



**Management Discussion and Analysis of the Financial Condition
and Results of Operations**

**Fiscal 2016 – Second Quarter
for the three and six month periods ended October 31, 2015**

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Overview

The following Management Discussion and Analysis (“MD&A”) is a review of the financial condition and results of operations of Critical Outcome Technologies Inc. (“COTI” or “the Company”) for the three and six month periods ended October 31, 2015. This MD&A is intended to assist in understanding the dynamics of the Company’s business and the key factors underlying its financial results. The Audit Committee of the Company, as authorized by the Board of Directors, approved the content of this MD&A on December 15, 2015.

This analysis should be read in conjunction with the unaudited condensed interim financial statements (“Interim Financial Statements”) and notes thereto for the three and six month periods ended October 31, 2015. These Interim Financial Statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) and in particular with International Accounting Standard 34: Interim Financial Reporting.

All dollar amounts in this MD&A are expressed in Canadian dollars (“CAD”) unless stated otherwise.

The Company’s quarterly interim reports, Annual Financial Statements, and additional supplementary information concerning the Company can be found on SEDAR at www.sedar.com or on the Company’s website at www.criticaloutcome.com.

Forward-looking Statements

This MD&A contains certain statements based upon forward-looking information (“forward-looking statements” or “FLS”) concerning the Company’s plans for its operations and other matters within the meaning of applicable Canadian provincial securities laws. FLS are necessarily based on estimates and assumptions that are inherently subject to significant business, economic, and competitive uncertainties and contingencies. All statements that address activities, events, or developments that the Company believes, expects or anticipates will or may occur in the future are FLS. FLS are subject to a variety of risks and uncertainties that may cause the actual events or results of the Company to differ materially from those discussed in the FLS, and even if such actual events or results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company.

Any statements that express or involve discussion with respect to predictions, expectations, beliefs, plans, projections, objectives, or assumptions of future events or performance (often, but not always, using words or phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “estimates” or “intends”, or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved) are not statements of historical fact and may be FLS. The major FLS included in this MD&A are set out in Table 1.

The basis for the FLS is management’s current expectations, estimates, projections, and assumptions.

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By their nature, they are not guarantees of future performance as they involve significant risks and uncertainties. The main assumptions used by management to develop the forward-looking information include the following:

- An ability to obtain sufficient financing to support working capital requirements and fund further research and development initiatives;
- An ability to further enhance and add features to the CHEMSAS® technology or incorporate advances in artificial intelligence for internal and collaborative purposes;
- The ability to obtain patent protection for the Company's compounds and other intellectual property; and,
- An ability to attract and retain skilled and experienced personnel and to establish preferred supplier relationships with reputable and reliable third party clinical research organizations.

Table 1: Forward-looking Statements

MD&A Section Heading	Nature of Forward-looking Information Disclosed
Our Business	• Plans to advance a few compounds through preclinical testing as commercial validation of the CHEMSAS® platform • Plans to advance COTI-2 in a Phase 1 clinical trial in December 2015 • Plans for future application of the CHEMSAS® technology on a commercial collaboration basis
Operational Progress and Outlook	• Dosing of first patient in Phase 1 gynecologic trial with COTI-2 in late 2015/early 2016 • Seeking new indications for COTI-2 beyond gynecologic cancers • Potential for collaboration projects on COTI-2 combination therapy studies • Further development of COTI-219 and MRSA compounds as potential clinical development successors to COTI-2 • Increased development of ROSALIND technology • Need for funding and plans to obtain
Liquidity and Cash Resources	• Plans and need to seek additional cash resources from warrant exercise or a U.S. private placement
Foreign Exchange Exposure	• Expectation of an increase in exposure to currency risk resulting from the clinical trial costs incurred with a U.S. based investigator site
Industry and Economic Risk Factors Affecting Performance	• The expectation of continued losses until a revenue transaction is secured • Plans to negotiate future licensing agreements • Plans to raise additional financing through different venues and mechanisms available to the Company
Changes in Accounting Policies	• The adoption in fiscal 2017 of new accounting standards issued by the Accounting Standards Board

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Management of COTI considers the assumptions on which the FLS are based to be reasonable. However, management cautions the reader that because of the many risk factors as set out in the Company's 2014 Annual Information Form, including those specifically described later in this MD&A, which are of particular importance to the assumptions above, actual results could differ materially from those expressed or implied in the FLS. These assumptions may prove to be incorrect, and as such, undue reliance should not be placed on any individual FLS.

The forward-looking information is provided as of the date of this MD&A and the Company does not undertake any obligation to publicly update or revise any forward-looking information, whether because of new information, future events, or otherwise, except as required by securities laws.

The Company

COTI is a London, Ontario, based company resulting from the amalgamation on October 13, 2006, of Aviator Petroleum Corp. ("Aviator"), a public company listed on the TSX Venture Exchange ("TSXV"), and Critical Outcome Technologies Inc., a private company under the provisions of the *Business Corporations Act* (Ontario). The amalgamation constituted the qualifying transaction for Aviator pursuant to the policies of the TSXV. The amalgamated company adopted the name Critical Outcome Technologies Inc. and its common shares were listed and posted for trading on the TSXV under the symbol COT on October 30, 2006.

On November 27, 2007, the Company completed an acquisition of all the outstanding common shares in 3015402 Ontario Inc. operating as DDP Therapeutics ("DDP"), in which the Company had, up to the date of the acquisition, a 10% ownership interest. DDP was formed in early 2005 to develop a library of molecules initially targeted at small cell lung cancer that were identified by the Company using its drug discovery technology.

On May 1, 2008, the Company amalgamated with this wholly owned subsidiary under the laws of the Province of Ontario.

On June 16, 2014, the Company commenced trading in the United States on the OTC Markets OTCQB trading platform for venture companies under the symbol COTQF.

Our Business

COTI is a clinical stage biopharmaceutical company that uses machine learning to rapidly develop targeted therapies thereby dramatically reducing the timeline and cost of getting new drug therapies to market. COTI's proprietary artificial intelligence platform, CHEMSAS®, utilizes a series of predictive computer models to identify compounds for specific diseases that are projected to have a high probability of being successfully developed from drug discovery through chemical optimization and preclinical testing. The CHEMSAS® platform technology is focused on small molecules, and as a drug candidate discovery engine can be applied to any disease target with a modest amount of information for the target of interest.

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Using CHEMSAS®, the Company has created a pipeline of novel, proprietary, small molecules for specific therapy targets with high morbidity and mortality rates, which currently have either poor or no effective therapies. The Company is currently developing a few of these molecules through the preclinical testing stage as commercial validation of the CHEMSAS® platform. Its most advanced oncology asset, COTI-2, has received its investigational new drug (“IND”) application grant from the United States Food and Drug Administration (“FDA”) and will commence a Phase 1 clinical trial in gynecological cancers in December 2015.

The Company also seeks to leverage CHEMSAS® to identify targeted lead candidates of commercial interest to pharmaceutical, biotechnology, research and academic organizations on a collaborative basis. The Company’s commercialization strategy for collaborations involves an upfront fee and a shared risk/reward revenue model delivered through a series of milestone payments based on preclinical and clinical test results and a royalty on sales. This service offering provides prospective customers with an efficient and cost effective approach for generating targeted discovery stage compounds while enhancing value to COTI and its shareholders from the underlying CHEMSAS® technology.

Operational Progress & Outlook

a) Operations

The major highlight of the second quarter was the detailed planning activity with the University of Texas, MD Anderson Cancer Center (“MD Anderson”) in Houston, TX for the COTI-2 clinical trial. This Phase 1 trial is for the investigation and treatment of advanced and recurrent gynecologic malignancies. Major activities involved obtaining the necessary internal board and committee approvals from the institution and negotiating the terms of the clinical trial agreement (“CTA”).

At the end of the quarter, the Company had moved through the entire internal review process and dealt with the institution’s concerns and suggestions in final documents that required final institutional review and sign-off. This review led to the signing of the CTA subsequent to the quarter end on December 8, 2015. The CTA is the key legal agreement between the Company and MD Anderson and includes the financial budget, payment terms, and the detailed clinical study protocol for the clinical investigators. With the CTA signed, the Phase 1 trial can officially begin with the next steps to include a site visit to MD Anderson for trial training, patient pre-screening and testing, and enrolment. Dosing of the first patients is anticipated to occur in January 2016 with the timing of commencement dependent upon the ability to complete patients’ testing given the scheduling of testing resources and the holiday season.

During the quarter, the Company continued its strategic efforts to broaden the number of oncology indications for which COTI-2 would be a valuable p53 mutational therapy. These efforts focused primarily on using COTI-2 for the treatment of patients with recurrent head and neck squamous cell cancer (“HNSCC”), acute myelogenous leukemia (“AML”), and Li-Fraumeni syndrome. In this regard, the Company completed animal studies for Li-Fraumeni syndrome during the quarter and the promising test

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results led the Company to start an application for Orphan Drug Designation with the FDA. This application was filed following the quarter end as announced on December 2, 2015.

While the Company is focused on the development of COTI-2, the Company also seeks to maximize the use of its human capital in furthering its strategic development plans when time permits. In this regard, the Company also continued preclinical testing work on a number of its clinical drug development candidates to follow COTI-2 into the clinic. The primary candidates include COTI-219, another compound targeted at cancer, and a small library of antibiotic compounds targeted at methicillin-resistant staphylococcus aureus (“MRSA”). The work on COTI-219 focused on mechanism of action validation and in vivo testing. The Company looks forward to being able to share details on these tests and this promising candidate later in fiscal 2016. For the MRSA compounds, efforts centered on completing the synthesis of these novel potential antibiotics that involved the creation of new chemistry designed to overcome the issue of bacterial resistance responsible for several difficult-to-treat infections in humans. This MRSA resistance relates to the beta-lactam antibiotics, which include the penicillins (methicillin, dicloxacillin, nafcillin, oxacillin, etc.) and the cephalosporins.

The Company attended and presented at a number of conferences during the quarter that enabled management to connect with many parties interested in COTI-2 and its other compounds and technologies. Discussions for COTI-2 included the potential for collaboration on combination therapy studies.

Management continued to foster interest in the development of its ROSALIND technology targeted to provide personalized oncology drug treatment recommendations to physicians and patients based on the genetic profile of each individual patient’s specific cancer. Key strategic issues being addressed with potential partners included:

- Completion of initial proof of concept validation with oncology practitioners with a limited number of patients;
- Development of a large scale validation study; and,
- Development of a business case to bring the technology to market.

b) Financing

The Company has a number of important objectives planned for the balance of fiscal 2016 to drive the business forward to a revenue event with the primary objective being the initial COTI-2 clinical trial. To realize its objectives, the Company will require additional funding. Funding achievements in Q2-FYE’15 and year to date are highlighted in the “Liquidity and Cash Resources” section. For the quarter, this included approximately \$248,000 obtained from the exercise of warrants and share options.

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Additional financing will be required to fund operations through fiscal 2016. These funding sources may include:

- the exercise of options and warrants that could occur with further increases in the stock price above the current in-the-money exercise prices;
- Additional private placement equity financings with an emphasis on institutional investors and creating a U.S. base of investors;
- government funding; and,
- co-development project funding from interested partners.

Financial Review of Second Quarter Results

Summary financial information for the three and six month periods ended October 31, 2015 and 2014 is set out in Table 2.

Table 2 – Summary Financial Results – Second Quarter Comparatives

	Three months ended		Six months ended	
	October 31, 2015	October 31, 2014	October 31, 2015	October 31, 2014
Expenses (income):				
Research and product development	348,564	355,102	647,286	589,942
Sales and marketing	137,568	67,280	294,636	110,685
General and administration	504,613	541,430	959,669	1,260,204
Investment tax credits	(20,958)	(39,576)	(28,938)	(85,597)
	969,787	924,236	1,872,653	1,875,234
Loss before finance income (expense)	(969,787)	(924,236)	(1,872,653)	(1,875,234)
Finance income (expense):				
Interest income (expense), net	3,022	(18,742)	5,123	(37,227)
Change in fair value of warrant liability	24,575	-	(84,001)	-
Foreign exchange gain (loss)	3,329	(3,226)	27,550	(4,539)
	30,926	(21,968)	(51,328)	(41,766)
Loss and comprehensive loss	\$ (938,861)	\$ (946,204)	\$ (1,923,981)	\$ (1,917,000)
Loss per share:				
Weighted average shares outstanding	126,384,034	103,803,815	123,379,192	102,210,421
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)

Expenses

Expenses increased from \$924,236 for Q2-FYE'15 to \$969,787 for Q2-FYE'16, an increase of \$45,551. On a year to date basis, operating expenses decreased by \$2,581 from \$1,875,234 in YTD-FYE'15 to \$1,872,653 in YTD-FYE'16. This decrease year-to-date occurred primarily from a decrease in General and administration expense offset by an increase in Research and development, and Sales and marketing, expenses and a decrease in investment tax credits earned.

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a) Research and Product Development (“R&D”) Expenses

Table 3 provides a breakdown of R&D expenses by major expense types for the comparable three and six month fiscal periods ended October 31. The decrease of \$6,538 in R&D expenses quarter over quarter and the increase of \$57,344 year over year is primarily attributable to a decrease in two expense categories, first, Synthesis and miscellaneous R&D expenses, and second, In vivo/in vitro testing costs. These expense decreases were primarily offset by increases in Salaries and benefits, and Professional fees.

Table 3: R&D Expenses – Comparative Periods Ended October 31

	Q2-FYE'16	Q2-FYE'15	Change
Synthesis and miscellaneous R&D expenses	\$ 55,508	\$ 211,628	\$ 156,120
In vivo/in vitro testing	41,830	46,994	5,164
	97,338	258,622	161,284
Salaries and benefits	125,220	92,174	(33,046)
Professional fees	84,792	(6,288)	(91,080)
Other	30,540	10,594	(19,946)
	337,890	355,102	17,212
Share-based compensation	10,674	-	(10,674)
Total	\$ 348,564	\$ 355,102	\$ 6,538

	YTD - FYE'16	YTD - FYE'15	Change
Synthesis and miscellaneous R&D expenses	\$ 92,189	\$ 238,119	\$ 145,930
In vivo/in vitro testing	86,280	127,985	41,705
	178,469	366,104	187,635
Salaries and benefits	258,438	177,930	(80,508)
Professional fees	146,319	22,686	(123,633)
Other	42,438	23,222	(19,216)
	625,664	589,942	(35,722)
Share-based compensation	21,622	-	(21,622)
Total	\$ 647,286	\$ 589,942	\$ (57,344)

Synthesis decreased quarter over quarter primarily because of the completion of work in the first six months of fiscal 2015 on the final oral formulation for COTI-2 in scaling up to good manufacturing practices quality for human trials. Approximately 70% of the fiscal 2016 synthesis cost relates to the MRSA compounds with the balance of spending at 15% for each of COTI-2 and COTI-219.

In vivo/in vitro testing decreased quarter over quarter and year over year primarily associated with the completion of the final two-species 28-day toxicity testing of COTI-2 during the first half of fiscal 2015. The current year expenditures continue to have a focus on COTI-2, which has included in vivo testing for

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Li-Fraumeni syndrome. In vitro evaluative work on COTI-219's mechanism of action represented approximately 25% of this expense during the first six months of fiscal 2016.

The increase in salaries and benefits quarter over quarter and year over year primarily reflects an increase in head count with the addition of a Clinical Trials Manager in March 2015 to spearhead the Company's efforts in managing the planned Phase 1 clinical trial for COTI-2. In addition, salary increases were made in late October 2014 that increased the comparative fiscal 2015 salary results.

Professional fees increased significantly both in the quarterly and year-to-date comparisons. This related, first, to scientific consultants' costs in support of the Company's interactions with the FDA in its review of the COTI-2 IND submission made on April 24, 2015, and second, the engagement of a contract research organization to plan and develop the data management, analysis, and reporting for the Phase 1 clinical trial.

The increase in Other expenses reflects increases in R&D conferences attended and associated travel costs, Intellectual Property consulting, and the commencement of clinical trial liability insurance on September 1, 2015, which was not incurred in the comparable prior year period.

b) General and Administration ("G&A") Expenses

Activities captured in G&A for Q2-FYE'16 were relatively consistent compared to the prior year, however, certain initiatives undertaken using consultants, particularly investor relations and strategic financing, were re-evaluated during fiscal 2015 and more cost effective approaches were identified, resulting in better value being realized year-to-date in fiscal 2016. In addition, the amortization of the molecules was re-assessed following the settlement of contingent purchase consideration in May 2015 resulting in a change in the period of amortization causing a reduction in this expense.

Table 4 provides a breakdown of G&A expenses by major expense types for the comparable three and six month fiscal periods ended October 31. The decrease of \$36,817 in G&A expenses quarter over quarter is primarily attributable to a significant decrease in Amortization and Corporate governance expenses with partial offset primarily from an increase in Professional fees and Share-based compensation.

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Table 4: G&A Expenses – Comparative Periods Ended October 31

	Q2-FYE'16	Q2-FYE'15	Change
Professional fees	\$ 197,575	\$ 124,713	\$ (72,862)
Salaries and benefits	100,921	85,955	(14,966)
Amortization	42,033	133,882	91,849
Corporate governance	35,560	78,787	43,227
Promotion and travel	39,355	44,257	4,902
Insurance	14,176	14,423	247
Rent	10,200	10,200	-
Other	6,446	20,353	13,907
	446,266	512,570	66,304
Share-based compensation	58,347	28,860	(29,487)
Total	\$ 504,613	\$ 541,430	\$ 36,817

	YTD - FYE'16	YTD - FYE'15	Change
Professional fees	\$ 335,030	\$ 510,972	\$ 175,942
Salaries and benefits	200,157	184,257	(15,900)
Amortization	124,027	266,998	142,971
Corporate governance	64,346	100,505	36,159
Promotion and travel	64,600	61,148	(3,452)
Insurance	28,568	28,845	277
Rent	20,400	20,115	(285)
Other	9,441	33,576	24,135
	846,569	1,206,416	359,847
Share-based compensation	113,100	53,788	(59,312)
Total	\$ 959,669	\$ 1,260,204	\$ 300,535

The Professional fees in Q2-FYE'16 primarily related to engaging consultants in support of investor relations initiatives with an emphasis on raising awareness of the Company in the United States ("U.S."); valuation services associated with the warrant liability arising from the USD denominated warrants; and legal costs associated with the development of the ROSALIND technology. On a year-to-date basis, the YTD-FYE'15 expense included a non-cash payment related to a strategic financing initiative, which was paid through the issuance of 750,000 common share purchase warrants of the Company in each of May and June 2014. The warrants were valued at \$260,250 using a Black-Scholes valuation model and this expense did not reoccur in fiscal 2016 as reflected in the lower consulting fees in YTD-FYE'16.

Amortization decreased in Q2-FYE'16 as management reassessed the period over which future economic benefits would be realized following the settlement in May 2015 of contingent purchase consideration for \$250,502 that was recognized with an increase in the value of the molecules. The

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amortization period of the molecules had historically been 96 months commencing December 1, 2007, the month following the date of purchase of the molecules in accordance with the Company's amortization policy for intangible assets. This period was based upon the original purchase agreement wherein if the contingent purchase consideration for the molecules was not paid by November 27, 2015, the molecules were required to be returned to the seller. Because of the settlement, the Company reviewed the useful life and the expected pattern of consumption of the future economic benefits of the molecules. The Company determined that the future economic benefits of the molecules were more appropriately reflected in the period remaining to the date of expiry of patents granted for the molecules as appropriate to each molecule. This change in amortization commenced June 1, 2015.

Salaries and benefits increased in the quarter and year-to-date due to an increase in the allocation of the Chief Executive Officer's time to non-R&D activities.

The decrease in Corporate governance expense related to additional non-recurring legal fees incurred for the Annual General Meeting ("AGM"), held in October 2014 compared to the October 2015 AGM. These fees were for implementing various shareholder and governance protections such as a Shareholder Rights Plan at the 2014 meeting.

A decrease in Other expenses reflects the repayment of a debenture on February 5, 2015, and thus accretion expense associated with the original recording of the debenture and grouped in this reporting line was not incurred in the current year periods as compared to the prior year periods.

c) Sales and Marketing ("S&M") Expenses

The Company continued to increase its business development and marketing activities during the quarter and build on the efforts started in the latter half of fiscal 2015. Table 5 provides a breakdown of S&M expenses by major expense types for the comparable three and six month fiscal periods ended October 31.

Table 5: S&M Expenses – Comparative Periods Ended October 31

	Q2-FYE'16	Q2-FYE'15	Change
Professional fees	\$ 93,901	\$ 27,500	\$ (66,401)
Marketing and travel	39,917	39,310	(607)
Salaries and benefits	3,190	-	(3,190)
Other	560	470	(90)
Total	\$ 137,568	\$ 67,280	\$ (70,288)

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	YTD - FYE'16	YTD - FYE'15	Change
Professional fees	\$ 190,683	\$ 44,750	\$ (145,933)
Marketing and travel	79,383	65,455	(13,928)
Salaries and benefits	11,327	-	(11,327)
Other	1,110	480	(630)
	282,503	110,685	(171,818)
Share-based compensation	12,133	-	(12,133)
Total	\$ 294,636	\$ 110,685	\$ (183,951)

The increase in Professional fees relates to the engagement of two consultants on annual contracts dedicated to business development efforts across a number of commercial revenue initiatives.

The Marketing and travel cost increase year to date relates to an increase in attendance at various conferences in support of licensing and business development efforts.

The Company does not employ any staff directly in the S&M function preferring to use the expertise of external consultants for this activity, however, directors who provide consulting services beyond their normal director activities in this area are paid a daily stipend that is recognized in Salaries and benefits expense.

Share-based compensation increased based upon an award of share options to a business development consultant in June 2015 that vested upon grant.

d) Investment Tax Credits (“ITC”)

The decrease in ITC income of \$18,618 quarter over quarter and \$56,659 year over year relates to three major factors. First, the Province of Quebec introduced an expenditures threshold for fiscal years beginning after December 4, 2014 such that the first \$50,000 of eligible expenditures in a company’s fiscal year are not eligible for an ITC. Second, the rate applied for the Quebec salary and wage credit was reduced from 37.5% to 30%. Finally, there was an increase in non-qualifying R&D activities as they were of an administrative or commercial nature rather than scientific technical studies.

e) Interest income (expense)

The decrease in interest expense of \$21,764 in Q2-FYE'16 compared to the prior year period and \$42,350 in the year to date comparative periods relates primarily to the repayment upon its maturity in February 2015 of the \$400,000 debenture issued in February 2014.

f) Change in Fair Value of Warrant Liability

The warrant liability recognized in fiscal 2015 for warrants issued with a USD exercise price is required to be re-measured at fair value in the Company’s Statements of Financial Position at each reporting date. Accordingly, at the October 31 reporting date, the warrant liability was decreased by \$24,575 for a change in fair value determined using a modified option valuation model, which uses appropriate

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assumptions as at the valuation date; primarily the estimated life of the warrants, the estimated volatility, and the impact of foreign exchange on the exercise price.

g) Foreign Exchange Gain

The Company closed a private placement financing in fiscal 2015 that was priced in USD as noted above. As a result, the Company held a portion of the proceeds in USD and the decline in the CAD exchange rate since year end (April 30, 2015, 1 USD = 1.2064 CAD, October 31, 2015, 1 USD = 1.3075 CAD), resulted in the Company recording a foreign exchange gain from holding USD during the quarter and year-to-date

Financial Results Quarterly Summary

Table 6 summarizes the financial results of the Company by quarter for the past two fiscal years.

Table 6: Summary of Quarterly Financial Results

FYE 2016	Q1 31-Jul	Q2 31-Oct	Q3 31-Jan	Q4 30-Apr	Year to Date
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Loss	(985,120)	(938,861)	-	-	(1,923,981)
Loss per common share	\$ (0.01)	\$ (0.01)	\$ -	\$ -	\$ (0.02)

FYE 2015	Q1 31-Jul	Q2 31-Oct	Q3 31-Jan	Q4 30-Apr	Full Year
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Loss	(970,796)	(946,204)	(949,503)	(946,683)	(3,813,186)
Loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.04)

FYE 2014	Q1 31-Jul	Q2 31-Oct	Q3 31-Jan	Q4 30-Apr	Full Year
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Loss	(500,052)	(598,220)	(671,386)	(1,226,521)	(2,996,179)
Loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.03)

Two functional expense categories, General and administration and Research and product development, as set out in Table 7 explain the majority of the variation by quarter across the years and quarterly year over year.

G&A expense increased in the first two quarters of FYE 2016 compared to the fourth quarter of FYE 2015 reflecting an increase in consulting expense. This continued the trend toward increasing G&A expense reflected in the trend line over the past two years. R&D expense declined in the first quarter of FYE 2016 reflecting the submission of the Company's IND application to the FDA for a clinical trial with COTI-2 late in Q4-FYE'15 thus reducing the use of third party contract testing pending the start of the

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Phase 1 clinical trial. Share-based compensation increased in the first quarter compared to prior years related to additional human resource support that resulted in option awards to an employee, director, and consultant. The decline as a percentage of total expense from these three categories to 83.5% in Q1-FYE'16 highlights the increase in S&M expense that occurred in the quarter.

In FYE 2015, G&A expense peaked in the first quarter and declined through the year. The high level of G&A in the first quarter 2015 continued the trend from the fourth quarter of FYE 2014 and reflected the impact of consulting costs with a U.S. investment bank that were not incurred in the last three quarters of the year. R&D expense decreased sharply in the first quarter with the completion of the 28-day two-species toxicity testing for COTI-2 and then increased over the succeeding quarters as work continued on the completion of an IND filing.

The trend line for these two operating expenses in FYE 2014 shows a significant increase that was relatively flat for the first two quarters, ramped up in the third quarter, and significantly increased in the fourth quarter. This trend reflected the impact of financings closed in Q1- and Q2-FYE'14 that allowed the Company to increase its R&D efforts in advancing COTI-2 toward an IND filing and supported the Company's efforts at increasing its U.S. presence for licensing and financing purposes.

The increase in Share-based compensation in the third quarter of each fiscal year reflects the timing of share option grants and does not correlate to the changes in the other expense categories during these years.

Table 7: Selected Quarterly Expense Categories ⁽¹⁾

FYE 2016	Q1 31-Jul	Q2 31-Oct	Q3 31-Jan	Q4 30-Apr	Year to Date
General and administration	\$ 455,056	\$ 504,613	\$ -	\$ -	\$ 959,669
Research and product development	298,722	348,564	-	-	647,286
Share-based compensation	77,834	69,021	-	-	146,855
Total of expense categories	831,612	922,198	-	-	1,753,810
Total expense for the quarter	\$ 996,445	\$ 964,049	\$ -	\$ -	\$ 1,960,494
Expense categories as a % of total expense	83.5%	95.7%	-	-	89.5%

FYE 2015	Q1 31-Jul	Q2 31-Oct	Q3 31-Jan	Q4 30-Apr	Full Year
General and administration	\$ 693,846	\$ 512,570	\$ 418,373	\$ 434,705	\$ 2,059,494
Research and product development	234,841	355,101	345,520	397,111	1,332,573
Share-based compensation	24,928	28,860	165,626	86,081	305,495
Total of expense categories	953,615	896,531	929,519	917,897	3,697,562
Total expense for the quarter	\$ 1,018,907	\$ 987,533	\$ 980,702	\$ 968,477	\$ 3,955,619
Expense categories as a % of total expense	93.6%	90.8%	94.8%	94.8%	93.5%

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FYE 2014	Q1 31-Jul	Q2 31-Oct	Q3 31-Jan	Q4 30-Apr	Full Year
General and administration	\$ 351,377	\$ 409,372	\$ 418,587	\$ 615,178	\$ 1,794,514
Research and product development	133,144	124,050	183,411	593,812	1,034,417
Share-based compensation	19,940	36,189	61,531	46,012	163,672
Total of expense categories	504,461	569,611	663,529	1,255,002	2,992,603
Total expense for the quarter	\$ 507,726	\$ 613,955	\$ 700,910	\$ 1,297,249	\$ 3,119,840
Expense categories as a % of total expense	99.4%	92.8%	94.7%	96.7%	95.9%

(1) The presentation noted in this table does not conform to the functional presentation in the Company's interim and annual financial statements. Share-based compensation included in the functional expense categories in the financial statements has been removed from the functional disclosure and shown separately in this table.

Liquidity and Cash Resources

Table 8 summarizes the changes in cash resources for the six month periods ending Q2-FYE'16 and Q2-FYE'15. At the end of Q2-FYE'16, the Company had cash and cash equivalents of \$2,286,342 compared to \$837,884 in cash resources at the end of Q2-FYE'15 reflecting a significant increase in the Company's cash position between the comparable periods of \$1,448,458. This increase in cash between the periods reflects the financing received during the first six months from a private placement and the exercise of warrants and options during this period, with operating activity cash usage for the comparative periods being relatively unchanged.

Table 8: Summary of Changes in Capital Resources⁽¹⁾

	Q2-FYE'16	Q2-FYE'15
Used in:		
Operating activities	\$ (1,597,359)	\$ (1,591,660)
Investing activities	(68,843)	(62,898)
Decrease in cash resources before financing activities	(1,666,202)	(1,654,558)
Proceeds from issuance of common shares and warrants	2,213,960	1,736,394
Costs of issuance common shares and warrants	(90,258)	(122,548)
Costs of warrant amendments	-	(8,565)
Investment tax credit recoveries	-	72,726
Interest paid	(2,453)	(22,993)
Increase (decrease) in cash resources	455,047	456
Less: unrealized foreign exchange loss on capital resources	(34,389)	7,153
Cash resources - beginning of period	1,865,684	830,275
Cash resources - end of period	\$ 2,286,342	\$ 837,884

(1) See Use of Non-GAAP Financial Measures.

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Based upon the Company's cash flow projections these cash resources will sustain operations through the fiscal 2016 year-end. However, such current funds are insufficient to fund the Company through to the completion of the Phase 1 clinical trial for COTI-2 that is expected to take from 15 to 18 months from commencement of the trial in mid-December 2015. Accordingly, additional financing will be required.

Financing Activities

The Company was able to realize additional financing during the quarter of \$248,343 from the exercise of warrants and options that would have otherwise expired during the quarter. This built on the funds realized from similar exercises in Q1-FYE'16 and the private placement closed in that earlier quarter for total gross proceeds for the six months ended October 31, 2015 of \$2,213,960.

1. During Q2-FYE'16

a) Warrant exercises:

During the quarter ended October 31, 2015, 598,500 \$0.26 warrants were exercised for gross proceeds of \$155,610.

b) Option exercises:

During the quarter ended October 31, 2015, 562,016 \$0.165 options were exercised for gross proceeds of \$92,733.

2. Subsequent to Q2-FYE'16

a) Option exercises:

Subsequent to October 31, 2015, the Company realized gross proceeds of \$31,593 from the exercise of 49,500 compensation warrants exercisable at \$0.315 and 100,000 share options exercisable at \$0.16.

Future Financing

The Company has warrants expiring during fiscal 2016 as set out in Table 9 below that are a potential source of financing prior to the April 30, 2016 year-end. To the extent these are exercised will be a function of the market price of the Company's underlying common shares and investor perspectives on the opportunity for shareholder value creation over the investment time horizon of each investor. Management believes that continued achievement of milestones, particularly in the development of COTI-2, will be supportive of an increase in shareholder value and provides the Company with an opportunity to realize funding from a portion of these outstanding warrants and options in fiscal 2016.

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Table 9: Summary of Warrants Expiring in Fiscal 2016

Security type	Expiry date	Number of securities	Exercise price	Potential Exercise Value
Warrants	Jan 29/16	3,569,458	\$ 0.26	\$ 928,059
	Mar 15/16	12,500,000	0.30	3,750,000
	Apr 29/16	3,356,250	0.28	939,750
	Apr 29/16	242,000	0.22	53,240
Total		19,667,708		\$ 5,671,049

As the exercise of warrants is not a reliable source of financing, the Company continues to look at alternative financing sources to support operations going forward and in particular the completion of the Phase 1 clinical trial for COTI-2 at MD Anderson that has significant future revenue potential. The current focus is on a private placement with U.S. based institutional and accredited investors consistent with past practice in the Canadian marketplace.

Working Capital

The Company had adjusted working capital at Q2-FYE'16 of \$2,078,219 compared to \$1,591,160 at FYE 2015. The Company defines adjusted working capital as the standard working capital calculation adjusted for non-cash liabilities. Details concerning the calculation of this working capital measure can be found under the discussion concerning Use of Non-GAAP Financial Measures.

Cash equivalents are invested in money market instruments with maturities of three months or less. The short-term investments consist of three guaranteed investment certificates maturing at various dates with the latest maturity in August 2016. These certificates can be cashed at any time after three months from the purchase date. Current assets increased to \$2,793,395 at Q2-FYE'16 from \$2,126,755 at FYE 2015 for an increase of \$666,640 due primarily to an increase in cash resources. Current liabilities increased \$13,080 to \$1,969,247 at Q2-FYE'16 from \$1,956,167 at FYE 2015 primarily due to an increase in the fair value of the warrant liability calculated at the quarter end reporting date. The Company's exposure to fluctuations in the recoverability of its financial assets is limited as cash not required for current purposes is held in interest bearing cash accounts. The short periods to maturity of these instruments and their capacity for prompt liquidation result in future settlement amounts that are consistent with carrying values. Given the nature of the Company's financial liabilities, there is also limited risk that future settlement amounts will differ from carrying values.

The Company has R&D contractual obligations of \$238,069 existing at October 31, 2015 that are due for payment in fiscal 2016.

Going Concern Risk

The Company has formulated goals for the upcoming year to advance the testing for COTI-2 in enhancing its attractiveness to potential licensees and to move other revenue initiatives and development projects forward as resources permit. For COTI, the material uncertainties related to working capital and cash resources discussed above raise significant doubts about the ability of the Company to accomplish its goals. These conditions highlight that the Company has not yet established commercial operating revenues to fund its operations and accordingly operating cash flows continue to be negative.

In order to accomplish its goals and alleviate the going concern risk, the Company is taking steps to obtain additional cash resources. This includes actively seeking potential customers, partners and collaborators as a means of furthering molecule development and generating revenue streams, and pursuing sources of financing, including but not limited to, raising capital in the public market and securing government grants. As evidence of these efforts, subsequent to October 31, 2015, the Company realized gross proceeds of approximately \$32,000 from the exercise of warrants and share options outstanding at the quarter-end. The Company has discretion with many of its expenditure activities, and plans to manage these activities in FYE 2016 within the limits of available cash resources. While the Company has a history of obtaining financing, there is no certainty that any of the aforementioned strategies will enable the Company to alleviate the going concern risk in future periods.

Off-Balance Sheet Arrangements

The Company has not historically utilized, nor is it currently utilizing any off-balance sheet instruments.

Foreign Exchange Exposure

The Company has historically had occasion to enter into R&D contracts denominated in foreign currencies. These contracts have primarily been in United States dollars (“USD”) but have also included Euros (“EUR”), British pound sterling (“GBP”) and Swiss Francs (“CHF”) and, as a result, the Company has exposure to risk from fluctuations in exchange rates between the CAD and such currencies. Up to the end of fiscal 2015, these contracts have individually been valued at less than \$150,000 CAD with the lone exception being the contract to conduct the 28-day two-species toxicity testing that was completed in 2014. As exposure was not significant, the Company has not used derivative instruments to reduce its exposure to this foreign currency risk.

The Company completed a financing in the fall of 2014 that was priced in USD and was partially settled in USD. These USD have provided some natural hedging against changes in the USD and on the Company’s modest USD expenditures in fiscal 2016. During Q2-FYE’16, the Company’s foreign exchange exposure was primarily related to the USD with some exposure to CHF. The amount of this exposure was not material to the Company’s operations with a foreign exchange gain of \$3,329 recorded in the quarter compared to a loss of \$3,226 in Q2-FYE’15.

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As for future exposure, the Company will incur USD denominated expenses related to the Phase 1 clinical trial that will commence in the United States commencing later in fiscal 2016. These costs will occur over a 15 to 18 month period in the range of \$736k-958k USD. In addition, the Company has warrants exercisable at USD prices that could generate USD proceeds to the Company. The amount and timing of such exercise is not presently determinable. Because of these exposures, variations in foreign exchange rates could cause some fluctuation in the Company's operating results and cash flows.

Related Party Transactions

Material transactions with related parties that occurred during Q2-FYE'15 were in the ordinary course of business as follows:

- a) On October 15, 2015, the directors were granted 1,451,611 share options as compensation for their services for the upcoming year. The options are exercisable at a price of \$0.305, have a life of five years, and vest quarterly on an equal basis at the end of each quarter during the first year; and,
- b) On October 27, 2015, 562,016 share options granted to directors in prior periods were exercised at \$0.165 per common share.

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Outstanding Share Information

Outstanding share information at the close of business on December 15, 2015 is set out in Table 10.

Table 10: Outstanding Share Information

	Outstanding	Expiry Date
Common shares		
Authorized - unlimited		
Issued	127,179,239	
Diluted ⁽¹⁾	179,739,361	
Weighted average outstanding ⁽²⁾	124,096,548	
Common share warrants		
\$0.26 warrants	3,569,458	Jan 29/16
\$0.30 warrants	12,500,000	Mar 15/16
\$0.28 warrants	8,951,385	Apr 29/16 - Jun 2/16
\$0.22 compensation warrants	461,110	Apr 29/16 - Jun 2/16
\$0.42 half warrants	2,144,267	Jun 28/17 - Jul 30/17
\$0.315 compensation warrants	119,520	Jun 28/17 - Jul 30/17
\$0.26 warrants	769,230	Feb 4/19
\$0.19 USD compensation warrants	3,000,000	Apr 11 - Jun 6/19
\$0.34 USD warrants	10,177,760	Oct 16 - Nov 24/19
\$0.26 USD compensation warrants	534,737	Oct 16 - Nov 24/19
\$0.38 warrants	3,099,374	Dec 18/19 - Feb 16/20
\$0.29 compensation warrants	162,811	Dec 18/19 - Feb 16/20
	45,489,652	
Common share stock options		
\$0.14 - \$0.25	2,609,995	Oct 27/15 - Mar 19/20
\$0.26 - \$0.34	4,460,475	Sep 26/16 - May 12/20
	7,070,470	

⁽¹⁾ Assumes conversion of all outstanding common share stock options and warrants.

⁽²⁾ Weighted average shares outstanding calculated from May 1, 2015 to December 15, 2015.

Industry and Economic Risk Factors Affecting Performance

The biotechnology industry is regarded as high risk given the uncertain nature of developing drug candidates and limited access to capital. On the other hand, success in this industry can be highly rewarding. COTI operates primarily in the discovery and preclinical stages of the drug development cycle, but will move into the Phase 1 clinical stage as COTI-2 enters the clinic during the second half of fiscal 2016. The realization of COTI's long-term potential is dependent upon the successful development and commercialization of molecules discovered using the Company's drug discovery technology either for its own account or in R&D collaboration agreements for others. The major industry and economic risk factors affecting realization of this potential are reviewed in the Company's 2014 Annual Information Form and are substantially unchanged at the end of Q2-FYE'16.

The four risk categories having the greatest effect on the Company during Q2-FYE'16 and for the balance of the year are listed and discussed as follows:

1. uncertainties related to research
2. the lack of product revenues;
3. securing licensing agreements; and,
4. access to capital.

Uncertainties Related to Research

Like other biotech and pharmaceutical companies, COTI's research programs are based on scientific hypotheses and experimental approaches that may not lead to desired results. In addition, the timeframe for obtaining test results may be considerably longer than originally anticipated, or may not be possible given time, resources, and financial, strategic, and scientific constraints. Success in one stage of testing is not necessarily an indication that a particular compound or program will succeed in later stages of testing and development. It is not possible to guarantee, based upon studies in *in vitro* models and in animals, whether any of the compounds made for a therapeutic program will prove to be safe, effective, and suitable for human use.

Each compound will require additional research and development, scale-up, formulation, and extensive clinical testing in humans. Development of compounds may require further investigation into the mechanism of action ("MOA") where this is not fully understood as many compounds have multiple MOAs. The discovery of unexpected toxicities, lack of sufficient efficacy, poor physiochemical properties, unacceptable ADME properties, drug metabolism and pharmacokinetics, inability to increase scale of manufacture, market attractiveness, regulatory hurdles, as well as other factors, may make COTI's therapeutic targets, or product candidates unattractive or unsuitable for human use and COTI may abandon its commitment to that program, target, or product candidate. COTI believes its CHEMSAS® process serves to mitigate or reduce these risks compared to traditional historic approaches by virtue of profiling across many variables in identifying compounds with high probability of successfully becoming drugs, however, its predictions remain a probability only and failure can occur. Despite these uncertainties, COTI's lead compound, COTI-2, progressed through preclinical testing and received a grant to proceed to a Phase 1 clinical trial as predicted by CHEMSAS® in Q1-FYE'16.

These uncertainties and the attendant delays were experienced by COTI's lead compound, COTI-2, during Q2-FYE'2016. Although the IND grant to proceed with the clinical trial was received on May 22, 2015, the internal review and approval process for a clinical trial agreement with MD Anderson has proven to be a logistical challenge to navigate resulting in delays and revised target dates for actually commencing to treat patients. Despite these delays, COTI-2 is poised to commence a Phase 1 clinical trial in Q3-FYE'2016. Success in this clinical trial will provide further support for the scientific validation of the CHEMSAS® technology platform's predictions but it is such delays that can affect the timing of achieving profitable operations and cause a continual need to seek financing.

Lack of Revenues

The revenue cycle for drug development is a long one; typically 5 to 10 years depending upon the point along development that monetization of the asset occurs. Since its inception to October 31, 2015, COTI has worked to develop relationships with prospective customers, and strived to obtain licensing and collaboration agreements for its own products and therapeutic targets of interest to partners. The continued development of COTI-2 and the nurturing of relationships with licensees concerning the strong scientific test results for the compound are critical to achieving the revenue realization stage. Accordingly, operating losses are expected to be incurred until revenues from upfront licensing, milestone and royalty payments are sufficient to fund continuing operations. COTI is unable to predict with any certainty when it will become profitable, or the extent of any future losses or profits. Without generating revenues and positive cash flows, the Company will continually need to seek additional financing until profitable operations occur.

Securing Adequate Licensing Agreements

The Company's ability to commercialize its products successfully will depend on its ability to negotiate licensing agreements with biotech or pharma companies for its compounds. This will first require meeting the scientific due diligence requirements of prospective customers. While continued positive developments occurred for COTI-2 during the quarter and throughout the prior fiscal year that generated positive feedback from potential licensees, these test outcomes have not translated into a contractual agreement to date. Licensing discussions during fiscal 2016 continued to find interest in the compound but the novel nature of the compound and class has caused licensees to seek further proof of the mechanism of action through test results in humans.

Industry reviews of the productivity of pharmaceutical industry R&D spending in generating new compounds indicates major pharmaceutical company pipelines have dramatically underperformed. This is based upon the number of new drugs produced relative to the amount of R&D dollars invested. Despite this industry performance, there is no certainty that licensing deals can be negotiated for COTI-2 or COTI's other compounds. Major pharmaceutical companies are seeking assets with as low a risk profile as possible hence a preference for later stage clinical compounds with lower risk profiles having successfully reached as far as, or through, Phase 3 clinical trials. While it may seem a reasonable strategy for a major pharmaceutical company to have a drug development pipeline across the entire development cycle there is no certainty that COTI can be a licensed provider of compounds to the preclinical or early clinical stage segment of such a pipeline. There is also no certainty that COTI can obtain licensing terms that are acceptable in indicating a commercially viable market for its products.

Access to Capital

The Company continually monitors its cash resources to support its R&D programs in an effort to move its compounds, particularly COTI-2, as rapidly as possible through development. These efforts were highlighted under Liquidity and Cash Resources where the Company noted the continuing need to raise

financing to support project development until a revenue event can provide sustaining operating cash flows. If additional funding cannot be obtained, COTI may be required to delay, reduce, or eliminate one or more of its R&D programs or obtain funds through corporate partners or others who may require it to relinquish significant rights to its product candidates or obtain funds on less favourable terms than COTI would otherwise accept. Despite the Company's financing efforts, there can be no assurance additional funding can be obtained.

Use of Non-GAAP Financial Measures

Management has included two non-GAAP financial measures, first, Cash Resources and second, Adjusted Working Capital, to supplement information contained in this MD&A. These non-GAAP measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures when presented by other issuers.

1. Cash Resources

The Company looks at its available cash for operations based on all Cash Resources, which is defined by the Company as the sum of its cash, cash equivalents, and short-term investments. This differs from IFRS disclosure in the Company's Interim and Audited Financial Statements where Cash is defined as cash and cash equivalents. The essential difference is the inclusion of short-term investments in the Company's view of cash available for operations. Under IFRS, an investment made with a maturity greater than 90 days at the date of purchase is considered a short-term investment and thus not included in cash and cash equivalents. The short-term investments at Q2-FYE'16 were guaranteed investment certificates cashable at any time up to their maturity date, with the latest date in August 2016. With such high liquidity characteristics, management considers such investments as a readily available source of cash for operations. The decision by management to earn some higher return on cash balances where the Company's cash flow projections determine such funds would not be needed in a shorter time frame is not viewed by management as a basis for exclusion in its view of cash. Accordingly, management believes the inclusion of the short-term investments as part of Cash Resources provides more meaningful information with respect to the liquidity of the Company and the cash available for operations.

Table 11: Reconciliation to Cash Resources

	October 31, 2015		April 30, 2015	
	Cash per MD&A	Cash per Financial Statements	Cash per MD&A	Cash per Financial Statements
Cash and cash equivalents	\$1,366,500	\$1,366,500	\$1,599,220	\$1,599,220
Short-term investment	919,842	-	266,464	-
Cash resources	\$2,286,342	\$1,366,500	\$1,865,684	\$1,599,220

2. Adjusted Working Capital

The Company uses Adjusted Working Capital in monitoring its cash required for operations. Adjusted Working Capital is defined as the standard working capital calculation (current assets less current liabilities) adjusted for non-cash liabilities as set out in Table 12.

The standard working capital calculation results in a lower amount of working capital than what the Company measures as working capital. At both Q2-FYE'16 and FYE 2015, this resulted from the accounting under IFRS that required the issuance of warrants with an exercise price denominated in USD to be accounted for as a warrant liability.

During fiscal 2015, the Company completed a private placement financing of units in three tranches consisting of one common share and one warrant. The 10,177,760 warrants issued have an exercise price of \$0.34 USD. As this exercise price is not in the functional currency of the Company, the warrants were required to be presented as a “warrant liability” on initial recognition rather than equity if they had been issued in the functional currency of the Company. At each subsequent reporting date, the warrants are re-measured at their fair value and the change in fair value is recognized through profit or loss.

When such warrants are exercised by the warrant holders, the warrant liability will be reduced, and the related amount transferred to equity reflecting the accounting treatment were these warrants to have been issued with a CAD exercise price originally. For emphasis, this warrant liability represents warrants denominated with a USD exercise price, which if exercised, will bring in cash to the Company and accordingly represent a liability not settled in cash but rather with the issuance of shares.

In addition to the non-cash impact of the warrant liability, the Company also recorded an accrued liability for the fair value of common shares of the Company to be issued in settlement of contingent purchase consideration for \$250,502 at the April 30, 2015 year end.

Thus, the Company uses Adjusted Working Capital to reflect the reality of the Company's working capital position as it relates to liabilities where the Company has an actual legal expectation to issue cash in settlement.

Table 12: Adjusted Working Capital

	October 31, 2015	April 30, 2015
Amounts per financial statements:		
Current assets	\$2,793,395	\$2,126,755
Current liabilities	1,969,247	1,956,167
Working capital	824,148	170,588
Adjustment for non-cash items:		
Warrant liability	1,254,071	1,170,070
Accrued liability for contingency settlement	-	250,502
	\$2,078,219	\$1,591,160

Changes in Accounting Policies

Details regarding the adoption of new accounting pronouncements in FYE'16 and future accounting policy changes affecting FYE'16 based upon new accounting pronouncements are set out below.

a) Adoption of new accounting pronouncements:

The IASB issued new standards and amendments or interpretations to existing standards that were effective at the time of commencing the Company's fiscal year beginning May 1, 2015. The Company adopted these new standards in its interim financial statement for the July 31, 2015 reporting period. There

b) Recent accounting pronouncements not yet adopted:

Certain pronouncements have been issued by the IASB or the International Financial Reporting Interpretations Committee that are mandatory for annual periods beginning subsequent to the April 30, 2016 year-end. The Company intends to adopt those amendments applicable to its business in its financial statements for the annual period beginning on May 1, 2016 as set out below. The Company does not expect the amendments to have a material impact on the financial statements.

i. Amendments to IAS 1, Presentation of Financial Statements

On December 18, 2014, the IASB issued amendments to IAS 1 as part of its major initiative to improve presentation and disclosure in financial reports (the "Disclosure Initiative"). The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted. These amendments will not require any significant change to current practice, but should facilitate improved financial statement disclosures. The extent of the impact of adoption of the amendments has not yet been determined.