

CANOPUS BIOPHARMA, INC

MARCH 31, 2015

World class solutions require worldwide effort

TABLE OF CONTENTS

Contents

Financial Summary _____ 1

Financial Statements _____ 3

Financial Statements _____ 4

Financial Statements _____ 6

Notes to Financial Statements _____ 8

Contact Information _____ 12

Company Information _____ 12

Financial Summary

Our Financial Summary is provided to assist readers in understanding the results of operations and the financial condition of Canopus Biopharma, Inc. It should be read in conjunction with the unaudited Consolidated Financial Statements and Notes to Consolidated Financial Statements. Certain statements in this report, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements involve risks and uncertainties and relate to our future plans, goals, expectations and intentions. Such forward-looking statements may be identified by the use of words such as "expects," "anticipates," "intends," "believes," "plans," "will," "may," and similar expressions. Our actual results could differ materially from the results anticipated in these forward-looking statements.

Q1-3 2015 PERFORMANCE

Substantial progress has been made in the first three quarters of our fiscal year 2015.

Substantial progress has been made in 2014 and beginning of 2015 in terms of research and development. The majority of our operating spending in 2015 will be targeted to Ebola and Rapha-D research and development. We obtained a granted patent in China for the use of unique formulation of Mogroside V and Fluvastatin to treat Hepatitic C patients.

Additionally, we have significantly increased the research and developmental expenses as well expenses related to legal and consulting services. These administrative expenses will be incurred to help secure investor funding.

Finally, compensation and interest expense from our short-term borrowings contributed to our net loss for the reporting period.

Q4 2015 FORECAST

We believe we can potentially monetize some of our compounds within this fiscal year. Details of major commercial initiatives during the upcoming quarter include:

FINANCIAL SUMMARY

April – June 2015	• Continue research on our Ebola prescription combination antiviral, CB008+(in association with USAMRIID / Sanofi), and await further animal study results. • Finalize licensing process for the neutraceutical formulation that controls Cortisol levels in stressed individuals. • Complete field trials for PTP-100 for Laminitis in Horses at East Tennessee Clinic Research Centre and publish final study report. • Complete PTP-100 Laminitis in Horses field trial and present for licensing. • Present our PPM for fund raising of US $4.0 million. • Present our results from the USAMRIID screening for publication. • Process patents and results in-vitro for multi-drug resistant TB. • Begin negotiating licensing of PTP-100 to Decra and other veterinary licensing companies. • Complete acute and chronic toxicity studies in animals for our new antibiotics. • Process patents for anti-bacterials, oral health care and biofilm inhibition.

Financial Statements

CANOPUS BIOPHARMA, INC
CONDENSED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

	For 12 months ended 6/30/2014	For 9 months ended 3/31/15
Revenues	$0	$0
Cost of Sales	-	-
Operating expenses:		
Amortization and depreciation	9,873	7,480
Research and development expenses	413,611	1,139,152
Selling, informational and administrative expenses	86,690	730,577
Total Operating expenses	510,173	1,877,209
Loss from operations	(510,173)	(1,877,209)
Other income (expense)		
Interest Expense	(385,632)	(183,243)
Other income (expense)	2,580,408	-
Net Other (income) expense	2,194,776	(183,243)
Net (loss) income	**1,684,603**	**(2,060,452)**
Other comprehensive income (loss) - foreign currency translation adjustment	-	104,758
Comprehensive (loss) income	**$ 1,684,603**	**$ (1,955,694)**
Earnings (loss) per common share:		
Basic	**$ 0.04**	**$ (0.03)**
Diluted	**$ 0.04**	**$ (0.03)**
Weighted average shares-basic	40,710,683	69,263,324
Weighted average shares-diluted	42,296,250	69,281,506

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

Financial Statements

CANOPUS BIOPHARMA, INC
CONDENSED BALANCE SHEETS
(UNAUDITED)

	6/30/2014	3/31/2015
Assets		
Cash and cash equivalents	$28,647	$2,343
Total current assets	28,647	2,343
Patent, net of amortization	960,683	5,962,474
Fixed assets, net of depreciation	-	45,537
Other assets	573,736	-
Total assets	**$1,563,066**	**$6,010,354**
Liabilities and Equity		
Short-term borrowings, including interest	1,944,417	1,427,102
Discount on debt	(93,654)	-
Other accrued liabilities	255,000	726,194
Advances for equity issuance	-	340,497
Total current liabilities	**2,105,763**	**2,493,793**
Common stock	306,480	375,234
Additional paid in capital	7,660,264	13,606,461
Accumulated deficit	(8,509,440)	(10,569,892)
Accumulated other comprehensive income (loss)	-	104,758
Total equity	**(542,697)**	**3,516,561**
Total liabilities and equity	**$1,563,066**	**$6,010,354**

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

Financial Statements

CANOPUS BIOPHARMA, INC
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	For 12 months ended 6/30/2014	For 9 months ended 3/31/15
OPERATING ACTIVITIES		
Net income (loss)	$ 1,684,603	$ (2,060,452)
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Amortization and depreciation	9,873	7,480
Amortization of debt discount	-	93,654
Selling, informational and administrative expenses		468,795
Other Accrued Liabilities	(74,240)	471,194
Sale of patents, including amortization	352,495	-
Net cash provided by Operating Activities	1,972,731	(1,019,329)
INVESTING ACTIVITIES		
Purchase of fixed assets	-	(47,317)
Short Term Borrowings	(2,208,458)	125,970
Interest Receivable	(44,869)	60,481
Loan receivable	(100,000)	513,255
Net cash provided by (used in) Investing Activities	(2,353,327)	652,389
FINANCING ACTIVITIES		
Additional Paid in Capital	376,636	-
Common stock	32,507	139
Advances for equity issuance	-	340,497
Net cash provided by Financing Activities	409,143	340,636
Net cash increase for period	28,547	(26,304)
Cash at beginning of period	100	28,647
Cash at end of period	$ 28,647	$ 2,343
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
NON-CASH ACTIVITIES		
Common stock issued for acquisition of patents	$ -	$ 5,007,491
Common stock issued for conversion of borrowings	-	643,285
Common stock issued for operational expenses	-	364,037

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

Notes to Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Nature of Business

Canopus Biopharma, Inc., a Nevada corporation (the "Company"), was formed on April 8, 1986 as Travel Entertainment, a privately held Nevada corporation. Then on January 29, 1987 the Company changed its name to Landmere Inc., and later on September 9, 2005 the Company changed its name to Drake Holding Corp. and on June 14, 2007 the Company changed its name to Canopus Biopharma, Inc. The Company is a biopharmaceutical company focused on the development and commercialization of innovative drugs that address unmet medical needs.

Canopus Biopharma, Inc. has operations in Ireland and the United States and conducts research and development in the United States, Europe, and the Asia Pacific Region.

On November 28, 2014, CBIA board of directors passed a resolution to create a wholly owned Ireland subsidiary "Canopus Biotechnology Ireland, Ltd' (CBI). The Company anticipates the creation of CBI to be completed by the end of the current fiscal year.

A merger between KLM Biotechnology and CBI is expected to be completed by the end of the current fiscal year.

Basis of Accounting

The accompanying condensed consolidated financial statements as of June 30, 2014 and March 31, 2015 and for the year and nine months then ended are unaudited.

These condensed consolidated financial statements are stated in U.S. dollars and are prepared under generally accepted accounting principles (GAAP) in the United States.

The accompanying condensed consolidated financial statements include all adjustments that, in the opinion of management, are necessary for a fair presentation of the Company's financial position and results of operations.

2. INTANGIBLE ASSETS

As of March 31, 2015, there was one granted patent and the Company was in the final process of registering 29 patents. During the nine months ended March 31, 2015, the Company acquired seven new patents from a shareholder in exchange for issuance of 30 mln common shares valued at $5 mln.

Granted patents are amortized over its useful life or twenty years, whichever is less. Amortization expense was approximately $5,700 for the nine months ending March 31, 2015.

3. OTHER ASSETS

Other assets consist of the following loan and related interest receivable.

Other Assets	6/30/14	3/31/15
Loan Receivable	$513,255	$-
Interest Receivable	60,481	-
Total Other Asset	**$573,736**	**$-**

4. SHORT-TERM BORROWINGS

We still are in negotiations with our debtors, and anticipate a debt settlement within the next fiscal year. During the nine months ended March 31, 2015, the Company issued approximately 2.6 mln common shares to settle $643,285 in short-term borrowings.

Short-Term Borrowings	6/30/14	3/31/15
Loans Payable	$1,463,669	$910,414
Interest Payable	480,748	516,688
Total Short-Term Borrowings	**$1,944,417**	**$1,391,897**

5. OTHER ACCRUED LIABILITIES

Other accrued liabilities consist of the following:

Other Accrued Liabilities	6/30/14	3/31/15
Salaries and Wages Payable	$155,000	$626,194
Other Trade Creditors	100,000	100,000
Total Accrued liabilities	**$255,000**	**$726,194**

6. RESEARCH AND DEVELOPMENT

Research and development expenditures enable us to develop compounds in order to meet the needs and improve the lives of our patients. Our current research and development is focused on Ebola, Equine Laminitis, and Rapha treatments. Total research and development expenses were approximately $1.1 mln for the nine months ending March 31, 2015.

6. NON-EMPLOYEE STOCK BASED COMPENSATION

The Company accounts for equity instruments issued to non-employees in accordance with the provisions of ASC 718 "Equity based payments to Non-Employees." The equity instruments consisting of stock options measured at fair value. The values attributable to these options are amortized over the service period. The Company recorded stock-based compensation of approximately $17,000 for the nine month period ending March 31, 2015.

7. EQUITY

On October 6, 2014 Canopus entered into an agreement with an accredited investor to raise over $550,000 in capital. As of March 31, 2015, under the current agreement 2014, the Company received advances of $340,497.

During the nine months ended March 31, 2015, the Company issued approximately 2.6 mln common shares to settle $643,285 in short-term borrowings.

During the nine months ended March 31, 2015, the Company acquired seven new patents from a shareholder in exchange for issuance of 30 mln common shares valued at $5 mln.

Warrants and rights outstanding are derivative securities that give the holder the right to purchase securities from the issuer at a specific price within a certain time frame. The following table gives information about the Company's common stock that may be issued upon the exercise of warrants and rights as of March 31, 2015.

	6/30/2014	3/31/2015
Total Warrants and Rights outstanding from warrants granted in 2007 and 2008	402,750	402,750
Total Rights outstanding from notes issued in 2008 and 2010	413,748	586,329
Total Rights outstanding from notes issued in 2014	481,818	18,182
Total Warrants and Rights Outstanding	**1,298,316**	**1,007,261**

8. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 15, 2015. Other than those described below, there have been no subsequent events after March 31, 2015 for which disclosure is required.

On April 12, 2015, the Board of Directors of the Company authorized and approved to increase of Company's shares to 120 million common shares. The Board further approved issuing 8 million common shares to raise equity and approved a stock option plan of 29,652,650 common shares.

On April 12, 2015, the Company granted stock options of 1,349,038 common shares at $0.25 per share with immediate vesting and expiration period of five (5) years and stock option of five (5) million common shares

at $0.10 per share with immediate vesting and expiration period of five (5) years. The grants are in consideration of services and other good and valuable consideration received.

After March 31, 2015, the Company entered into multiple agreements for the issuance of 900,000 warrants with conversion price of $0.15 and 600,000 warrants with conversion price of $0.001.

Contact Information

Chief Executive Officer	President and Director	Clinical Director	Executive Director
			
Patrick Prendergast	Dr. Leo Shanahan-Prendergast	Dr. Daniel Shanahan-Prendergast	Steven M. Adler

Company Information

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