the proceeds for the November 2019 Debenture.

At issuance, as the conversion price was lower than the market share price, the beneficial conversion feature valued at November 15, 2019 of $41,667 was allocated to Additional paid-in capital. Subsequently, the fair value of the November 2019 Debenture is accreted over the remaining life of the November 2019 Debenture using an effective rate of interest of 152.4%.

Effective January 31, 2020, the December 31, 2019 maturity date for the November 2019 Debenture was further extended to March 31, 2020. Under ASC 470-50, the change in the debt instrument was accounted for as an extinguishment. In accordance with ASC 470-50-40-2, extinguishment transactions between related entities are treated as capital transactions. At the date of extinguishment, the Company derecognized the carrying amount of convertible debt of $250,000 and recorded the new convertible debt at the fair value of $250,000, resulting in no gain or loss. As the conversion price was lower than the market share price, the beneficial conversion feature valued at January 31, 2020 of $125,000 was allocated to Additional paid-in capital. Subsequently, the fair value of the November 2019 Debenture is accreted over the remaining life of the November 2019 Debenture using an effective rate of interest of 504.4%.

Effective March 31, 2020, the maturity date for the November 2019 Debenture was further extended to May 15, 2020. Under ASC 470-50, the change in the debt instrument was accounted for as an extinguishment. In accordance with ASC 470-50-40-2, extinguishment transactions between related entities are treated as capital transactions. At the date of extinguishment, the Company derecognized the carrying amount of convertible debt of $250,000 and recorded the new convertible debt at the fair value of $250,000, resulting in no gain or loss. As the conversion price was lower than the market share price, the beneficial conversion feature valued at March 31, 2020 of $20,833 was allocated to Additional paid-in capital. Subsequently, the fair value of the November 2019 Debenture is accreted over the remaining life of the November 2019 Debenture using an effective rate of interest of 72.4%.

Effective May 15, 2020, the maturity date for the November 2019 Debenture was further extended to June 12, 2020. Under ASC 470-50, the change in the debt instrument was accounted for as an extinguishment. In accordance with ASC 470-50-40-2, extinguishment transactions between related entities are treated as capital transactions. At the date of extinguishment, the Company derecognized the carrying amount of convertible debt of $250,000 and recorded the new convertible debt at the fair value of $250,000, resulting in no gain or loss. As the conversion price was lower than the market share price, the beneficial conversion feature valued at May 15, 2020 of $41,667 was allocated to Additional paid-in capital. Subsequently, the fair value of the November 2019 Debenture is accreted over the remaining life of the November 2019 Debenture using an effective rate of interest of 249.2%. Effective June 12, 2020, the maturity date for the November 2019 Debenture was further extended to July 15, 2020. Effective July 15, 2020, the maturity date for the May 2019 Debenture was further extended to December 31, 2020.

(Stated in U.S. dollars)

5. Convertible debentures and promissory notes payable (continued)

(a) Convertible debentures (continued)

Accreted interest expense during the three and six months ended May 31, 2020 is $127,403 and $641,840 (three and six months ended May 31, 2019 is $8,260 and $16,197) and has been included in the condensed unaudited interim consolidated statements of operations and comprehensive loss. In addition, the coupon interest on the 2013 Debenture, 2018 Debenture, May 2019 Debenture, August 2019 Debenture and November 2019 Debenture (collectively, the "Debentures") for the three and six months ended May 31, 2020 is $50,628 and $100,706 (the three and six months ended May 31, 2019 is $44,331 and $90,754) and has also been included in the condensed unaudited interim consolidated statements of operations and comprehensive loss.

(b) Promissory notes payable

	May 31, 2019	November 30, 2019
	$	$
Promissory notes payable to two directors and officers of the Company, unsecured, no annual interest rate on the outstanding loan balance	154,379	159,863
	154,379	159,863

In September 2019, the Company issued two unsecured, non-interest bearing promissory notes, with no fixed repayment terms, in the amounts of US$6,500 and CDN$203,886, to Dr. Isa Odidi and Dr. Amina Odidi, who are shareholders, directors and executive officers of the Company.

6. Capital stock

Authorized, issued and outstanding

(a) The Company is authorized to issue an unlimited number of common shares, all without nominal or par value and an unlimited number of preference shares. As at May 31, 2020, the Company had 23,678,105 (November 30, 2019 – 22,085,856) common shares issued and outstanding and no preference shares issued and outstanding. Two officers and directors of the Company owned directly and through their family holding company 578,131 (November 30, 2019 – 578,131) common shares or approximately 2.4% (November 30, 2019 – 2.6%) of the issued and outstanding common shares of the Company as at May 31, 2020.

(b) In November 2013, the Company entered into an equity distribution agreement with Roth Capital Partners, LLC ("Roth"), pursuant to which the Company originally could from time to time sell up to 530,548 of the Company's common shares for up to an aggregate of $16.8 million (or such lesser amount as may then be permitted under applicable exchange rules and securities laws and regulations) through at-the-market issuances on Nasdaq or otherwise. Under the equity distribution agreement, the Company was able at its discretion, from time to time, to offer and sell common shares through Roth or directly to Roth for resale to the extent permitted under Rule 415 under the U.S. Securities Act of 1933, as amended, at such time and at such price as were acceptable to the Company by means of ordinary brokers' transactions on Nasdaq or otherwise at market prices prevailing at the time of sale or as determined by the Company. The Company has paid Roth a commission, or allowed a discount, of 2.75% of the gross proceeds that the Company received from any sales of common shares under the equity distribution agreement. The Company also agreed to reimburse Roth for certain expenses relating to the at-the-market offering program.

In March 2018, the Company terminated its continuous offering under the prospectus supplement dated July 18, 2017 and prospectus dated July 17, 2017 in respect of its at-the-market program.

The underwriting agreement relating to the October 2018 offering described in Note 6(e) restricts the Company's ability to use this equity distribution agreement. It contains a prohibition on the Company: (i) for a period of two years following the date of the underwriting agreement, from directly or indirectly in any at-the-market or continuous equity transaction, offer to sell, or otherwise dispose of shares of capital stock of the Company or any securities convertible into or exercisable or

6. Capital stock (continued)

Authorized, issued and outstanding (continued)

exchangeable for its shares of capital stock or (ii) for a period of five years following the closing, effecting or entering into an agreement to effect any issuance by the Company of common shares or common share equivalents involving certain variable rate transactions under an at-the-market offering agreement, whereby the Company may issue securities at a future determined price, except that, on or after the date that is two years after the closing, the Company may enter into an at-the-market offering agreement. Moreover, currently the Company does not meet the requirements to utilize its Registration Statement on Form F-3 to issue any further securities under at-the-market equity program (or otherwise) under the Form F-3.

(c) In October 2017, the Company completed a registered direct offering of 363,636 common shares at a price of $11.00 per share. The Company also issued to the investors warrants to purchase an aggregate of 181,818 common shares (the "October 2017 Warrants"). The warrants became exercisable six months following the closing date, will expire 30 months after the date they became exercisable, have a term of three years and have an exercise price of $12.50 per common share. The Company also issued to the placement agents warrants to purchase 18,181 common shares at an exercise price of $13.75 per share (the "October 2017 Placement Agent Warrants"). The holders of October 2017 Warrants and October 2017 Placement Agent Warrants are entitled to a cashless exercise under which the number of shares to be issued will be based on the number of shares for which warrants are exercised times the difference between the market price of the common share and the exercise price divided by the market price. The October 2017 Warrants and the October 2017 Placement Agent Warrants are considered to be indexed to the Company's own stock and are therefore classified as equity under ASC topic 480 Distinguishing Liabilities from Equity.

The Company recorded $3,257,445 as the value of common shares under Capital stock and $742,555 as the value of the October 2017 Warrants under Additional paid-in capital in the condensed unaudited interim consolidated statements of shareholders' equity (deficiency). The Company has disclosed the terms used to value the warrants in Note 9.

The direct costs related to the issuance of the common shares, October 2017 Warrants and October 2017 Placement Agent Warrants were $500,492 and were recorded as an offset against the condensed unaudited interim consolidated statements of shareholders' equity (deficiency) with $391,580 being recorded under Capital stock and $108,912 being recorded under Additional paid-in capital.

(d) In March 2018, the Company completed two registered direct offerings of an aggregate of 883,333 common shares at a price of $6.00 per share. The Company also issued to the investors warrants to purchase an aggregate of 441,666 common shares (the "March 2018 Warrants"). The warrants became exercisable six months following the closing date, will expire 30 months after the date they became exercisable, and have an exercise price of $6.00 per common share. The Company also issued to the placement agents warrants to purchase 44,166 common shares at an exercise price of $7.50 per share (the "March 2018 Placement Agent Warrants"). The holders of March 2018 Warrants and March 2018 Placement Agent Warrants are entitled to a cashless exercise under which the number of shares to be issued will be based on the number of shares for which warrants are exercised times the difference between the market price of the common share and the exercise price divided by the market price. The March 2018 Warrants and March 2018 Placement Agent Warrants are considered to be indexed to the Company's own stock and are therefore classified as equity under ASC topic 480 Distinguishing Liabilities from Equity.

The Company recorded $4,184,520 as the value of common shares under Capital stock and $1,115,480 as the value of the March 2018 Warrants under Additional paid-in capital in the condensed unaudited interim consolidated statements of shareholders' equity (deficiency). The Company has disclosed the terms used to value the warrants in Note 9.

6. Capital stock (continued)

Authorized, issued and outstanding (continued)

The direct costs related to the issuance of the common shares and warrants were $831,357 including the cost of warrants issued to the placement agents. These direct costs were recorded as an offset against the condensed unaudited interim consolidated statements of shareholders' equity (deficiency) with $656,383 being recorded under Capital stock and $174,974 being recorded under Additional paid-in capital.

(e) In October 2018, the Company completed an underwritten public offering in the United States, resulting in the sale to the public of 827,970 Units at $0.75 per Unit, which were comprised of one common share and one warrant (the "2018 Unit Warrants") exercisable at $0.75 per share. The Company concurrently sold an additional 1,947,261 common shares and warrants to purchase 2,608,695 common shares exercisable at $0.75 per share (the "2018 Option Warrants') pursuant to the overallotment option exercised in part by the underwriter. The price of the common shares issued in connection with exercise of the overallotment option was $0.74 per share and the price for the warrants issued in connection with the exercise of the overallotment option was $0.01 per warrant, less in each case the underwriting discount. In addition, the Company issued 16,563,335 pre-funded units ("2018 Pre-Funded Units'), each 2018 Pre-Funded Unit consisting of one pre-funded warrant (a "2018 Pre-Funded Warrant") to purchase one common share and one warrant (a "2018 Warrant", and together with the 2018 Unit Warrants and the 2018 Option Warrants, the "2018 Firm Warrants") to purchase one common share. The 2018 Pre-Funded Units were offered to the public at $0.74 each and a 2018 Pre-Funded Warrant is exercisable at $0.01 per share. Each 2018 Firm Warrant is exercisable immediately and has a term of five years and each 2018 Pre-Funded Warrant is exercisable immediately and until all 2018 Pre-Funded Warrants are exercised. The Company also issued warrants to the placement agents to purchase 1,160,314 common shares at an exercise price of $0.9375 per share (the "October 2018 Placement Agent Warrants"), which were exercisable immediately upon issuance. In aggregate, the Company issued 2,775,231

common shares, 16,563,335 2018 Pre-Funded Warrants and 20,000,000 2018 Firm Warrants in addition to 1,160,314 October 2018 Placement Agent Warrants.

The Company raised $14,344,906 in gross proceeds as part of October 2018 underwritten public offering. The Company recorded $1,808,952 as the value of common shares under Capital stock and $279,086 as the value of the 2018 Firm Warrants and $12,256,868 as the value of the 2018 Pre-Funded Warrants under Additional paid-in capital in the condensed unaudited interim consolidated statements of shareholders' equity (deficiency).

The direct costs related to the issuance of the common shares and warrants issued in October 2018 were $2,738,710 including the cost of October 2018 Placement Agent Warrants in the amount of $461,697. These direct costs were recorded as an offset against the condensed unaudited interim consolidated statements of shareholders' equity (deficiency) with $345,363 being recorded under Capital stock and $2,393,347 being recorded under Additional paid-in capital.

During the three and six months ended May 31, 2020, Nil and 1,592,249 (three and six months ended May 31, 2019 – 150,000 and 2,793,334) common shares were issued upon the exercise of 2018 Pre-Funded Warrants. The Company has disclosed the terms used to value these warrants in Note 9.

7. Options

All grants of options to employees after October 22, 2009 are made from the Employee Stock Option Plan (the "Employee Stock Option Plan"). The maximum number of common shares issuable under the Employee Stock Option Plan is limited to 10% of the issued and outstanding common shares of the Company from time to time, or 2,367,810 based on the number of issued and outstanding common shares as at May 31, 2020. As at May 31, 2020, 1,823,102 options are outstanding and there were 544,708 options available for grant under the Employee Stock Option Plan. Each option granted allows the holder to purchase one common share at an exercise price not less than the closing price of the Company's common shares on the TSX on the last trading day prior to the grant of the option. Options granted under these plans typically have a term of 5 years with a maximum term of 10 years and generally vest over a period of up to three years.

7. Options (continued)

In August 2004, the Board of Directors of IPC Ltd. approved a grant of 276,394 performance-based stock options, to two executives who were also the principal shareholders of IPC Ltd. The vesting of these options is contingent upon the achievement of certain performance milestones. A total of 276,394 performance-based stock options have vested as of May 31, 2020. Under the terms of the original agreement these options were to expire in September 2014. Effective March 27, 2014, the Company's shareholders approved the two-year extension of the performance-based stock option expiry date to September 2016. Effective April 19, 2016, the Company's shareholders approved a further two-year extension of the performance-based stock option expiry date to September 2018. Effective May 15, 2018, the Company's shareholders approved a further two-year extension of the performance-based stock option expiry date to September 2020. These options were outstanding as at May 31, 2020.

In the three and six months ended May 31, 2020, Nil (three and six months ended May 31, 2019 – 1,887,000) stock options were granted.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes Option-Pricing Model, consistent with the provisions of ASC topic 718. Option pricing models require the use of subjective assumptions, changes in these assumptions can materially affect the fair value of the options. The Company calculates expected volatility based on historical volatility of the Company's peer group that is publicly traded for options that have an expected life that is more than nine years. For options that have an expected life of less than nine years the Company uses its own volatility. The expected term, which represents the period of time that options granted are expected to be outstanding, is estimated based on the historical average of the term and historical exercises of the options. The risk-free rate assumed in valuing the options is based on the U.S. treasury yield curve in effect at the time of grant for the expected term of the option. The expected dividend yield percentage at the date of grant is Nil as the Company is not expected to pay dividends in the foreseeable future.

Details of stock option transactions in Canadian dollars ("C$") are as follows:

	May 31, 2020			May 31, 2019		
	Number of options	Weighted average exercise price per share	Weighted average grant date fair value	Number of options	Weighted average exercise price per share	Weighted average grant date fair value
	#	$	$	#	$	$
Outstanding, beginning of period	2,353,829	8.35	4.30	555,651	37.70	16.69
Granted	-	-	-	1,887,000	0.35	0.26
Expired	(28,800)	18.10	11.00	(31,550)	37.71	17.60
Cancelled	(68,881)	0.38	0.23	-	-	-
Forfeited	(156,652)	0.35	0.22	(2,000)	14.93	8.19
Balance at end of period	2,099,496	9.31	4.65	2,409,101	8.41	3.77
Options exercisable end of period	1,564,504	12.37	6.15	1,141,431	17.26	7.62

Total unrecognized compensation cost relating to the unvested performance-based stock options at May 31, 2020 is $Nil (May 31, 2019 - $Nil).

For the three and six months ended May 31, 2020 and 2019, no options were exercised.

(Stated in U.S. dollars)

7. Options (continued)

The following table summarizes the components of stock-based compensation expense.

Stock-based compensation related to:	Three months ended		Six months ended	
	May 31, 2020	May 31, 2019	May 31, 2020	May 31, 2019
	$	$	$	$
Research and development	9,977	128,257	53,405	131,757
Selling, general and administrative	2,255	31,759	12,576	30,532
	12,232	160,016	65,981	162,289

The Company has estimated its stock option forfeitures to be approximately 4% for three and six months ended May 31, 2020 (three and six months ended May 31, 2019 – 4%).

8. Deferred share units

Effective May 28, 2010, the Company's shareholders approved a Deferred Share Unit ("DSU") Plan to grant DSUs to its non-management directors and reserved a maximum of 11,000 common shares for issuance under the plan. The DSU Plan permits certain non-management directors to defer receipt of all or a portion of their board fees until termination of the board service and to receive such fees in the form of common shares at that time. A DSU is a unit equivalent in value to one common share of the Company based on the trading price of the Company's common shares on the TSX.

Upon termination of board service, the director will be able to redeem DSUs based upon the then market price of the Company's common shares on the date of redemption in exchange for any combination of cash or common shares as the Company may determine.

During the three and six months ended May 31, 2020, no non-management board members elected to receive director fees in the form of DSUs under the Company's DSU Plans. As at May 31, 2020, Nil (May 31, 2019 – 10,279) DSUs were outstanding and 11,000 (May 31, 2019 – 721) DSUs were available for grant under the DSU Plan.

During the three and six months ended May 31, 2020 and 2019, no DSUs were exercised.

9. Warrants

All of the Company's outstanding warrants are considered to be indexed to the Company's own stock and are therefore classified as equity under ASC 480. The warrants, in specified situations, provide for certain compensation remedies to a holder if the Company fails to timely deliver the shares underlying the warrants in accordance with the warrant terms.

In the underwritten public offering completed in June 2016, gross proceeds of $5,200,000 were received through the sale of the Company's units comprised of common shares and warrants. The Company issued at the initial closing of the offering an aggregate of 322,981 common shares and warrants to purchase an additional 161,490 common shares, at a price of $16.10 per unit. The warrants are currently exercisable, have a term of five years and an exercise price of $19.30 per common share. The underwriter also purchased at such closing additional warrants (collectively with the warrants issued at the initial closing, the "June 2016 Warrants") at a purchase price of $0.01 per warrant to acquire 24,223 common shares pursuant to the overallotment option exercised in part by the underwriter. The Company subsequently sold an aggregate of 45,946 additional common shares at the public offering price of $16.10 per share in connection with subsequent partial exercises of the underwriter's overallotment option. The fair value of the June 2016 Warrants of $1,175,190 was initially estimated at closing using the Black-Scholes Option Pricing Model, using volatility of 64.1%, risk free interest rate of 0.92%, expected life of 5 years, and dividend yield of Nil. The June 2016 Warrants currently outstanding are detailed below.

In the registered direct offering completed in October 2017, gross proceeds of $4,000,000 were received through the sale of the Company's common shares and warrants. The Company issued at the closing of the offering an aggregate of 363,636 common shares at a price of $11.00 per share and warrants to purchase an additional 181,818 common shares (the "October 2017 Warrants"). The October 2017 Warrants became exercisable six months following the closing date, will expire 30 months after the date

9. Warrants (continued)

they became exercisable, and have an exercise price of $12.50 per common share. The Company also issued the October 2017 Placement Agents Warrants to purchase 18,181 common shares at an exercise price of $13.75 per share. The holders of October 2017 Warrants and October 2017 Placement Agent Warrants are entitled to a cashless exercise under which the number of shares to be issued will be based on the number of shares for which warrants are exercised times the difference between the market price of the common share and the exercise price divided by the market price. The fair value of the October 2017 Warrants of $742,555 was initially estimated at closing using the Black-Scholes Option Pricing Model, using volatility of 73.67%, risk free interest rate of 1.64%, expected life of 3 years, and dividend yield of Nil.

The fair value of the October 2017 Placement Agents Warrants was estimated at $86,196 using the Black-Scholes Option Pricing Model, using volatility of 73.67%, a risk-free interest rate of 1.64%, an expected life of 3 years, and a dividend yield of Nil.

The October 2017 Warrants and the October 2017 Placement Agent Warrants currently outstanding are detailed below.

In the two registered direct offerings completed in March 2018, gross proceeds of $5,300,000 were received through the sale of the Company's common shares and warrants. The Company issued at the closing of the offering an aggregate of 883,333 common shares at a price of $6.00 per share and the March 2018 Warrants to purchase an additional 441,666 common shares. The March 2018 Warrants became exercisable six months following the closing date, will expire 30 months after the date they became exercisable and have an exercise price of $6.00 per common share. The Company also issued the March 2018 Placement Agent Warrants to purchase 44,166 common shares at an exercise price of $7.50 per share. The holders of March 2018 Warrants and March 2018 Placement Agent Warrants are entitled to a cashless exercise under which the number of shares to be issued will be based on the number of shares for which warrants are exercised times the difference between the market price of the common share and the exercise price divided by the market price. The fair value of the March 2018 Warrants of $1,115,480 was initially estimated at closing using the Black-Scholes Option Pricing Model, using volatility of 70%, risk free interest rates of 2.44% and 2.46%, expected life of 3 years, and dividend yield of Nil.

The fair value of the March 2018 Placement Agent Warrants was estimated at $141,284 using the Black-Scholes Option Pricing Model, using volatility of 70%, risk free interest rates of 2.44% and 2.46%, an expected life of 3 years, and a dividend yield of Nil. The March 2018 Warrants and the March 2018 Placement Agent Warrants currently outstanding are detailed below.

In October 2018, the Company completed an underwritten public offering in the United States, resulting in the sale to the public of 827,970 Units at $0.75 per Unit, which are comprised of one common share and one 2018 Unit Warrant (as defined above) exercisable at $0.75 per share. The Company concurrently sold an additional 1,947,261 common shares and 2018 Option Warrants to purchase 2,608,695 common shares exercisable at $0.75 per share pursuant to the overallotment option exercised in part by the underwriter. The price of the common shares issued in connection with exercise of the overallotment option was $0.74 per share and the price for the warrants issued in connection with the exercise of the overallotment option was $0.01 per warrant, less in each case the underwriting discount. In addition, the Company issued 16,563,335 2018 Pre-Funded Units (as defined above), each 2018 Pre-Funded Unit consisting of one 2018 Pre-Funded Warrant (as defined above) to purchase one common share and one 2018 Warrant (as defined above) to purchase one common share. The 2018 Pre-Funded Units were offered to the public at $0.74 each and a 2018 Pre-Funded Warrant is exercisable at $0.01 per share. Each 2018 Firm Warrant is exercisable immediately and has a term of five years and each 2018 Pre-Funded Warrant is exercisable immediately and until all 2018 Pre-Funded Warrants are exercised. The Company also issued the October 2018 Placement Agent Warrants to the placement agents to purchase 1,160,314 common shares at an exercise price of $0.9375 per share, which were exercisable immediately upon issuance. In aggregate, in October 2018, the Company issued 2,775,231 common shares, 16,563,335 2018 Pre-Funded Warrants and 20,000,000 2018 Firm Warrants in addition to 1,160,314 October 2018 Placement Agent Warrants.

The fair value of the 2018 Firm Warrants of $279,086 was initially estimated at closing using the Black-Scholes Option Pricing Model, using volatility of 92%, risk free interest rate of 3.02%, expected life of 5 years, and dividend yield of Nil. The fair value of the October 2018 Placement Agents Warrants was

(Stated in U.S. dollars)

9. Warrants (continued)

estimated at $461,697 using the Black-Scholes Option Pricing Model, using volatility of 92%, risk free interest rate of 3.02%, an expected life of 5 years, and a dividend yield of Nil.

The fair value of the 2018 Pre-Funded Warrant of $12,256,868 and the fair value of the 2018 Firm Warrants of $279,086, respectively, were recorded under Additional paid-in capital in the condensed unaudited interim consolidated statements of shareholders' equity (deficiency).

During the three and six months ended May 31, 2020, Nil and 1,616,667 (three and six months ended May 31, 2019, 150,000 and 2,793,334) 2018 Pre-Funded Warrants were exercised for proceeds of $Nil and $Nil (three and six months ended May 31, 2019 - $1,500 and $27,953), and the Company recorded a charge of $Nil and $583,180 (three and six months ended May 31, 2019 - $52,610 and $979,705) from Additional paid-in-capital to common shares under Capital stock. During the six months ended May 31, 2019, 1,030,000 common shares were issued in respect of 2018 Pre-Funded Warrants which were exercised as of November 30, 2018 but for which common shares were not yet issued as of November 30, 2018.

As at May 31, 2020, Nil (May 31, 2019 – 1,616,667) 2018 Pre-Funded Warrants are outstanding which are exercisable immediately at $0.01 per share. In addition, the following table provides information on the 22,123,623 warrants including 2018 Firm Warrants outstanding and exercisable as of May 31, 2020:

Warrant	Exercise price	Number outstanding	Expiry	Shares issuable upon exercise
June 2016 Warrants	$ 19.30	277,478	June 02, 2021	138,739
October 2017 Warrants	$ 12.50	181,818	October 13, 2020	181,818
October 2017 Placement				
Agent Warrants	$ 13.75	18,181	October 13, 2020	18,181
March 2018 Warrants	$ 6.00	291,666	March 16, 2021	291,666
March 2018 Warrants	$ 6.00	150,000	March 21, 2021	150,000
March 2018 Placement				
Agent Warrants	$ 7.50	29,166	March 16, 2021	29,166
March 2018 Placement				
Agent Warrants	$ 7.50	15,000	March 21, 2021	15,000
2018 Firm Warrants	$ 0.75	20,000,000	October 16, 2023	20,000,000
October 2018 Placement				
Agent Warrants	$ 0.9375	1,160,314	October 16, 2023	1,160,314
		22,123,623		21,984,884

During the three and six months ended May 31, 2020, there were no cash exercises in respect of warrants (three and six months ended May 31, 2019 – Nil) and, other than 2018 Pre-Funded Warrants as noted above, no cashless exercise of warrants (three and six months ended May 31, 2019 - Nil), resulting in the issuance of Nil (three and six months ended May 31, 2019 – Nil) and Nil (three and six months ended May 31, 2019 - Nil) common shares, respectively.

Details of warrant transactions are as follows:

	Outstanding, December 1, 2019	Issued	Expired	Exercised	Outstanding, May 31, 2020
June 2016 Warrants	277,478	-	-	-	277,478
October 2017 Warrants	181,818	-	-	-	181,818
October 2017 Placement					
Agent Warrants	18,181	-	-	-	18,181
March 2018 Warrants	441,666	-	-	-	441,666
March 2018 Placement					
Agent Warrants	44,166	-	-	-	44,166
2018 Firm Warrants	20,000,000	-	-	-	20,000,000
2018 Pre-Funded Warrants	1,616,667	-	-	(1,616,667)	-
October 2018 Placement					
Agent Warrants	1,160,314	-	-	-	1,160,314
	23,740,290	-	-	(1,616,667)	22,123,623

(Stated in U.S. dollars)

9. Warrants (continued)

	Outstanding, December 1, 2018	Issued	Expired	Exercised	Outstanding, May 31, 2019
June 2016 Warrants	277,478	-	-	-	277,478
October 2017 Warrants	181,818	-	-	-	181,818
October 2017 Placement Agent Warrants	18,181	-	-	-	18,181
March 2018 Warrants	441,666	-	-	-	441,666
March 2018 Placement Agent Warrants	44,166	-	-	-	44,166
2018 Firm Warrants	20,000,000	-	-	-	20,000,000
2018 Pre-Funded Warrants	4,410,001	-	-	(2,793,334)	1,616,667
October 2018 Placement Agent Warrants	1,160,314	-	-	-	1,160,314
	26,533,624	-	-	(2,793,334)	23,740,290

10. Income taxes

The Company has had no taxable income under the Federal and Provincial tax laws of Canada for the three and six months ended May 31, 2020 and May 31, 2019. The Company has non-capital loss carry-forwards at May 31, 2020, totaling $51,698,399 in Canada that must be offset against future taxable income. If not utilized, the loss carry-forwards will expire between 2028 and 2039.

For the three and six months ended May 31, 2020, the Company had a cumulative carry-forward pool of Canadian Federal Scientific Research & Experimental Development expenditures in the amount of approximately $20,250,000 which can be carried forward indefinitely.

For the three and six months ended May 31, 2020, the Company had approximately $3,770,000 of unclaimed Investment Tax Credits which expire from 2025 to 2039. These credits are subject to a full valuation allowance as they are not more likely than not to be realized.

11. Contingencies

From time to time, the Company may be exposed to claims and legal actions in the normal course of business. As at May 31, 2020, and continuing as at July 15, 2020, the Company is not aware of any pending or threatened material litigation claims against the Company, other than as described below.

In November 2016, the Company filed an NDA for its abuse-deterrent oxycodone hydrochloride extended release tablets (formerly referred to as Rexista™) ("Oxycodone ER") product candidate, relying on the 505(b)(2) regulatory pathway, which allowed the Company to reference data from Purdue Pharma L.P's ("Purdue") file for its OxyContin® extended release oxycodone hydrochloride. The Oxycodone ER application was accepted by the FDA for further review in February 2017. The Company certified to the FDA that it believed that its Oxycodone ER product candidate would not infringe any of the OxyContin® patents listed in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations, commonly known as the "Orange Book", or that such patents are invalid, and so notified Purdue and the other owners of the subject patents listed in the Orange Book of such certification.

On April 7, 2017, the Company received notice that Purdue Pharma L.P., Purdue Pharmaceuticals L.P., The P.F. Laboratories, Inc., or collectively the Purdue parties, Rhodes Technologies, and Grünenthal GmbH, or collectively the Purdue litigation plaintiffs, had commenced patent infringement proceedings against the Company in the U.S. District Court for the District of Delaware (docket number 17-392) in respect of its NDA filing for Oxycodone ER, alleging that its proposed Oxycodone ER infringes 6 out of the 16 patents associated with the branded product OxyContin®, or the OxyContin® patents, listed in the Orange Book. The complaint seeks injunctive relief as well as attorneys' fees and costs and such other and further relief as the Court may deem just and proper. An answer and counterclaim have been filed.

Subsequent to the above-noted filing of lawsuit, 4 further such patents were listed and published in the Orange Book. The Company then similarly certified to the FDA concerning such further patents. On March 16, 2018, the Company received notice that the Purdue litigation plaintiffs had commenced further such patent infringement proceedings against the Company adding the 4 further patents. This lawsuit is also in the District of Delaware federal court under docket number 18-404.

11. Contingencies (continued)

As a result of the commencement of the first of these legal proceedings, the FDA is stayed for 30 months from granting final approval to the Company's Oxycodone ER product candidate. That time period commenced on February 24, 2017, when the Purdue litigation plaintiffs received notice of the Company's certification concerning the patents, and will expire on August 24, 2019, unless the stay is earlier terminated by a final declaration of the courts that the patents are invalid, or are not infringed, or the matter is otherwise settled among the parties.

On or about June 26, 2018, the court issued an order to sever 6 "overlapping" patents from the second Purdue case, but ordered litigation to proceed on the 4 new (2017-issued) patents. An answer and counterclaim were filed on July 9, 2018. The existence and publication of additional patents in the Orange Book, and litigation arising therefrom, is an ordinary and to be expected occurrence in the course of such litigation.

On July 6, 2018, the court issued a claims construction on the first case. The Company believes that it has non-infringement and/or invalidity defenses to all of the asserted claims of the subject patents in both of the cases and will vigorously defend against these claims.

On July 24, 2018, the parties to the case mutually agreed to dismiss the infringement claims related to the Grünenthal '060 patent. The Grünenthal '060 patent is one of the six patents included in the original litigation case, however, the dismissal does not by itself result in a termination of the 30-month litigation stay. Infringement claims related to this patent have been dismissed without prejudice.

On October 4, 2018, the parties to the 17-392 docket case mutually agreed to postpone the scheduled court date pending a case status conference scheduled for December 17, 2018. At that time, further trial scheduling and other administrative matters were postponed pending the Company's resubmission of the Oxycodone ER NDA. That filing was timely filed at the end of February 2019. The trial in the 17-392 case was scheduled for November 12, 2019. On January 17, 2019, the court issued a scheduling order in 18-404 that schedules the remaining major portions. The trial in the 18-404 case was scheduled for June 2020, which is also subject to extension via the bankruptcy.

The U.S. Federal Circuit Court of Appeal affirmed on April 4, 2019 the invalidity of one Purdue OxyContin® patent. The patent is: 9,060,976. The patent was nominally in the 17-392 and 18-404 cases. The invalidity ruling reduces yet another patent from the overall picture. However, it does not, by itself, eliminate the 30-month litigation stay in either docketed case.

On October 4, 2019, following the filing of a bankruptcy stay by Purdue Pharma, the ongoing litigation cases numbers 1:17-cv-00392-RGA and 1:18-cv-00404-RGA-SRF between Purdue Pharma L.P. et al and Intellipharmaceutics International have been stayed and the existing dates in both cases vacated by an order issued by the courts in the District of Delaware. No new dates were given for reinstatement; however, the parties are required to provide a further status report no later than March 13, 2020. During a status update March 13, 2020, the stay was ordered to be continued. The parties are required to submit a joint status report no less than two business days before June 3, 2020. On April 24, 2019, an order had been issued, setting the trial date for case number 17-392 in the District of Delaware, and also extending the 30-month stay date for regulatory approval to March 2, 2020. With the current litigation stay order, the previous 30-month stay date of March 2, 2020 was unchanged, and has now expired.

On April 15, 2020, Purdue filed a new patent infringement suit against the Company. The suit was filed in the District of Delaware, under docket number: 1:20-cv-00515. The new patent suit relates to additional Paragraph IV certifications lodged against Purdue's patent numbers: 10,407,434 and 10,369,109. The new lawsuit has not yet been served on the Company. There is no formal court schedule on the new case yet.

On July 2, 2020, the parties entered into a stipulated dismissal of the Litigations. The stipulated dismissal, which is subject to approval by the bankruptcy court presiding over Purdue Pharma's pending chapter 11 cases, provides for the termination of patent infringement proceedings commenced by Purdue Pharma against the Company in the United States District Court for the District of Delaware in respect of the Company's New Drug Application ("NDA") filing for Aximris XR (oxycodone hydrochloride extended release tablets) with the United States Food and Drug administration ("FDA"). The stipulated dismissal also provides for a thirty (30) day period following a final approval of the Company's Aximris XR NDA during which the parties will attempt to resolve any potential asserted patent infringement claims relating

11. Contingencies (continued)

to the NDA. If the parties fail to resolve all such claims during a period of thirty (30) days following such final approval, Purdue Pharma L.P. et al will have fifteen (15) days to pursue an infringement action against the Company.

The Company is confident that it does not infringe any of the subject patents in either of the two cases and will vigorously defend against these claims.

In July 2017, three complaints were filed in the U.S. District Court for the Southern District of New York that were later consolidated under the caption Shanawaz v. Intellipharmaceutics Int'l Inc., et al., No. 1:17-cv-05761 (S.D.N.Y.). The lead plaintiffs filed a consolidated amended complaint on January 29, 2018. In the amended complaint, the lead plaintiffs assert claims on behalf of a putative class consisting of purchasers of the Company's securities between May 21, 2015 and July 26, 2017. The amended complaint alleges that the defendants violated Sections 10(b) and 20(a) of the U.S. Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder by making allegedly false and misleading statements or failing to disclose certain information regarding the Company's NDA for Oxycodone ER abuse-deterrent oxycodone hydrochloride extended release tablets. The complaint seeks, among other remedies, unspecified damages, attorneys' fees and other costs, equitable and/or injunctive relief, and such other relief as the court may find just and proper.

On March 30, 2018, the Company and the other defendants filed a motion to dismiss the amended complaint for failure to state a valid claim. The defendants' motion to dismiss was granted in part, and denied in part, in an Order dated December 17, 2018. In its Order, the court dismissed certain of the plaintiffs' securities claims to the extent that the claims were based upon statements describing the Oxycodone ER product's abuse-deterrent features and its bioequivalence to OxyContin. However, the court allowed the claims to proceed to the extent plaintiffs challenged certain public statements describing the contents of the Company's Oxycodone ER NDA. Defendants filed an answer to the amended complaint on January 7, 2019. On February 5, 2019, the court held an initial pretrial conference and entered a scheduling order governing discovery and class certification. In an order entered at the parties request on May 9, 2019, the Court stayed proceedings in the action to permit the parties time to conduct a mediation. As a result of subsequent extensions, the stay was extended through October 10, 2019. The parties participated in a mediation on August 1, 2019, during which the parties tentatively agreed to the terms of a settlement of the action subject to the satisfaction of certain financial conditions by the Company. On October 10, 2019, the Company provided notice that it was not able to satisfy those conditions. As a result, it is possible that the parties will resume active litigation in the action in the near future. If a settlement does not go forward, the Company and the other defendants intend to vigorously defend themselves against the remainder of the claims asserted in the consolidated action.

On November 7, 2019, the Company announced that the parties in Shanawaz v. Intellipharmaceutics International, Inc., an action pending in New York reached a settlement that is subject to the approval of the court following notice to class members. The stipulation of settlement provides for a settlement payment of US$1.6 million, which Intellipharmaceutics anticipates will be funded by available insurance.

As part of the settlement, the Company also agreed to contribute to the settlement fund specific anticipated Canadian tax refunds of up to US$400,000 to the extent received within 18 months after the entry of final judgment. The stipulation acknowledges that the Company and the other defendants continue to deny that they committed any violation of the U.S. securities laws or engaged in any other wrongdoing and that they are entering into the settlement at this time based on the burden, expense, and inherent uncertainty of continuing the litigation.

Although the Company believes that the settlement represents a fair and reasonable compromise of the matters in dispute in the litigation, there can be no assurance that the court will approve the stipulation of settlement as proposed, or at all. If the stipulation of settlement is not approved or otherwise fails to become effective, then the parties will be returned to their respective positions in the litigation as of August 9, 2019. Given the lack of activity for the past several months, plaintiffs' counsel filed on March 11, 2020, a letter on behalf of all parties jointly requesting a conference with the Court about the preliminary approval motion for the settlement. The court has not yet acted on the motion for preliminary approval.

On February 21, 2019, the Company and its CEO, Dr. Isa Odidi ("Defendants"), were served with a Statement of Claim filed in the Superior Court of Justice of Ontario ("Court") for a proposed class action

11. Contingencies (continued)

under the Ontario Class Proceedings Act ("Action"). The Action was brought by Victor Romita, the proposed representative plaintiff ("Plaintiff"), on behalf of a class of Canadian persons ("Class") who traded shares of the Company during the period from February 29, 2016 to July 26, 2017 ("Period"). The Statement of Claim, under the caption *Victor Romita v. Intellipharmaceutics International Inc. and Isa Odidi*, asserts that the Defendants knowingly or negligently made certain public statements during the Period that contained or omitted material facts concerning Oxycodone ER abuse-deterrent oxycodone hydrochloride extended release tablets. The Plaintiff alleges that he and the Class suffered loss and damages as a result of their trading in the Company's shares during the Period. The Plaintiff seeks, among other remedies, unspecified damages, legal fees and court and other costs as the Court may permit.

On February 26, 2019, the Plaintiff delivered a Notice of Motion seeking the required approval from the Court, in accordance with procedure under the Ontario Securities Act, to allow the statutory claims under the Ontario Securities Act to proceed with respect to the claims based upon the acquisition or disposition of the Company's shares on the TSX during the Period ("Motion"). On June 28, 2019, the Court endorsed a timetable for the exchange of material leading to the hearing of the Motion scheduled for January 27-28, 2020. No date has been set for the hearing of the certification application. On October 28, 2019, plaintiff's counsel advised the court that the Plaintiff intended to amend his claim and could not proceed with the Leave Motion scheduled for January 27-28, 2020. As such the Court released those dates.

On January 28, 2020, the plaintiff served a Notice of Motion for leave to amend the Statement of Claim. On April 2, 2020, the plaintiff delivered an Amended Motion Record and Amended Notice of Motion seeking an order for leave to issue a fresh as Amended Statement of Claim including the addition of Christopher Pearce as a Plaintiff ("Amendment Motion"). On May 1, 2020, Mr. Justice Morgan granted the plaintiff's Amendment Motion. The Leave Motion is currently scheduled to proceed on October 13-14, 2020. No date has been set for the hearing of the certification application. The Company and Dr. Odidi intend to vigorously defend the action and have filed a Notice of Intent to Defend.

On October 7, 2019, a complaint was filed in the U.S. District Court for the Southern District of New York by Alpha Capital Anstalt ("Alpha") against the Company, two of its existing officers and directors and its former Chief Financial Officer. In the complaint, Alpha alleges that the Company and the executive officers/directors named in the complaint violated Sections 11, 12(a)(2) and 15 of the Securities Act of 1933, as amended, by allegedly making false and misleading statements in the Company's Registration Statement on Form F-1 filed with the U.S. Securities and Exchange Commission on September 20, 2018, as amended (the "Registration Statement") by failing to disclose certain information regarding the resignation of the Company's then Chief Financial Officer, which was announced several weeks after the Registration Statement was declared effective. In the complaint Alpha seeks unspecified damages, rescission of its purchase of the Company's securities in the relevant offering, attorneys' fees and other costs and further relief as the court may find just and proper. On December 12, 2019, the Company and the other defendants in the action filed a motion to dismiss for failure to state a claim. The Plaintiff filed an opposition to that motion on February 4, 2020 and a reply brief in further support of the motion to dismiss the action was filed March 6, 2020. In addition, the Court scheduled a mandatory settlement conference with the Magistrate Judge for April 23, 2020 which the Company and counsel attended. On June 18, 2020, the court largely denied the Company's motion to dismiss the action. As a result, discovery is now going forward and is scheduled to conclude on December 18, 2020. The Company and other defendants intend to vigorously defend against the allegations set forth in the complaint. However, there can be no assurance that the case can be resolved in the Company's favor.

On May 28, 2020, the Company became aware that a statement of claim was filed in the Ontario Superior Court of Justice (CV-20-00641581-0000) against the Company and its directors by Greg Powell, a former employee and former CFO of the Company. The claims seek damages for unpaid wages, wrongful dismissal, manner of dismissal plus other compensation claims and special damages to be specified at a later date. The Company and the other defendants intend to vigorously defend against the allegations set forth in the complaint. However, there can be no assurance that the case can be resolved in the Company's favor.

(Stated in U.S. dollars)

11. Contingencies (continued)

On or about April 28, 2020, the Company received demand letters from their landlord for amounts owing. Amounts in question are fully accrued for and included in accounts payable, accrued liabilities and employee costs payable in the condensed unaudited interim balance sheets. The Company is in negotiations and management believes that amounts accrued are sufficient to cover the liabilities. In addition, the Company has vacated 22 Worcester Road as of June 30, 2020 and has no further obligation in respect of the rental payments on that building from and after July 1, 2020, but is liable for charges due prior to that date.

12. Financial instruments

(a) Fair values

The Company follows ASC topic 820, "Fair Value Measurements" which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provisions of ASC topic 820 apply to other accounting pronouncements that require or permit fair value measurements. ASC topic 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date; and establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. To increase consistency and comparability in fair value measurements and related disclosures, the fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

The three levels of the hierarchy are defined as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly for substantially the full term of the financial instrument.

Level 3 inputs are unobservable inputs for asset or liabilities.

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

(i) The Company calculates fair value of the options and warrants using its own historical volatility (Level 1).

(ii) The Company calculates the interest rate for the conversion option based on the Company's estimated cost of raising capital (Level 2).

An increase/decrease in the volatility and/or a decrease/increase in the discount rate would have resulted in an increase/decrease in the fair value of the conversion option and warrants.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis are as follows:

	May 31, 2020		November 30, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial Liabilities				
Convertible debentures[(i)]	1,772,034	1,790,998	1,744,813	1,778,988
Promissory notes payable[(i)]	154,379	154,379	159,863	159,863

(i) The Company calculates the interest rate for the Debentures and promissory notes payable based on the Company's estimated cost of raising capital and uses the discounted cash flow model to calculate the fair value of the Debentures and the promissory notes payable.

12. Financial instruments (continued)

(a) Fair values (continued)

The carrying values of cash, accounts receivable, accounts payable, accrued liabilities and employee cost payable approximates their fair values because of the short-term nature of these instruments.

(b) Interest rate and credit risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. The Company does not believe that the results of operations or cash flows would be affected to any significant degree by a sudden change in market interest rates, relative to interest rates on cash and the convertible debenture due to the short-term nature of these obligations. Trade accounts receivable potentially subjects the Company to credit risk. The Company provides an allowance for doubtful accounts equal to the estimated losses expected to be incurred in the collection of accounts receivable.

The following table sets forth details of the aged accounts receivable that are not overdue as well as an analysis of overdue amounts and the related allowance for doubtful accounts:

	May 31, 2020	November 30, 2019
	$	$
Total accounts receivable	240,679	177,202
Less allowance for doubtful accounts	-	-
Total accounts receivable, net	240,679	177,202
Not past due	240,679	177,202
Past due for more than 31 days but no more than 120 days	-	-
Past due for more than 120 days	-	-
Total accounts receivable, gross	240,679	177,202

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of uncollateralized accounts receivable. The Company's maximum exposure to credit risk is equal to the potential amount of financial assets. For the three and six months ended May 31, 2020, one customer accounted for all the revenue and accounts receivable of the Company. For the three and six months ended May 31, 2019, two customers accounted for all the revenue and accounts receivable of the Company. The Company is also exposed to credit risk at period end from the carrying value of its cash. The Company manages this risk by maintaining bank accounts with a Canadian Chartered Bank. The Company's cash is not subject to any external restrictions.

(c) Foreign exchange risk

The Company has balances in Canadian dollars that give rise to exposure to foreign exchange risk relating to the impact of translating certain non-U.S. dollar balance sheet accounts as these statements are presented in U.S. dollars. A strengthening U.S. dollar will lead to a foreign exchange loss while a weakening U.S. dollar will lead to a foreign exchange gain. For each Canadian dollar balance of $1.0 million, a +/- 10% movement in the Canadian currency held by the Company versus the U.S. dollar would affect the Company's loss and other comprehensive loss by $0.1 million.

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty raising liquid funds to meet its commitments as they fall due. In meeting its liquidity requirements, the Company closely monitors its forecasted cash requirements with expected cash drawdown.

(Stated in U.S. dollars)

12. Financial instruments (continued)

(d) Liquidity risk (continued)

The following are the contractual maturities of the undiscounted cash flows of financial liabilities as at May 31, 2020:

	Less than 3 months	3 to 6 months	6 to 9 months	9 months to 1 year	Greater than 1 year	Total
	$	$	$	$	$	$
Accounts payable	4,296,577	-	-	-	-	4,296,577
Accrued liabilities	1,513,429	-	-	-	-	1,513,429
Employee costs payable	1,628,580	-	-	-	-	1,628,580
Convertible debentures (Note 5)	1,319,014	500,137	-	-	-	1,819,151
Promissory notes payable (Note 5)	154,379	-	-	-	-	154,379
Total contractual obligations	8,911,979	500,137	-	-	-	9,412,116

13. Segmented information

The Company's operations comprise a single reportable segment engaged in the research, development and manufacture of novel and generic controlled-release and targeted-release oral solid dosage drugs. As the operations comprise a single reportable segment, amounts disclosed in the financial statements for revenue, loss for the period, depreciation and total assets also represent segmented amounts. In addition, all of the Company's long-lived assets are in Canada. The Company's license and commercialization agreement with Par accounts for substantially all of the revenue of the Company.

	Three months ended		Six months ended	
	May 31, 2020	May 31, 2019	May 31, 2020	May 31, 2019
	$	$	$	$
Revenue				
United States	395,740	1,214,520	773,294	1,558,056

	May 31, 2020	November 30, 2019
	$	$
Total assets		
Canada	3,563,250	3,796,713
Total property and equipment		
Canada	2,036,015	2,273,406

14. Subsequent event

In December 2019, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the national, provincial and municipal governments around the world regarding travel, business operations and isolation and quarantine orders. As COVID-19 has spread, the Company and its third party contractors have had to ask employees to temporarily work from home, which could adversely impact the productivity of the Company's workforce or the workforce of third parties which the Company relies on for supplies and services required for operations. Any disruption of suppliers would likely impact the Company's ability to conduct R&D and commercial operations, and ultimately materially adversely affect operating results. The extent to which COVID-19 impacts results will depend on future developments, which are highly uncertain and cannot be predicted, including the duration of the outbreak, new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others.

Intellipharmaceutics Announces Second Quarter 2020 Results

Toronto, Ontario July 15, 2020 – Intellipharmaceutics International Inc. (OTCQB: IPCIF and TSX: IPCI) ("Intellipharmaceutics" or the "Company"), a pharmaceutical company specializing in the research, development and manufacture of novel and generic controlled-release and targeted-release oral solid dosage drugs, today reported the results of operations for the three and six months ended May 31, 2020. All dollar amounts referenced herein are in United States dollars unless otherwise noted.

- On July 2, 2020, we announced that the parties in the cases, numbers 17-cv-392-RGA, 18-cv-404-RGA and 20-cv-515-RGA (the "Litigations") between Purdue Pharma L.P. et al ("Purdue Pharma") and Intellipharmaceutics, have entered into a stipulated dismissal of the Litigations. The stipulated dismissal, which is subject to approval by the bankruptcy court presiding over Purdue Pharma's pending chapter 11 cases, provides for the termination of patent infringement proceedings commenced by Purdue Pharma against the Company in the United States District Court for the District of Delaware in respect of the Company's New Drug Application ("NDA") filing for Aximris XR (oxycodone hydrochloride extended release tablets) with the United States Food and Drug administration ("FDA"). The stipulated dismissal also provides for a thirty (30) day period following a final approval of the Company's Aximris XR NDA during which the parties will attempt to resolve any potential asserted patent infringement claims relating to the NDA. If the parties fail to resolve all such claims during a period of thirty (30) days following such final approval, Purdue Pharma L.P. et al will have fifteen (15) days to pursue an infringement action against the Company.

- On April 9, 2020, we announced an update on timing of the release of our first quarter financial results for the three months ended February 29, 2020. The Canadian Securities Administrators had announced temporary relief from certain regulatory filings required to be made on or before June 1, 2020 by reporting issuers in Canada, in view of the recent COVID-19 developments and the impact on market participants. The blanket relief provided a 45-day extension for periodic filings, including financial statements and management's discussion and analysis. We are relying on this 45-day extension period provided under the blanket relief for the filing of our interim financial statements for the three months ended February 29, 2020 and the related MD&A. The Company filed its first quarter results for the three months ended February 29, 2020 on May 29, 2020, within the period of extension.

- On February 5, 2020, we announced the resignation of Greg Powell, our former Chief Financial Officer, for personal and family reasons. Pending the hiring of a replacement for Mr. Powell, the functions of Chief Financial Officer are being carried out by our President and former Chief Financial Officer, Dr. Amina Odidi. Fazayill Shaideen, who has been our Controller for the past 8 years, will continue to handle accounting activities.

- On January 15, 2020, at a joint meeting of the Anesthetic and Analgesic Drug Products Advisory Committee and Drug Safety and Risk Management Advisory Committee ("Advisory Committees") of the FDA to discuss our New Drug Application ("NDA") for Aximris XR™, abuse-deterrent oxycodone hydrochloride extended-release tablets, the Advisory Committees voted 24 to 2 against the approval of our NDA for Aximris XR™ for the management of pain severe enough to require daily, around-the-clock, long-term opioid treatment and for which alternative treatment options are inadequate. We expect the FDA to take action on our application, on completion of their review of the NDA.

Results of Operations

The Company recorded net loss for the three months ended May 31, 2020 of $1,048,433 or $0.04 per common share, compared with a net loss of $2,072,798 or $0.10 per common share for the three months ended May 31, 2019. In the three months ended May 31, 2020, the net loss is attributed to the decrease in up-front fees recognized in revenue, offset by decreased administrative expenses related to professional and legal fees and R&D expenses related to the decrease in third party consulting fees, decrease in expenses related to biostudies and the reduction in R&D staff. In the three months ended May 31, 2019, the net loss was attributed to the lower licensing revenues from commercial sales of generic Focalin XR® and to a lesser extent, sales of generic Seroquel XR® shipped to Mallinckrodt, combined with increased administrative expense related to professional and legal fees.

The Company recorded revenues of $395,740 for the three months ended May 31, 2020 versus $1,214,520 for the three months ended May 31, 2019. Such revenues consisted primarily of licensing revenues from commercial sales of the 15, 25, 30 and 35 mg strengths of our generic Focalin XR® under the Par agreement for the three months ended May 31, 2020. The higher revenue for the three months ended May 31, 2019 is primarily due to the change in contract term with Mallinckrodt which was terminated August 12, 2019 compared to the original ten year term. This resulted in up-front fees of $814,824 recognized in the three months ended May 31, 2019 versus $Nil over the same period in 2020. Beginning in early 2018, we began to see a significant impact from aggressive pricing by competitors, resulting in a marked increase in gross-to-net deductions such as wholesaler rebates, chargebacks and pricing adjustments which continues to date. While the gross-to-net deductions fluctuate on a quarter over quarter basis, profit share payments for the last quarter has been consistent over the same period in 2019.

Expenditures for R&D for the three months ended May 31, 2020 were lower by $1,019,713 compared to the three months ended May 31, 2019. The decrease is primarily due to significantly reduced third party consulting fees, decrease in expenses related to biostudies and the reduction in R&D staff.

Selling, general and administrative expenses were $548,232 for the three months ended May 31, 2020 in comparison to $1,476,013 for the three months ended May 31, 2019, resulting in a decrease of $927,781. The decrease is namely due to a decrease in administrative costs and a decrease in wages and marketing costs, partially offset by an increase in occupancy cost.

The Company had cash of $72,098 as at May 31, 2020 compared to $1,030,179 as at May 31, 2019. The decrease in cash was mainly due to expenditures for R&D and selling, general, and administrative expenses.

As of May 31, 2020, our cash balance was $72,098. We currently expect to meet our short-term cash requirements from quarterly profit share payments from Par and by cost savings associated with managing operating expense levels. If we are able to supply products to our marketing and distribution partner, Tris Pharma, and it achieves sales of our generic Seroquel XR®, generic Pristiq and generic Effexor XR at anticipated rates, then we may satisfy our cash needs with cost-saving measures. We will need to obtain additional funding to further product commercialization activities and the development of our product candidates. Potential sources of capital may include payments from licensing agreements, and/or debt financings and/or new strategic partnership agreements which the Company is actively exploring. The Company has funded its business activities principally through the issuance of securities, loans from related parties and funds from development agreements. There is no certainty that such funding will be available going forward. If conditions permit, we intend to utilize the equity markets and/or debt financing to bridge any funding shortfall. Our future operations are highly dependent upon our ability to source additional capital to support advancing our product pipeline through continued R&D activities and to fund any significant expansion of our operations. Our ultimate success will depend on whether our product candidates receive approval by the FDA or Health Canada or the regulatory authorities of other countries in which our products are proposed to be sold and on and whether we are able to successfully market our approved products. We cannot be certain that we will receive FDA or Health Canada or such other regulatory approval for any of our current or future product candidates, that we will reach the level of sales and revenues necessary to achieve and sustain profitability, or that we can secure other capital sources on terms or in amounts sufficient to meet our needs or at all.

There can be no assurance that we will not be required to conduct further studies for our Aximris XR product candidate, that the FDA will approve any of our requested abuse-deterrence label claims, that the FDA will meet its deadline for review or that the FDA will ultimately approve the NDA for the sale of product candidate in the U.S. market or that the product will ever be successfully commercialized and produce significant revenue for us.

About Intellipharmaceutics

Intellipharmaceutics International Inc. is a pharmaceutical company specializing in the research, development and manufacture of novel and generic controlled-release and targeted-release oral solid dosage drugs. The Company's patented Hypermatrix™ technology is a multidimensional controlled-release drug delivery platform that can be applied to a wide range of existing and new pharmaceuticals. Intellipharmaceutics has developed several drug delivery systems based on this technology platform, with a pipeline of products (some of which have received FDA approval) in various stages of development. The Company has ANDA and NDA 505(b)(2) drug product candidates in its development pipeline. These include the Company’s Oxycodone ER based on its proprietary nPODDDS™ novel Point Of Divergence Drug Delivery System (for which an NDA has been filed with the FDA), and Regabatin™ XR (pregabalin extended-release capsules).

Cautionary Statement Regarding Forward-Looking Information

Certain statements in this document constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and/or "forward-looking information" under the Securities Act (Ontario). These statements include, without limitation, statements expressed or implied regarding our expectations , plans, goals and milestones, status of developments or expenditures relating to our business, plans to fund our current activities, and statements concerning our partnering activities, health regulatory submissions, strategy, future operations, future financial position, future sales, revenues and profitability, projected costs and market penetration and risks or uncertainties arising from the delisting of our shares from Nasdaq and our ability to comply with OTCQB and TSX requirements. In some cases, you can identify forward-looking statements by terminology such as "appear", "unlikely", "target", "may", "will", "should", "expects", "plans", "plans to", "anticipates", "believes", "estimates", "predicts", "confident", "prospects", "potential", "continue", "intends", "look forward", "could", "would", "projected", "goals" ,"set to", "seeking" or the negative of such terms or other comparable terminology. We made a number of assumptions in the preparation of our forward-looking statements. You should not place undue reliance on our forward-looking statements, which are subject to a multitude of known and unknown risks and uncertainties that could cause actual results, future circumstances or events to differ materially from those stated in or implied by the forward-looking statements. Risks, uncertainties and other factors that could affect our actual results include, but are not limited to, , the effects of general economic conditions, securing and maintaining corporate alliances, our estimates regarding our capital requirements, and the effect of capital market conditions and other factors, including the current status of our product development programs, capital availability, the estimated proceeds (and the expected use of any proceeds) we may receive from any offering of our securities, the potential dilutive effects of any future financing, potential liability from and costs of defending pending or future litigation, risks associated with the novel coronavirus (COVID-19) including its impact on our business and operations, our programs regarding research, development and commercialization of our product candidates, the timing of such programs, the timing, costs and uncertainties regarding obtaining regulatory approvals to market our product candidates and the difficulty in predicting the timing and results of any product launches, the timing and amount of profit-share payments from our commercial partners, and the timing and amount of any available investment tax credits, the actual or perceived benefits to users of our drug delivery technologies, products and product candidates as compared to others, our ability to establish and maintain valid and enforceable intellectual property rights in our drug delivery technologies, products and product candidates, the scope of protection provided by intellectual property rights for our drug delivery technologies, products and product candidates, recent and future legal developments in the United States and elsewhere that could make it more difficult and costly for us to obtain regulatory approvals for our product candidates and negatively affect the prices we may charge, increased public awareness and government scrutiny of the problems associated with the potential for abuse of opioid based medications, pursuing growth through international operations could strain our resources, our limited manufacturing, sales, marketing and distribution capability and our reliance on third parties for such, the actual size of the potential markets for any of our products and product candidates compared to our market estimates, our selection and licensing of products and product candidates, our ability to attract distributors and/or commercial partners with the ability to fund patent litigation and with acceptable product development, regulatory and commercialization expertise and the benefits to be derived from such collaborative efforts, sources of revenues and anticipated revenues, including contributions from distributors and commercial partners, product sales, license agreements and other collaborative efforts for the development and commercialization of product candidates, our ability to create an effective direct sales and marketing infrastructure for products we elect to market and sell directly, the rate and degree of market acceptance of our products, delays in product approvals that may be caused by changing regulatory requirements, the difficulty in predicting the timing of regulatory approval and launch of competitive products, the difficulty in predicting the impact of competitive products on sales volume, pricing, rebates and other allowances, the number of competitive product entries, and the nature and extent of any aggressive pricing and rebate activities that may follow, the inability to forecast wholesaler demand and/or wholesaler buying patterns, seasonal fluctuations in the number of prescriptions written for our generic Focalin XR® capsules which may produce substantial fluctuations in revenue, the timing and amount of insurance reimbursement regarding our products, changes in laws and regulations affecting the conditions required by the FDA for approval, testing and labeling of drugs including abuse or overdose deterrent properties, and changes affecting how opioids are regulated and prescribed by physicians, changes in laws and regulations, including Medicare and Medicaid, affecting among other things, pricing and reimbursement of pharmaceutical products, the effect of recent changes in U.S. federal income tax laws, including but not limited to, limitations on the deductibility of business interest, limitations on the use of net operating losses and application of the base erosion minimum tax, on our U.S. corporate income tax burden, the success and pricing of other competing therapies that may become available, our ability to retain and hire qualified employees, the availability and pricing of third-party sourced products and materials, challenges related to the development, commercialization, technology transfer, scale-up, and/or process validation of manufacturing processes for our products or product candidates, the manufacturing capacity of third-party manufacturers that we may use for our products, potential product liability risks, the recoverability of the cost of any pre-launch inventory, should a planned product launch encounter a denial or delay of approval by regulatory bodies, a delay in commercialization, or other potential issues, the successful compliance with FDA, Health Canada and other governmental regulations applicable to us and our third party manufacturers' facilities, products and/or businesses, our reliance on commercial partners, and any future commercial partners, to market and commercialize our products and, if approved, our product candidates, difficulties, delays or changes in the FDA approval process or test criteria for ANDAs and NDAs, challenges in securing final FDA approval for our product candidates, including our oxycodone hydrochloride extended release tablets product candidate, in particular, if a patent infringement suit is filed against us with respect to any particular product candidates

(such as in the case of Oxycodone ER), which could delay the FDA's final approval of such product candidates, healthcare reform measures that could hinder or prevent the commercial success of our products and product candidates, the risk that the FDA may not approve requested product labeling for our product candidate(s) having abuse-deterrent properties and targeting common forms of abuse (oral, intra-nasal and intravenous), risks associated with cyber-security and the potential for vulnerability of our digital information or the digital information of a current and/or future drug development or commercialization partner of ours, and risks arising from the ability and willingness of our third-party commercialization partners to provide documentation that may be required to support information on revenues earned by us from those commercialization partners. Additional risks and uncertainties relating to us and our business can be found in the "Risk Factors" section of our latest annual information form, our latest Form 20-F, and our latest Form F-1 and F-3 registration statements (including any documents forming a part thereof or incorporated by reference therein), as amended, as well as in our reports, public disclosure documents and other filings with the securities commissions and other regulatory bodies in Canada and the U.S., which are available on www.sedar.com and www.sec.gov. The forward-looking statements reflect our current views with respect to future events and are based on what we believe are reasonable assumptions as of the date of this document and we disclaim any intention and have no obligation or responsibility, except as required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Trademarks used herein are the property of their respective holders.

Unless the context otherwise requires, all references (i) to "we," "us," "our," "Intellipharmaceutics," and the "Company" refer to Intellipharmaceutics International Inc. and its subsidiaries and (ii) in this document to share amounts, per share data, share prices, exercise prices and conversion rates have been adjusted to reflect the effect of the 1-for-10 reverse split which became effective on each of Nasdaq and TSX at the open of market on September 14, 2018. The common shares of the Company are currently traded on the OTCQB and the TSX.

Nothing contained in this document should be construed to imply that the results discussed herein will necessarily continue into the future or that any conclusion reached herein will necessarily be indicative of our actual operating results.

The condensed unaudited interim consolidated financial statements, accompanying notes to the condensed unaudited interim consolidated financial statements, and Management Discussion and Analysis for the three and six months ended May 31, 2020 will be accessible on Intellipharmaceutics' website at www.intellipharmaceutics.com and will be available on SEDAR and EDGAR.

Summary financial tables are provided below.

Intellipharmaceutics International Inc.

Condensed unaudited interim consolidated balance sheets

As at

(Stated in U.S. dollars)

	May 31, 2020	November 30, 2019
	$	$
Assets		
Current		
Cash	72,098	64,622
Accounts receivable, net	240,679	177,202
Investment tax credits	775,736	775,736
Prepaid expenses, sundry and other assets	191,966	156,616
Inventory	246,756	349,131
	1,527,235	1,523,307
Property and equipment, net	2,036,015	2,273,406
	3,563,250	3,796,713
Liabilities		
Current		
Accounts payable	4,296,577	3,757,018
Accrued liabilities	1,513,429	927,698
Employee costs payable	1,628,580	893,864
Income tax payable	5,678	5,678
Promissory notes payable	154,379	159,863
Convertible debentures	1,772,034	1,744,813
	9,370,677	7,488,934
	9,370,677	7,488,934
Shareholders' equity (deficiency)		
Capital stock		
Authorized		
Unlimited common shares without par value		
Unlimited preference shares		
Issued and outstanding		
23,678,105 common shares	46,144,402	45,561,222
(November 30, 2019 - 22,085,856)		
Additional paid-in capital	44,265,141	44,167,721
Accumulated other comprehensive income	284,421	284,421
Accumulated deficit	(96,501,391)	(93,705,585)
	(5,807,427)	(3,692,221)
Contingencies		
	3,563,250	3,796,713

Intellipharmaceutics International Inc.

Condensed unaudited interim consolidated statements of operations and comprehensive loss
For the three and six months ended May 31, 2020 and 2019
(Stated in U.S. dollars)

	Three months ended		Six months ended	
	May 31, 2020	May 31, 2019	May 31, 2020	May 31, 2019
	$	$	$	$
Revenue				
Licensing	395,740	399,696	773,294	664,247
Up-front fees	-	814,824	-	893,809
	395,740	1,214,520	773,294	1,558,056
Cost of good sold				
Cost of goods sold	-	-	-	33,068
Gross Margin	395,740	1,214,520	773,294	1,524,988
Expenses				
Research and development	635,326	1,655,039	1,583,171	3,787,300
Selling, general and administrative	548,232	1,476,013	1,071,463	2,683,256
Depreciation	102,423	126,776	205,122	252,060
	1,285,981	3,257,828	2,859,756	6,722,616
Loss from operations	(890,241)	(2,043,308)	(2,086,462)	(5,197,628)
Net foreign exchange gain	22,066	24,961	44,854	13,629
Interest income	-	843	-	854
Interest expense	(180,258)	(55,294)	(754,198)	(114,102)
Net loss and comprehensive loss	(1,048,433)	(2,072,798)	(2,795,806)	(5,297,247)
Loss per common share, basic and diluted	(0.04)	(0.10)	(0.12)	(0.26)
Weighted average number of common shares outstanding, basic and diluted	23,678,105	21,037,532	23,445,792	20,047,972

Intellipharmaceutics International Inc.

Condensed unaudited interim consolidated statements of cash flows
For the three and six months ended May 31, 2020 and 2019
(Stated in U.S. dollars)

	Three months ended		Six months ended	
	May 31, 2020	May 31, 2019	May 31, 2020	May 31, 2019
	$	$	$	$
Net loss	(1,048,433)	(2,072,798)	(2,795,806)	(5,297,247)
Items not affecting cash				
Depreciation	102,423	125,895	205,122	252,060
Stock-based compensation	12,232	160,016	65,981	162,289
Accreted interest	127,403	8,260	641,840	16,197
Unrealized foreign exchange loss	(5,484)	885	(5,484)	883
Change in non-cash operating assets & liabilities				
Accounts receivable	23,558	(79,846)	(63,477)	(55,761)
Investment tax credits	-	(45,000)	-	(90,000)
Inventory	-	-	102,375	31,723
Prepaid expenses, sundry and other assets	(19,654)	201,083	(35,350)	169,401
Accounts payable, accrued liabilities and employee costs payable	874,001	735,923	1,892,275	377,002
Deferred revenue	-	(817,784)	-	(892,784)
Cash flows used in operating activities	66,046	(1,783,366)	7,476	(5,326,237)
Financing activities				
Repayment of 2013 Debenture	-	-	-	(300,000)
Proceeds from issuance of shares on exercise of 2018 Pre-Funded Warrants	-	1,500	-	27,953
Cash flows provided from (used in) financing activities	-	1,500	-	(272,047)
Investing activity				
Purchase of property and equipment	-	(9,624)	-	(13,414)
Cash flows used in investing activities	-	(9,624)	-	(13,414)
Increase (decrease) in cash	66,046	(1,791,490)	7,476	(5,611,698)
Cash, beginning of period	6,052	2,821,669	64,622	6,641,877
Cash, end of period	72,098	1,030,179	72,098	1,030,179
Supplemental cash flow information				
Interest paid	-	44,331	-	90,754
Taxes paid	-	-	-	-

CONTACT INFORMATION

Company Contact:
Intellipharmaceutics International Inc.
Isa Odidi
Chief executive Officer
416.798.3001 ext. 102
investors@intellipharmaceutics.com

EXHIBIT 99.4

FORM 52-109F2

CERTIFICATION OF INTERIM FILINGS

FULL CERTIFICATE

I, Dr. Isa Odidi, Chief Executive Officer, of Intellipharmaceutics International Inc., certify the following

1. **Review:** I have reviewed the interim financial statements and interim MD&A (together, the "interim filings") of Intellipharmaceutics International Inc. (the "issuer") for the interim period ended May 31, 2020 .

2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. **Responsibility:** The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 **Control Framework:** The control framework the issuer's other certifying officer and I used to design the issuer's ICFR is the Committee of Sponsoring Organizations Internal Control Framework.

5.2 **ICFR – material weakness relating to design:** The issuer has disclosed in its interim MD&A for each material weakness relating to design existing at the end of the interim period

   (a) a description of the material weakness;

   (b) the impact of the material weakness on the issuer's financial reporting and its ICFR; and

   (c) the issuer's current plans, if any, or any actions already undertaken, for remediating the material weakness.

5.3 ***N/A***

6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on March 1, 2020 and ended on May 31, 2020 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: ***July 15, 2020***

/s/ Isa Odidi
Dr. Isa Odidi
Chief Executive Officer

EXHIBIT 99.5

FORM 52-109F2

CERTIFICATION OF INTERIM FILINGS

FULL CERTIFICATE

I, Amina Odidi, Presideent/COO, Acting Chief Financial Officer, of Intellipharmaceutics International Inc., certify the following

1. **Review:** I have reviewed the interim financial statements and interim MD&A (together, the "interim filings") of Intellipharmaceutics International Inc. (the "issuer") for the interim period ended May 31, 2020 .

2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. **Responsibility:** The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 **Control Framework:** The control framework the issuer's other certifying officer and I used to design the issuer's ICFR is the Committee of Sponsoring Organizations Internal Control Framework.

5.2 **ICFR – material weakness relating to design:** The issuer has disclosed in its interim MD&A for each material weakness relating to design existing at the end of the interim period

   (a) a description of the material weakness;

   (b) the impact of the material weakness on the issuer's financial reporting and its ICFR; and

   (c) the issuer's current plans, if any, or any actions already undertaken, for remediating the material weakness.

5.3 ***N/A***

6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on March 1, 2020 and ended on May 31, 2020 , that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: ***July 15, 2020***

/s/ Dr. Amina Odidi
Dr. Amina Odidi
President/COO, Acting Chief Financial Officer