May 12, 2015

MANAGEMENT'S DISCUSSION & ANALYSIS
(All figures are expressed in thousands of Canadian dollars)

This Management's Discussion & Analysis ("MD&A") for the three months ended March 31, 2015 has been prepared to help investors understand the financial performance of the Company in the broader context of the Company's strategic direction, the risks and opportunities as understood by management, and the key success factors that are relevant to the Company's performance. Management has prepared this document in conjunction with its broader responsibilities for the accuracy and reliability of the financial statements, as well as the development and maintenance of appropriate information systems and internal controls to ensure that the financial information is complete and reliable. The Finance and Audit Committee of the Board of Directors has reviewed this document and all other publicly reported financial information for integrity, usefulness, reliability and consistency.

The following discussion should be read in conjunction with the condensed interim financial statements for the three months ended March 31, 2015, and the audited annual financial statements of the Company for the years ended December 31, 2014 and 2013 (the "Annual Financial Statements"), as well as management's discussion and analysis for the year ended December 31, 2014.

FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking information within the meaning of securities law. Forward-looking information may relate to our future outlook and anticipated events or results and may include statements regarding our future financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes and plans and objectives. In some cases, forward-looking information can be identified by terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts. These statements are based on certain factors and assumptions regarding, among other things, expected growth, results of operations, performance and business prospects and opportunities. While we consider these assumptions to be reasonable based on information currently available to us, they may prove to be incorrect. Forward looking-information is also subject to certain factors, including risks and uncertainties that could cause actual results to differ materially from what we currently expect. These factors include, among other things, the availability of funds and resources to pursue development projects, the successful and timely completion of clinical studies, and the ability of the Company to take advantage of business opportunities, the granting of necessary approvals by regulatory authorities as well as general economic, market and business conditions. For more exhaustive information on these risks and uncertainties you should refer to our most recently filed annual information form which is available at www.sedar.com. Forward-looking information contained in this MD&A is based on our current estimates, expectations and projections, which we believe are reasonable as of the current date. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While we may elect to, we are under no obligation and do not undertake to update this information at any particular time.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS

The Company's management maintains a system of disclosure controls and procedures to provide reasonable assurance that material information is made known, and has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

The accounting policies applied in these financial statements are based on IFRS effective for the three months ended March 31, 2015, as issued and outstanding as of May 12, 2015, the date the Board of Directors approved the statements.

Dr. Paul M. Walker, Chief Executive Officer, and Mr. Anthony Businskas, Chief Financial Officer, in accordance with Multilateral Instrument NI 52-109, have also both certified that:

- They have reviewed the condensed interim financial statements and this MD&A ("the Filings");
- Based on their knowledge, these Filings do not contain any untrue fact or omit a material fact;
- The Filings present fairly the financial position, statements of loss and comprehensive loss, changes in equity, and cash flows of the Company;
- They have designed such disclosure controls and procedures, or caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the Company is made known to them by others within the Company, particularly during the period in which the annual filings are being prepared;
- They have designed such internal controls over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS; and

This document and the related financial statements can also be viewed on the Company's website at www.spectraldx.com and at www.sedar.com. The Company's Annual Information Form and Management Information Circular are also available on these websites.

INTRODUCTION

Spectral Medical Inc. ("Spectral" or the Company") was formerly known as Spectral Diagnostics Inc. Its name was changed effective December 31, 2014 to reflect the Company's continuing transition into a therapeutic development company. Spectral is strategically focused on the development and commercialization of a treatment for severe sepsis and septic shock utilizing its Endotoxin Activity Assay (EAA™) and the Toraymyxin™ ("PMX") therapeutic. If approved, this will be the first targeted therapy guided by a specific diagnostic in the area of sepsis. The Company also manufactures and sells certain proprietary reagents.

EAA™

Spectral has pioneered the development of biochemical markers for the clinical syndrome known as "septic shock". In 2003, the Company achieved U.S. Federal Drug Administration ("FDA"), Health Canada and European CE clearance of the Endotoxin Activity Assay ("EAA™") for the first recognized rapid test for the risk of developing sepsis in the Intensive Care Unit ("ICU"). In North America alone over 1,000,000* patients are diagnosed with the clinical syndrome of sepsis annually. Between 30% and 50% of patients with severe sepsis and septic shock die in the ICU. Earlier identification and treatment of patients at risk for sepsis reduces mortality and saves significant cost by reducing the length of stay in the ICU and by helping to guide therapeutic interventions. Spectral's EAA™ endotoxin measurement is the only FDA cleared diagnostic for this indication currently on the market.

PMX

PMX is a therapeutic hemoperfusion device that removes endotoxin from the bloodstream. PMX has been used in more than 100,000 patients to date globally and has demonstrated in clinical trials that it safely and effectively removes endotoxin and reduces mortality in patients with severe sepsis and septic shock.

Results of a randomized controlled trial (the EUPHAS trial) were published in the *Journal of the American Medical Association* (JAMA, 2009; Vol. 301 No. 23, 2445-2452). The results demonstrated that when PMX is added to conventional therapy, there is significantly improved hemodynamics and organ function, and reduced 28-day mortality in patients with severe sepsis and septic shock in comparison to those patients in the conventional therapy group.

PROPRIETARY REAGENTS

Spectral develops, produces and markets recombinant proteins, antibodies and calibrators. These materials are sold for use in research and development as well as in products manufactured by other diagnostic companies through non-exclusive license and supply agreements. Royalty revenues are earned from these license arrangements based on a percentage of end user sales of Troponin I.

CLINICAL DEVELOPMENT

The Company's only clinical development program is focused on obtaining U.S. FDA approval for PMX.

On March 6, 2009, Spectral signed a license agreement with Toray Industries, Inc. of Japan granting Spectral the exclusive development and commercial rights in the U.S. for PMX, a therapeutic device for the treatment of septic shock that removes endotoxin from the bloodstream. Under the terms of the agreement, Spectral is seeking U.S. FDA approval for PMX and intends to commercialize the product, together with its Endotoxin Activity Assay (EAA™), the only FDA cleared diagnostic for the measurement of endotoxin.

** Ref: Martin. G., Expert Rev Anti Infect Ther.2012 June; 10(6): 701-706*

On February 26, 2010, the Company received final approval of its Investigation Device Exemption ("IDE") from the U.S. FDA, which permits the Company to conduct a pivotal trial for PMX (the EUPHRATES trial) in the United States.

In October, 2010, the Company announced the initiation of its EUPHRATES trial (Evaluating the Use of Polymyxin B Hemoperfusion in a Randomized controlled trial of Adults Treated for Endotoxemia and Septic shock) in the United States comparing standard of care versus PMX plus standard of care.

In November, 2010, the Company signed a long-term, exclusive distribution agreement with Toray Industries, Inc. and Toray Medical Co., Ltd. of Japan (collectively "Toray") to market and sell PMX in Canada. . The Company is developing commercial plans for the Canadian market so that it is ready to commence sales activities upon FDA approval.

In the fourth quarter of 2011, "Xigris", an Eli Lilly product, was withdrawn from the market globally, following results of a European clinical study which showed that the trial did not meet the primary endpoint of a statistically significant reduction in 28-day all cause mortality in patients with septic shock. In February, 2012, the first of two anticipated pivotal Phase III sepsis studies for Tolactoferrin alfa ("Aggenix AG") was halted for safety reasons. While unfortunate for sepsis patients and clinicians, the opportunity to find an effective treatment remains.

On June 20, 2012, the FDA approved the Company's request to add up to an additional 30 clinical trial sites. This provides the Company with the capability to expand the trial to a total of 60 clinical sites in North America and internationally.

On September 26, 2012, the FDA approved an amended protocol for the EUPHRATES trial, which included two planned interim analyses instead of one.

In January, 2013, the first interim analysis was conducted on the 76 randomized patients who were followed for 28 days. The Data Safety and Monitoring Board ("DSMB"), consisting of experts in the fields of critical care medicine, infectious disease, nephrology, biostatistics and regulatory affairs, reviewed the totality of the data set for evidence of safely concerns, such as adverse events and/or adverse device effects, related to the use of the PMX cartridge. The results from the first interim safety analysis by the DSMB stated that there are no safety issues to date concerning the application of the PMX cartridge to patients in the EUPHRATES trial. In addition, the results stated that the EUPHRATES clinical protocol appeared to be defining the correct target patient population for this study.

On May 1, 2013, the Company announced the appointment of Dr. Gualtiero Guadagni as the Company's Vice President, Sales and Marketing. Dr. Guadagni is primarily responsible for the development of sales and marketing programs, the expansion of commercial opportunities and the execution of sales and marketing initiatives for PMX and EAA™ in Canada, the United States and Europe.

On September 26, 2013, the Company announced that the 184 patients required for the planned, second interim analysis had been randomized into its EUPHRATES trial.

On January 27, 2014, the DSMB met to review the results of the second interim analysis after 184 patients had been randomized and followed for 28 days in accordance with the Statistical Analysis Plan agreed to with the FDA. On that date, the DSMB reported that stopping rules for safety, efficacy and futility were not met and that the trial should continue. The DSMB did not, however, provide the planned sample size recalculation at that time. The DSMB requested that additional analysis be performed by the Contract Research Organization on the original 184 patients prior to the recalculation.

The Company received the recommendations of the DSMB pursuant to its analysis on April 11, 2014, which recommendations included an additional exclusion criterion. The DSMB recommended that patients with a Multiple Organ Dysfunction Score (MODS) score of ≤ 9 no longer be eligible for randomization in the trial. The MODS score is a recognized scoring system used to evaluate the degree

of organ dysfunction which exists in patients with sepsis. This recommendation is consistent with data from previous PMX trials, which demonstrated that the PMX column is most effective in reducing mortality rates of sicker patients. Based on these recommendations, the trial's sample size was recalculated and increased from 360 to 605 evaluable patients. The increase in the sample size enhanced the likelihood of demonstrating, with sufficient power, a statistically and clinically significant effect. The Company submitted a protocol amendment to the FDA for the recommended additional exclusion criterion, which amendment was approved in the second quarter. The EUPHRATES trial has been using the new exclusion criterion since receiving the recommendation from the DSMB on April 11, 2014. The additional criterion has further positively refined the target patient population for the trial.

In late September, 2014 the Company received notice from the FDA concerning the Company's overall path to commercialization, whereby the FDA approved the Company's Statistical plan subsequent to the second interim analysis of the EUPHRATES trial, and also agreed to a clear regulatory pathway. In that regard, the FDA has agreed to accept a modular Premarket Approach ("PMA"). The modular submission provides the opportunity to meaningfully accelerate the commercialization period.

The composite mortality rate of randomized patients in the trial since the implementation of an additional exclusion criterion on early April, 2014 has increased significantly, which trend suggests a strong clinical indication and that those patients most likely to benefit from the treatment are being properly identified and randomized into the trial. This composite mortality rate is similar to that seen in the prior European EUPHAS study, which demonstrated a significant mortality reduction in septic shock.

On November 25, 2014, the Company announced the presentation at the American Society of Nephrology of the largest ever analysis of Japanese registry data on the significant mortality rate reduction in patients with septic shock treated with Toraymyxin™. The mortality rate of patients treated with two PMX cartridges was 34.5% compared to 47.0% in the untreated group, representing an approximate 25% relative reduction in mortality at 28 days. It was noted that PMX therapy is most effective in patients at the highest risk of death and that those patients who were treated with two PMX cartridges demonstrated a more meaningful benefit versus those treated with only one cartridge. This is the same treatment methodology used in the EUPHRATES trial.

On March 10, 2015, the Company announced the results of the most recent DSMB meeting. The key recommendations of the DSMB were that the EUPHRATES trial proceed as planned and that an interim analysis be performed on patients randomized since the last protocol amendment with the amended exclusion criterion. The Company will consider the recommendations of the DSMB and, if appropriate, would submit a statistical analysis plan to the FDA to allow for analysis by the fourth quarter of 2015.

In April, 2015, the FDA accepted the Company's plan, and related content, for a rolling Pre Market Approval (PMA) submission. The submission consists of four separate modules. The first three modules will include physical, chemical and safety testing data, as well as requisite manufacturing information. The fourth, and final, module provides clinical data.

The Company has completed the first three modules and will submit them, starting in May, over the next four to six months in accordance with a schedule to be agreed with the FDA.The final module will be submitted upon availability of clinical data from the EUPHRTES trial. This process allows for timely review of the various modules so that the timeframe to commercialization, after completion of clinical data analysis, can be reduced significantly.

As another important step towards commercialization, the Company has developed a working prototype of its proprietary hemoperfusion/RRT (renal replacement therapies) pump. This pump is specifically designed to simplify its treatment for patients with septic shock and is intended for use in acute care settings under the direction of doctors and nurses. The pump was introduced to a select group of critical care clinicians and nephrologists at the CRRT conference held in San Diego in February, 2015. The Company expects to secure CE mark, FDA 510K licensing and clearances in 2015 in preparation for the potential commercial launch of its septic shock treatment device.

As of May 12, 2015, 352 patients have been randomized into the EUPHRATES trial, 82 of whom have been randomized since implementation of the additional exclusion criterion in April, 2014.

The EUPHRATES trial is currently the only active Phase III study in the area of septic shock.

PMX is marketed in Japan and Europe and has been used to treat more than 100,000 sepsis patients safely and effectively. Spectral's EAA™ can identify patients that will benefit from PMX and monitor the effects of the treatment. This combination of the EAA™ diagnostic and the PMX therapeutic has been utilized by clinicians in Europe since November 2007 and has demonstrated a significant reduction in mortality. The market opportunity for Spectral is large, as the combined diagnostic and therapeutic product is expected to fulfill a major unmet need for the approximately 350,000 patients who develop severe sepsis or septic shock in the U.S. each year. Over half of these patients potentially have highly elevated levels of endotoxin. The U.S. market potential for this treatment is estimated at over $3 billion.

OPERATIONS

During the first three months of 2015, the Company's activities focused on implementation of the EUPHRATES trial and commercialization readiness programs

The Company also continued to sell its EAA™ diagnostic and its proprietary reagents under the terms of existing commercial arrangements.

OPERATING RESULTS

REVENUE

Revenue for the three months ended March 31, 2015 was $877, compared to $844 for the same period in the preceding year. First quarter revenues were consistent with prior year levels and this trend is expected to continue for the remainder of the year.

EXPENSES

Operating costs for the three months ended March 31, 2015 were $3,166, compared to $4,033 for the same period in the preceding year, a decrease of $867.

This decrease is almost entirely attributable to the EUPHRATES trial activities. The lower costs in the first three months of 2015 are the result of a fewer number of clinical site initiations and a reduced number of randomized patients in the trial after implementation of the additional exclusion criterion in April, 2014.

Employee benefit costs decreased from $1,034 in the first three months of 2014 to $947 for the same period in 2015. The decrease is attributed primarily to the lower fair value of share options granted in the first quarter of 2015 as compared to those granted in the first quarter of 2014.

Regulatory and investor relations costs in the first quarter of 2015 amounted to $170, compared to $76 in the first quarter of 2014. The increase is attributable to the expansion of investor relations initiatives which is expected to continue throughout the remainder of the year.

FINANCE INCOME

Finance income represents interest earned on the Company's premium rate savings account. The amount of interest earned in any given period, is directly dependant on the balance of funds in the account as well as the interest rate at the time.

LOSS

For the three months ended March 31, 2015, the Company reported a loss of $2,265 compared to a loss of $3,175 for the three months ended March 31, 2014 due primarily to lower costs for its EUPHRATES trial as described above.

SHARES OUTSTANDING

The total number of shares outstanding as of the date of this Management's Discussion & Analysis is 190,809,205.

BALANCE SHEET, FINANCIAL CONDITION AND LIQUIDITY

Cash and cash equivalents of $7,068 at March 31, 2015, decreased by $2,986, from $10,054 at December 31, 2014. This decrease was attributable to the following:

Cash operating losses	$(2,117)
Property and equipment expenditures	(118)
Share options exercised	43
Shares repurchased under the NCIB	(55)
Working capital	(739)
	$(2,986)

PRIVATE PLACEMENTS

1. On June 10, 2014, the Company entered into agreements for a non-brokered private placement of up to $18,200 (the "Offering"), comprised of a Tranche "A" component and a Tranche "B" component.

   The Tranche "A" component of the private placement, in the amount of $13,200, was completed on July 25, 2014. The Company received net proceeds of $12,816 which will be used to fund its EUPHRATES trial and for working capital and general corporate purposes.

   The Tranche "A" component was comprised of 45,051,186 common shares ("Shares") of the Company at a subscription price of $0.293 per Share, for aggregate gross proceeds of $13,200, of which (a) 17,064,846 Shares, for aggregate proceeds of $5,000, were sold to Toray Industries, Inc.; (b) 15,358,360 Shares, for aggregate gross proceeds of $4,500 were sold to Birch Hill Equity Partners Management Inc.; (c) 9,726,958 Shares for aggregate proceeds of $2,850, were sold to other investors; and (d) 2,901,022 Shares, for aggregate proceeds of $850 were sold to other related parties at the date of the transaction.

   The Tranche "B" component of the Offering was comprised of additional Shares to be sold to Toray by the Company of up to $5,000, if, as and when the Company exercises the right (the "Call Right"), granted by Toray to the Company.
   The Company provided written notice to Toray to exercise the Call Right granted by Toray to the Company on March 14, 2015. On April 1, 2015, Toray purchased 9,041,592 common shares ("Shares") at a subscription price of $0.553 per Share (representing the 20 day volume weighted average trading price of the Shares on the TSX for the 20 day period ended March 13, 2015) for aggregate gross proceeds of $5,000.

2. On April 1, 2015, pursuant to their anti-dilution rights, Birch Hill acquired 2,007,872 Shares at a subscription price of $0.553 per Share, for aggregate gross proceeds of $1,110.

NORMAL COURSE ISSUER BID

On December 15, 2014, the Company announced that the Toronto Stock Exchange (the TSX") approved its notice of intention to make a normal course issuer bid ("NCIB") for its outstanding common shares (the "Shares"). Pursuant to the notice, the Company may purchase up to 3,594,745 of its Shares, representing approximately 2% of its issued and outstanding Shares, during the twelve month period commencing December 17, 2014 and ending December 16, 2015.

At the time of acceptance, there were 179,737,241 Shares issued and outstanding. The Company may purchase up to 22,461 Shares on the TSX during any trading day, which represents approximately 25% of the average daily trading volume on the TSX for the most recently completed six calendar months prior to the TSX's acceptance of the notice of the NCIB. All Shares purchased under the issuer bid will be cancelled.

The Company repurchased 90,000 Shares under this NCIB for $55 as of March 31, 2015.

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RELATED PARTIES

All related parties and the respective transactions have been disclosed in Note 12 to the condensed interim financial statements for the three months ended March 31, 2015 and 2014.

1. Toray Industries, Inc. ("Toray")

   Toray holds 42,773,105 Spectral shares, representing approximately 22.4% (2014 – 12.4%) of Spectral's issued and outstanding capital, calculated on a non-diluted basis.

   Toray is entitled to nominate one director (the "Toray Representative") to the Board of Directors as long as it owns in the aggregate not less than 10% of the common shares issued and outstanding calculated on a non-diluted basis. Mr. Koichiro Takeshita is the Toray representative.

2. Birch Hill Equity Partners Management Inc. ("Birch Hill")

   Birch Hill, through a number of its funds and an investee Company, holds 32,984,718 common shares of the Company representing approximately a 17.3% ownership interest. Birch Hill was not a related party in 2014 since it held less than 10% of the issued and outstanding common shares.

   Birch Hill is entitled to nominate one director to the Company's Board so long as it owns in aggregate not less than 5% of the issued and outstanding common shares of the Company calculated on a non-diluted basis.

3. Key management consists of the Company's four executive officers and its Board of Directors.

There are no other related party transactions.

OUTLOOK

The Company expects to continue to generate sales in 2015 pursuant to its existing and new commercial arrangements for EAA™ and its proprietary biological reagents. The strategic focus in 2015 will be on the successful implementation of clinical, regulatory and other operational initiatives targeting commercialization readiness for potential market launch in the U.S. as early as the first half of 2016, subject to FDA approval.

As at March 31, 2015 the Company had $7,068 available to fund its commercialization activities and operations. An additional $6,110 was received on April 1, 2015 upon the closing of Tranche B of our financing pursuant to exercise of the Call Right, and the exercise of Birch Hill's anti-dilution rights, which brought the total cash on hand to $13,198.

BUSINESS RISKS

The Company's operations are exposed to a variety of risk factors inherent in new product development. The Company's short operating history in its new endeavours makes prediction of future operating results difficult. Actual future results may differ significantly from those projected in any forward-looking statements. Key business risks for the Company are detailed in its most recent Annual Information Form which is available at www.sedar.com.

RISK MANAGEMENT

1. FINANCIAL RISK MANAGEMENT

In the normal course of business, the Company is exposed to a number of financial risks that can affect its operating performance. These risks are: credit risk, liquidity risk and market risk. The Company's overall risk management program and prudent business practices seek to minimize any potential adverse affects on the Company's financial performance.

a. Credit Risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Financial instruments that potentially expose the Company to significant credit risk consist of cash and cash equivalents and trade and other receivables.

i. Cash: The Company places its cash with Canadian Schedule I banks.

ii. Cash equivalent: The cash equivalent consists of a premium money market savings account placed with a Canadian Schedule I bank with an original maturity of 3 months or less. The premium money market savings account can be converted to cash on demand.

iii. Trade and other receivables: The Company sells its products to distribution partners in major markets. The credit risk associated with the accounts receivable pursuant to these agreements is evaluated during initial negotiations and on an ongoing basis. There have been no events of default under these agreements. As at March 31, 2015 and 2014, no material accounts receivable balances were considered impaired or past due.

b. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities as they become due. The Company is exposed to liquidity risk, as it continues to have net cash outflows to support its operations. The Company's objective for liquidity risk management is to maintain sufficient liquid financial resources to meet commitments and obligations in the most cost effective manner possible.

The Company achieves this by maintaining sufficient cash and cash equivalents and managing working capital. The Company monitors its financial resources on a weekly basis and updates its expected use of cash resources on the latest available data. All of the Company's financial liabilities are classified as current liabilities. Current liabilities were $2,592 as at March 31, 2015 with all of them having expected settlement dates within one year. There are uncertainties related to the timing and use of the Company's cash resources.

c. Market Risk

i. Currency risk: The majority of the Company's revenue is denominated in U.S. dollars and Euros. At March 31, 2015, cash and cash equivalents included US$2. Trade and other receivables included a total of US$513 and €9. Trade and other payables included a total of

US$1,052 and €2. There is no active hedging program currently in place due to the relatively short time frame for settlement of these balances. A 10% change in the U.S. dollar /Canadian dollar or Euro/Canadian exchange rates on the March 31, 2015 amounts would have an impact on losses by $67.

ii. Interest rate risk: The Company has no material exposure to fluctuations in interest rates.

2. CAPITAL RISK MANAGEMENT

The Company's primary objective, when managing capital, is to maintain appropriate levels of cash and cash equivalents for working capital and operating purposes, as well as funding commercialization of its core products. Capital consists of share capital, contributed surplus, other equity reserves, and deficit.

The Company achieves this by maintaining sufficient cash and cash equivalents and working capital. The Company monitors its financial resources on a weekly basis and updates its expected use of cash resources on the latest available data.

CRITICAL ACCOUNTING ESTIMATES

The condensed interim financial statements of Spectral for the three months ended March 31, 2015 are prepared in accordance with IAS 34, “Interim Financial Reporting”. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2014, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) as set out in the CPA Canada Handbook. The Company has identified the accounting policies and estimates that are critical to the understanding of the Company’s operation and financial results in the condensed interim financial statements. Certain polices are selected by management and approved by the Finance and Audit Committee of the Board of Directors. These accounting policies are set out in Note 3 of the Annual Financial Statements for the years ended December 31, 2014 and 2013. Certain policies are more significant than others and are, therefore, considered critical accounting estimates. Accounting policies are considered to be critical if they rely on a substantial amount of judgment in their application or if they result from a choice between accounting alternatives and that choice has a material impact on the reported results or financial position.

In addition to accounting policies, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenue and expenses during the reporting period. The most significant estimates are related to the recoverability of purchased technology and licences, property and equipment, the valuation assumptions related to share compensation, and accrual estimates made for clinical trial expenses. Actual results could differ from those estimates. The condensed interim financial statements of the Company have been prepared using similar estimation methods for the critical accounting estimates as were used for the annual financial statements and they conform to the requirement of IAS 34 “Interim Financial Reporting”.