M PHARMACEUTICAL INC.
(formerly First Sahara Energy Inc.)

Unaudited Interim Consolidated Financial Statements

For three and six months ended June 30, 2015 and 2014
(Expressed in Canadian dollars)

NOTICE TO READER

The accompanying unaudited interim consolidated financial statements for M Pharmaceutical Inc. (formerly First Sahara Energy Inc.) have been prepared by management in accordance with International Financing Reporting Standards consistently applied. These interim consolidated financial statements have not been audited or reviewed by the auditors.

TABLE OF CONTENTS

Interim Consolidated Statements of Financial Position (Unaudited)	1
Interim Consolidated Statements of Comprehensive Loss (Unaudited)	2
Interim Consolidated Statements of Changes in Equity (Unaudited)	3
Interim Consolidated Statements of Cash Flows (Unaudited)	4
Notes to the Interim Consolidated Financial Statements (Unaudited)	5 - 14

M PHARMACEUTICAL INC. (formerly First Sahara Energy Inc.)
Interim Consolidated Statement of Financial Position (Unaudited)
As at

(In Canadian Dollars)	***Notes***	**June 30, 2015**	December 31, 2014
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents		**58,234**	41,266
Accounts receivable		**-**	334
Sales tax receivable		**23,860**	4,873
Prepaid expenses and deposits		**79,730**	35,656
Investments	*7*	**196,385**	240,000
Total Current Assets		**358,209**	322,129
Assets held for sale	*11*	**-**	180,000
Non-current Assets			
Intangible Assets	*8*	**2,299,737**	-
Total Assets		**2,657,946**	502,129
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		**654,353**	458,800
Decommissioning obligation	*11*	**-**	180,000
Total Current Liabilities		**654,353**	638,800
Promissory notes payable	*10*	**357,252**	66,907
Total Liabilities		**1,011,605**	705,707
Shareholders' Equity			
Share capital	*5(b)*	**44,176,598**	40,969,783
Contributed surplus		**8,231,930**	8,231,930
Accumulated other comprehensive income		**(72,765)**	(50,000)
Deficit		**(50,689,423)**	(49,355,291)
Total Shareholders' Equity		**1,646,341**	(203,578)
Total Liabilities and Shareholders' Equity		**2,657,946**	502,129

Going concern (Note 2)
Commitments and contingencies (Note 9)
Subsequent events (Note 14)

Director

"Signed"
Rick Skeith

Director

"Signed"
George Tsafalas

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

M PHARMACEUTICAL INC. (formerly First Sahara Energy Inc.)
Interim Consolidated Statement of Comprehensive Loss (Unaudited)
For three and six months ended June 30, 2015

(In Canadian Dollars)	*Notes*	**Six Months Ended June 30, 2015**	Six Months Ended June 30, 2014	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014
		$		$	
Expenses					
Professional fees		**412,954**	136,600	256,604	62,657
General and administrative		**207,364**	26,817	79,308	11,298
Travel and promotion		**94,923**	21,100	56,220	10,084
Consulting fees	*6*	**548,384**	332,221	377,254	249,008
(Loss) before the following items		**(1,263,625)**	(516,738)	(769,386)	(333,047)
Write-off of accounts payable and accrued liabilities		**-**	182,096	-	180,700
Impairment of exploration and evaluation assets		**(6,140)**	-	-	-
Interest expense	*10*	**(64,366)**	(52,165)	(62,694)	(27,500)
Net (loss) for the period		**(1,334,131)**	(386,807)	(832,080)	(179,848)
Other comprehensive loss, net of tax					
Fair value loss on investments		**(22,765)**	-	(2,765)	-
Total comprehensive loss		**(1,356,896)**	(386,807)	(834,845)	(179,847)
Net (loss) per share - basic & diluted	*13*	**(0.05)**	(0.14)	(0.04)	(0.06)
Weighted average number of shares - basic & diluted		**25,746,514**	2,864,911	22,219,184	2,967,010

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

M PHARMACEUTICAL INC. (formerly First Sahara Energy Inc.)
Interim Consolidated Statement of Changes in Equity (Unaudited)
As at

	Notes	Share capital		Contributed surplus	Accumulated other comprehensive income	Deficit	Total equity
		Number of shares*	Amount				
			$	$	$	$	$
Balance at December 31, 2013 (Restated)		2,261,679	39,681,247	8,191,930	-	(49,005,867)	(1,132,690)
Common shares issued for private placement	*5(b)*	5,504,998	1,200,000	-	-	-	1,200,000
Common shares issued for debt and warrant issue		300,000	103,000	40,000	-	-	143,000
Subscription received		-	23,800	-	-	-	23,800
Finder's fees		-	(38,264)	-	-	-	(38,264)
Fair value loss on investment					(50,000)		(50,000)
Loss for the period		1	-	-	-	(349,424)	(349,424)
Balance at December 31, 2014		8,066,678	40,969,783	8,231,930	(50,000)	(49,355,291)	(203,578)
Common shares issued for private placement	*5(b)*	5,400,000	1,080,000	-	-	-	1,080,000
Common shares issued for debt issue		2,124,814	361,218	-	-	-	361,218
Common shares issued for M Diagnostics Inc. acquisition		806,667	282,333	-	-	-	282,333
Common shares issued for RX Global Capital Inc. acquisition (FMV $0.16)		9,522,400	1,523,574	-	-	-	1,523,584
Finder's fees		-	(40,320)	-	-	-	(40,320)
Fair value loss on investment					(22,765)		(22,765)
Loss for the period		-				(1,334,131)	(1,334,131)
Balance at June 30, 2015		25,920,559	44,176,598	8,231,930	(72,765)	(50,689,422)	1,646,342

* Post Consolidated

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

M PHARMACEUTICAL INC. (formerly First Sahara Energy Inc.)
Interim Consolidated Statement of Cash Flows (Unaudited)
For the six months ended June 30, 2015

(In Canadian Dollars)	***Notes***	**2015**	2014
		$	$
Cash and cash equivalents provided by (used in):			
Operating Activities			
Net (loss) for the year		**(1,334,132)**	(386,807)
Adjustments for items not affecting cash			
Accretion and accrued interest		**10,345**	49,665
Changes in non-cash components of working capital			
Sales tax receivable		**(18,987)**	8,372
Accounts receivable		**334**	2,246
Prepaid expenses		**(44,074)**	14,653
Accounts payable and accrued liabilities		**556,772**	(240,573)
		(829,742)	(552,444)
Financing Activities			
Issue of common shares	*5(b)*	**1,080,000**	1,141,706
Share issue costs		**(40,320)**	-
Proceeds received from loan		**-**	-
Issue (repayment) of promissory note		**-**	(50,000)
		1,039,680	1,091,706
Investing Activities			
M Diagnostics acquisition		**(188,910)**	-
Acquisition of intangible		**(24,910)**	-
Proceeds on sale of investments	*7*	**(20,850)**	**-**
		(192,970)	-
(Decrease) increase in cash and cash equivalents		**16,968**	539,262
Cash and cash equivalents, beginning of the period		**41,266**	49,959
Cash and cash equivalents, end of the period		**58,234**	589,221

1. General information

M Pharmaceutical Inc. (formerly First Sahara Energy Inc.) ("the Company") is committed to develop and commercialize innovative biomedical technologies that improve the health and quality of life of people affected by obesity and diabetes. The Company currently has the exclusive rights to a family of biomedical technologies including (i) the eMosquito, for automatic and autonomous monitoring of blood glucose by diabetics; (ii) temporary controllable pseudobezoars, an innovative method for non-invasive dynamic gastric volume reduction for weight loss that has been recently tested in blind, placebo-controlled human studies; and (iii) gastrointestinal neurostimulators, using a laparoscopically-implantable technique for the treatment of obesity without permanent anatomical modification of the stomach. Commercial development of eMosquito, Trimeo and Trimtec biomedical technologies will require successful coordination and execution of a wide variety of technology disciplines.The Company was incorporated on March 11, 2003 under the laws of the Province of Ontario. On November 26, 2014, the Company was continued into the Province of Alberta from Ontario. The address of the head office is suite 430-580 Hornby Street, Vancouver, BC V6C 3B6.

On November 26, 2014, the Company entered into a letter of intent to acquire M Diagnostics Inc. which owned, among other things, a perpetual, exclusive, world-wide license covering all of the intellectual property and commercial rights to M Diagnostics Inc.'s glucose monitoring device named the e-mosquito, along with all relevant patents held collectively called "the License Agreement". Further to the letter of intent, upon the completion of all due diligence by the Company and closing of the license as contemplated, the Company is obligated to pay a 3% royalty on all future e-mosquito product sales, issued 8,066,670 common shares of the Company's common stock (the "Acquisition Shares"), and made a cash payment of $US150,000 to M Diagnostics Inc.

On February 19, 2015, the Company closed on its letter of intent with M Diagnostics Inc. to acquire all of the intellectual property and commercial rights to M Diagnostics Inc.'s glucose monitoring device named the e-mosquito, along with all relevant patents held by acquiring M Diagnostics Inc.

Further to the letter of intent, the Company issued 8,066,670 common shares of the Company's common stock (the "Acquisition Shares") and made a cash payment of $US150,000 to the former shareholders of M Diagnostics Inc.

In February 2015, the Company entered into an agreement for the acquisition of the intellectual property associated with temporary controllable pseudo bezoars by the purchase of a private company that holds as its sole asset an exclusive, the world-wide license agreement.

On May 7, 2015, the Company entered into an agreement for the acquisition of the rights to the intellectual property associated with neural gastrointestinal stimulators through the purchase of Trimtec Biomedical Inc., a private Alberta company.

On June 26, 2015, the Company closed the acquisition of the rights to the intellectual property associated with neural gastrointestinal stimulators through the purchase of Trimtec Biomedical Inc. ("Trimtec"), a private Alberta company.

On July 14, 2015, the Company has issued 1,000 common shares from treasury and assumed the obligations of the exclusive worldwide license agreement covering this technology that Trimtec holds with UTI Limited Partnership at the University of Calgary in Calgary, Alberta.

2. Going concern

The ability of the Company to realize its business plan and continue operations is dependent upon the Company being able to commercialize a product for sale, to finance research, development and commercialization costs and compete in a competitive marketplace for diabetes monitoring products. Although the Company believes it will be successful, there is no guarantee the Company will produce a product that is marketable or obtains consumer acceptance.

These interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material. The Company has a need for financing working capital, product development, marketing and sales. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operations. It is not possible to accurately predict whether present financing efforts will be successful or if the Company will attain profitable levels of operations. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These conditions raise significant doubt about its ability to continue as a going concern.

3. Basis of preparation

Basis of measurement

These interim consolidated financial statements were prepared on a going concern basis, under the historical cost convention, as modified by the measurement at fair value of certain financial assets and financial liabilities. Share options and share awards granted to employees and third parties are recognized at fair value at the date of grant.

Statement of compliance

The interim consolidated financial statements for the six months ended June 30, 2015, including comparatives, have been prepared in accordance with IAS 34 “Interim Financial Reporting“ (IAS 34). They do not include all of the information required in annual financial statements in accordance with IFRSs, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2014. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The interim consolidated financial statements were authorized for issue by the Board of Directors on August 25, 2015.

Use of estimates and judgments

The preparation of interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary significantly from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Functional and presentation currency

These interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

Adoption of New and Revised Reporting Standards

The Company adopted all new and revised standards issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB effective for periods beginning on or before January 1, 2015, being amendments related to the Annual Improvements to IFRSs 2010-2012 and 2011-2013 Cycles. The amendments related to the Annual Improvements Cycles clarified standards already in effect and did not impact the Company's interim financial position, results of operations or disclosures.

The Company did not adopt any new or revised standards in advance of their effective dates.

4. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiaries M Diagnostics Inc., RX Global Capital Inc. and TriMtec Biomedical Inc. as at June 30, 2014.

The companies are collectively referred to as the "Group". All significant intercompany balances and transactions have been eliminated upon consolidation. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. No gain or loss is recognized in profit or loss.

For consolidation purposes, control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the

period are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognises the related assets (including goodwill if any), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

5. Share capital

(a) **Authorised**

Unlimited number of common voting shares. The common shares do not have a par or stated value. All issued common shares are fully paid.

(b) **Issued common shares**

	Number of Shares (Post consolidation)	$
At December 31, 2013 (Restated)	2,261,679	39,681,247
Common shares issued for debt	300,000	103,000
Receipt of subscription receivable	-	23,800
Common shares issued for cash	5,504,999	1,200,000
Share issue costs	-	(38,264)
At December 31, 2014	**8,066,678**	**40,969,783**
Common shares issued to M Diagnostics Inc. shareholders	**806,667**	**282,333**
Common shares issued RX Global Capital Inc. shareholders	**9,522,400**	**1,523,584**
Common shares issued for cash	**5,400,000**	**1,080,000**
Common shares issued for debt	**2,124,814**	**361,218**
Share issue costs	**-**	**(40,320)**
At June 30, 2015	**25,920,559**	**44,176,598**

On February 26, 2014, the Company issued 330,000 common share units at a price of $0.50 per common share for gross proceeds of $165,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable for 2 years from closing at an exercise price of $0.70 per common share.

On June 18, 2014, the Company completed a non-brokered private placement and raised gross proceeds $1,035,000 by issuing 5,174,998 units at $0.20 each. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable for 2 years from closing at an exercise price of $0.50 per common share. The Company used the proceeds from this financing for general working capital. The Company paid $31,427 finder's fees to those assisting it in completing this financing in the amount of 8% cash.

On June 20, 2014, the Company issued 60,000 common shares at a price of $0.50 per common share for gross proceeds of $30,000 for debt. On July 2, 2014, the Company issued 40,000 common shares at a price of $0.50 per common share in payment of finder's fees total amount $20,000.

On July 24, 2014, 200,000 units with a value of $60,000 were issued to reduce promissory notes from $385,000 to $85,000. On July 17, 2014 $200,000 of cash was paid. Each unit consists of one common share and one half of a share purchase warrant. Each warrant is exercisable for 3 years from closing at an exercise price of $0.50 per common share. The 100,000 warrants were attributed a value of $40,000 based on the Company's share price on the date the warrants were issued using the Black Scholes model. The shares were settled in the agreement at a price of $0.40 per share. When the 200,000 shares were issued, they were attributed a value of $60,000 based on the Company's share price on July 24, 2014. As a result, a gain of $20,000 has been recognized.

On February 19, 2015, the Company issued 806,667 common shares of the Company's common stock to the shareholders of M Diagnostics Inc. for acquisition of license technology relating to the diabetes monitoring devices.

In February 2015, the Company completed a private placement and raised gross proceeds of $1,080,000 by issuing 5,400,000 shares at $0.20 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable for 2 years from closing at an exercise price of $0.50 per common share.

During February 2015, the Company issued 110,600 finder's warrants. Further to the letter of intent, the Company issued 806,668 common shares of the Company's common stock (the "Acquisition Shares") and made a cash payment of US$150,000 to the former shareholders of M Diagnostics Inc.

In April 2015, the Company closed the acquisition and issued a total of 9,522,400 common shares at a deemed price of $0.25 per share (FMV $0.16), including 3,500,000 shares pursuant to the license agreement. The 3,500,000 shares are subject to a 3 year escrow agreement, with 10% of the escrowed shares being immediately releasable, and the balance being released in equal tranches every six months thereafter. The Company also issued 5,664,000 replacement warrants, exercisable at $0.25 per warrant expiring on February 10, 2020.

On April 16 2015, the Company consolidated its common shares on the basis of ten old common shares for one new common share. The consolidation was approved by shareholders at a special meeting of the Company held on October 10, 2014 and was approved by the Canadian Securities Exchange ("CSE") in April 2015. The consolidation was intended to better position the Company for institutional investors seeking growth opportunities in the life sciences industry.

On May 8, 2015, the Company issued 2,124,814 common shares to consultants and other service providers pursuant to contractual arrangements, and to settle certain debts of the Company owed to insiders and consultants at a deemed price of $0.17 per share in aggregate $361,218.

(c) **Issued common share purchase warrants**

A summary of the changes in the Company's share purchase warrants during the six months ended June 30, 2015 and June 30, 2014 (post consolidated) are as follows:

	Number of Warrants (Post Consolidated)	Weighted Average Exercise Price
Balance, December 31, 2013	**1,164,000**	**$ 0.70**
Issued	5,604,998	$ 0.50
Expired	(60,000)	$ 5.00
Balance, June 30, 2014 and December 31, 2014	**6,708,998**	**$ 0.05**
Issued	5,510,600	$ 0.50
Issued	806,667	$ 0.75
Issued	5,664,000	$ 0.25
Balance, June 30, 2015	**18,690,265**	**$ 0.44**

As at June 30, 2015, the following common share purchase warrants were outstanding:

Expiry date	Exercise Price	Warrants
September 13, 2015	0.50	1,100,000
September 13, 2015	0.50	4,000
February 25, 2016	0.50	330,000
June 18, 2016	0.50	5,174,998
July 24, 2017	0.50	100,000
February 6, 2017	0.50	4,375,000
February 6, 2016	0.50	110,600
February 13, 2017	0.50	1,025,000
February 20, 2016	0.75	806,667
February 7, 2017	0.25	5,664,000
		18,690,265

6. Related party transactions

The following is a summary of the Company's related party transactions during the period:

(a) Key Management compensation consists of:

(i) Consulting fees

During the six month period ended June 30, 2015, the Company accrued total consulting fees to the directors and to the director's companies for $53,400 (2014 - $243,480) of which $15,750 (2014 - $121,800) is owed at period end.

During the six month period ended June 30, 2015, the Company accrued total consulting fees to the Management and to Management's companies for $64,500 (2014 - $6,480). A balance of $1,680 (2014 - $6,480) is owed at period end.

(ii) Accounting fees

During the six month period ended June 30, 2015, the Company accrued and paid total accounting fees to the Management's company for $13,500 (2014 – 21,000).

(iii) Legal and Professional fees

During the six month period ended June 30, 2015, the Company accrued and paid total legal and professional fees to the director's company for $175,594 (2014 - $Nil). A balance of $342,874 (2014 - $Nil) is owed at period end.

7. Investments

On November 4, 2014, the Company was paid 2,000,000 common shares of Maxim Resources, a publicly traded company on the TSX-V as a finder's fee. The Company reported a gain for $290,000 which was the fair market value of the securities at the time of issuance to the Company.

The Company recorded a $22,765 other comprehensive loss as at June 30, 2015 relating to the investment to record the "marked to market" adjustment of the securities as at June 30, 2015, due to a reduction in the market share price of the investment.

In February 2015 the Company issued 806,667 common shares of the Company's common stock (the "Acquisition Shares") at fair market value $0.035 for total amount $282,333 and made a cash payment of $US150,000 ($188,910) to shareholders of M Diagnostics Inc.

In February 2015, the Company disposed of its New Brunswick and Quebec properties and the associated decommissioning obligation in exchange for 5,000,000 common shares in a private company and 5,000,000 common shares of its subsidiary. The value attributed to shares is equal to the carrying value of net assets disposed off which was $ nil. 2,000,000 common shares of the private company were transferred to a promissory note holder.

8. Intangible Assets

In April 2015, the Company closed the acquisition of RX Global Capital Inc. a private company that holds as its sole asset an exclusive, world-wide license agreement from EatLittle Inc. covering all development and production rights to temporary controllable pseudobezoars, an innovative method for non-invasive dynamic gastric volume reduction for weight loss, and several other medical applications. The Company issued a total of 9,522,400 common shares at a deemed price of $0.25 per share (FMV $0.16), including 3,500,000 shares pursuant to the license agreement. The 3,500,000 shares are subject to a 3 year escrow agreement, with 10% of the escrowed shares being immediately releasable, and the balance being released in equal tranches every six months thereafter. The Company also issued 5,664,000 replacement warrants, exercisable at $0.25 per warrant expiring on February 10, 2020.

9. Share based payments

The Company has established a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors and employees of the Company as well as persons providing ongoing services to the Company. The maximum number of common shares reserved for issuance upon the exercise of options is not to exceed 10% percent of the total number of common shares outstanding immediately prior to such an issuance. Under the plan, the Board of Directors has the choice of either

vesting or allowing options issued to be exercisable upon issuance. Options are normally issued for a five-year term. During the six months ended June 30, 2015, 2,375,000 options were granted.

A summary of the share option transactions for the six months ended June 30, 2015 are summarized as follows:

	Number of Options*		Weighted Average Exercise Price
Balance, December 31, 2013 and June 30, 2014	54,083	$	19.20
Expired	(26,333)	$	20.00
Granted	2,375,000	$	0.17
Balance, June 30, 2015	**2,402,750**	**$**	**0.38**

The following table summarizes stock options outstanding and exercisable under the Company's stock option plan as at June 30, 2015:

Expiry date	Options Exercisable & Outstanding*	Exercise Price per share ($)	Grant date Fair Value of Options ($)
Oct 12, 2015	25,000	20.00	500,000
Nov 18, 2016	2,750	5.00	13,750
May 17, 2020	1,050,000	0.17	178,500
June 10, 2020	1,325,000	0.17	225,250
	2,402,750		917,500

10. Promissory Notes Payable

On March 8, 2012, the Company issued a promissory note with a face value of $300,000 bearing annual interest of 10% payable in common shares. The promissory note matured on March 8, 2014. The Company settled the promissory note with $200,000 of cash, 2,000,000 common shares of the Company (Note 4(b)), 1,000,000 warrants at a strike price of $0.05 per share (Note 5(c)), 2,000,000 common shares of a private exploration company (Note 7), and a new promissory note for principal amount of $100,000 that matures June 29, 2016 and bears annual interest of 10% which is payable at the anniversary of the note.

The common shares of the Company were valued at $60,000, based on closing price on the day they were issued. The common share purchase warrants were valued at $40,000, see note 5(c). Common shares of the exploration private company were valued at $Nil. The new promissory note was recorded at its fair value of $53,526. The discount rate used in the present value calculation was 53%. The difference between the carrying value of previous promissory note and above mentioned items is $15,761 which is considered a gain on settlement and is recorded in the Statement of Comprehensive Income during the year.

On March 31, 2015 RX Global Capital Inc. issued promissory notes to shareholders with a face value of $280,000. Principal is payable on March 31, 2016. Interest is payable on the principal amount outstanding hereunder at ten percent (10%) per annum, calculated annually, with interest on the outstanding principal payable semi-annually on March 31 and September 30 of each year, commencing September 30, 2015; provided that any missed or late payments under the Note shall bear interest on such missed or late

payment amounts at the same amount until such missed or late payments are paid. As additional compensation for making the loan, RX will, subject to regulatory approval, grant to the Holder common shares from treasury in an amount equal to 20% of the principal Amount divided by $0.05.In the event that RX s acquired by or merges with a public company, this note shall become a direct obligation of that company.

Included in the promissory note payable balance is $10,345 of accrued interest payments.

		June 30, 2015		December 31, 2014
Balance, beginning of the period	**$**	**66,907**	$	335,335
Issuance of promissory notes		**280,000**		53,526
Accrued accretion and interest expense		**10,345**		47,333
Repayment		**-**		(369,287)
Balance, end of the period	**$**	**357,252**	$	66,907

11. Decommissioning Obligation

The Company's decommissioning obligation results from ownership interests in petroleum and natural gas assets. At December 31, 2014, the estimated total undiscounted inflation-adjusted amount of cash flows required to settle the Company's obligations were approximately $180,000. These costs were expected to be incurred over the next 1 year. The decommissioning obligations have been estimated using existing technology at current prices and discounted using discount rates that reflect current market assessments of the time value of money and the risks specific to each liability. In February 2015, the Company disposed of its New Brunswick and Quebec properties which were classified as held for sale as at December 31, 2014 (Note 7).

		June 30, 2015		December 31, 2014
Balance, beginning of the period	**$**	**180,000**	$	180,000
Disposal of associated properties (Note 6)		**(180,000)**		-
Balance, end of the period	**$**	**-**	$	180,000

In February 2015, the Company disposed of its New Brunswick and Quebec properties and the associated decommissioning obligation in exchange for 5,000,000 common shares in a private company and 5,000,000 common shares of its subsidiary. The value attributed to shares is equal to the carrying value of net assets disposed of which was $ nil. 2,000,000 common shares of the private company were transferred to a promissory note holder (Note 10).

12. Financial Risk Management

Financial instruments consist of cash and cash equivalents, marketable securities, accounts receivable, trade and other payables, loan and notes payable. Cash and cash equivalents and accounts and notes receivable are categorized as loans and receivables, marketable securities are held for trading and trade and other payables, loan and notes payable are categorized as other financial liabilities.

The carrying values of cash and cash equivalents, accounts and notes receivable, and trade and other payables, loan and notes payable approximate their fair values and any difference would not be significant. Investments in marketable securities are recognized at the Level 1 fair value at the date of the financial statements using the quoted market price.

There have been no changes in the nature of financial instruments of the Company, the methods used by the Company to measure the risks arising from financial instruments or in the Company's objectives, policies and processes for managing such risks since the year ended December 31, 2014. The Company's capital management policies are consistent with those used at December 31, 2014.

13. Loss per share

Basic and diluted loss per share

The calculation of basic and diluted loss per share at June 30, 2015 was based on net loss of $1,356,896 (2014 - $386,808), and a weighted average number of common shares outstanding of 25,746,514 (2014 – 2,864,911). All outstanding options and warrants were excluded from the calculation of diluted loss per share because their effect was anti-dilutive.

14. Subsequent events

On July 16, 2015, the Company issued 369,200 common shares. The common shares are being issued pursuant to settlement of debt owing by the Company to a related party at $0.12 per common share.

On July 14, 2015, the Company closed the acquisition of the rights to the intellectual property associated with neural gastrointestinal stimulators through the purchase of Trimtec Biomedical Inc. ("Trimtec"), a private Alberta company. The Company issued 1,000 common shares at a deemed price of $0.20 per share from treasury and assumed the obligations of the exclusive worldwide license agreement covering this technology that Trimtec holds with UTI Limited Partnership at the University of Calgary in Calgary, Alberta and paid $50,000 for the licence.