BIOASIS TECHNOLOGIES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations for the Financial Nine Months Ended November 30, 2016

This Management's Discussion and Analysis ("MD&A") is prepared by management as of January 30, 2017 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes as at and for the nine months ended November 30, 2016 and with the audited consolidated financial statements and accompanying notes for the year ended February 29, 2016. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars unless otherwise specified. Additional information relating to biOasis Technologies Inc. ("biOasis" or the "Company") can be obtained from SEDAR at www.sedar.com.

This MD&A was approved and authorized for issue by the Audit Committee of the Board of Directors on January 30, 2017.

FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements that reflect the current view of management with respect to future events and financial performance. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements.

When used in this document, words such as 'estimate', 'expect', 'anticipate', 'believe', 'may', 'plan', 'intend' and similar expressions are intended to describe forward-looking statements and as such involve inherent risks and uncertainties. Such factors include, among others, the Company's stage of development, lack of any product revenues, additional capital requirements, risk associated with the completion of clinical trials and obtaining regulatory approval to market the Company's products, the ability to protect the Company's intellectual property, dependence on collaborative partners and the prospects for negotiating additional corporate collaborations or licensing arrangements and their timing. Specifically, certain risks and uncertainties that could cause such actual events or results expressed or implied by such forward-looking statements and information to differ materially from any future events or results expressed or implied by such statements and information include, but are not limited to, the risks and uncertainties that: products that the Company develops may not succeed in preclinical or clinical trials: the Company's future operating results are uncertain and likely to fluctuate; the Company may not be able to raise additional capital; the Company may not be successful in establishing additional corporate collaborations or licensing arrangements; the Company may not be able to establish marketing and the costs of launching the Company's products may be greater than anticipated; the Company has no experience in commercial manufacturing; it may face unknown risks related to intellectual property matters; the Company faces increased competition from pharmaceutical and biotechnology companies; and other factors as described in detail in the Company's filings with the Canadian securities regulatory authorities at www.sedar.com. Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements and information, which are qualified in their entirety by this cautionary statement. All forward-looking statements and information made herein are based on the Company's current expectations and the Company undertakes no obligation to revise or update such forward-looking statements and information to reflect subsequent events or circumstances, except as required by law or regulation.

OVERVIEW

biOasis Technologies Inc., is an early stage biopharmaceutical company focused on research, development and commercialization of technologies and products intended for the treatment of central nervous system ("CNS") diseases and diseases of the brain. The Company is currently engaged in the development of the proprietary vectors "Transcend" and "Transcend^{pep}" for the transport of therapeutic agents across the blood brain barrier ("BBB"). The Company is listed for trading on the TSX Venture Exchange, under the symbol "BTI", and on the OTCQB market, under the symbol "BIOAF".

Corporate Highlights

Listing on OTCQX and OTCQB

In September, 2015, the Company changed its listing from the OTCQX to the OTCQB. The Company's trading symbol remains BIOAF. The Company remains in compliance with all relevant TSX Venture and OTCQB reporting standards.

License Agreement

In September, 2016, the Company entered into a License Agreement (the "Agreement") with Vaccinex Inc. ("Vaccinex"). Under the terms of the Agreement, Vaccinex will have the right to commercialize its anti-semaphorin 4D ("anti-SEMA4D") antibody technology in combination with the biOasis Transcend technology. Under the terms of the Agreement, Vaccinex has been provided rights to the Transcend technology and its intellectual (patent) property and upon achievement of specific events, the Company could receive up to $US 20 million in the form of upfront and milestone payments and annual single-digit royalty payments upon commercialization.

Investor Relations

The Company entered into an Investor Relations agreement for a period of one year with Rising Tide Equity LLC ("Rising Tide") dated for reference October 1, 2016. Under the terms of the agreement, Rising Tide will be paid US$5,000 per month. On January 19, 2017, Rising Tide assigned the agreement to Tailwinds Research Group LLC.

Stock Options and Warrants

On June 8, 2015 the Company granted 125,000 incentive stock options to a consultant exercisable at $1.20 per share, expiring after one year and subject to vesting. Omit—its all done and passed?

During the year ended February 29, 2016, 175,000 stock options were exercised for gross proceeds of $112,000 and 375,000 options expired or were forfeited. In addition, 1,170,000 warrants were exercised for gross proceeds of $1,404,000 and 524,477 warrants expired.

On April 10, 2016, the Company granted 1,975,000 incentive stock options to directors, employees and consultants exercisable at $1.33 per share, expiring after five years and subject to vesting.

On October 20, 2016, the Company granted 200,000 incentive stock options to a consultant of the Company exercisable at $1.35 per share, expiring after two years and subject to vesting.

On October 25, 2016, the Company granted 100,000 incentive stock options to Rising Tide exercisable at $1.30 per share, expiring after three years, subject to vesting.

During the nine months ended November 30, 2016, 250,000 stock options were exercised for gross proceeds of $32,000 and 475,000 options expired or were forfeited. In addition, 250,000 warrants were exercised for gross proceeds of $143,750.

Subsequent to November 30, 2016, 100,000 stock options exercisable at $1.30 were cancelled and 100,000 incentive stock options granted to Tailwinds Research Group LLC exercisable at $1.08 per share for a period of three years. The option shares will vest as to 25,000 options three months after the date of grant and 25,000 every three months thereafter until fully vested. As at the date of this MD&A, the Company has 300,000 warrants outstanding and 7,395,000 stock options outstanding of which 6,788,751 stock options are exercisable.

RESEARCH AND DEVELOPMENT PROGRAM STATUS

1. TRANSCEND Program - Blood Brain Barrier ("BBB") Technology

The Transcend brain delivery platform exploits the BBB penetrating properties of a recombinant soluble human protein known as melanotransferrin (also referred to as "MTf" or "p97") and portions thereof. Specifically, Transcend delivery molecules (commonly referred to as vectors) have the ability to transport a variety of molecules across the BBB.

Delivery of Molecules Across the Blood Brain Barrier

Application to the treatment of CNS indications for Lysosomal Storage Diseases ("LSD")
In 2013, the Company demonstrated that a chemical conjugate of Transcend with the enzyme missing in Hunter's Syndrome was able to increase enzyme transport to the lysosomes of brain cells in an animal model. In late 2014 these findings led the Company to the successful manufacturing of fusion proteins containing the enzyme and the full-length version of Transcend and the newly discovered peptide ("Transcend^{pep}"), for use in a mouse model of Hunter's Syndrome. These transgenic mice do not express the functional enzyme iduronate-2 sulfatase (I2S or IDS). *In vivo* studies to assess delivery of the enzyme were initiated at the end of 2014 under the direction of Dr. Maurizio Scarpa, president of the Brains for Brain (B4B) Foundation (http://www.brains4brain.eu). In these studies,groups of IDS-knockout mice were treated with the enzyme IDS, an IDS-MTf fusion construct, an IDS-MTf^{pep} fusion construct or MTf alone. This research program was completed in September 2015. The results showed that both Transcend and Transcend^{pep} vectors delivered the IDA enzyme cargo into the brain at levels sufficient to reach therapeutic effect. Since these results were obtained, further analysis has demonstrated that the cargo was delivered specifically into the relevant brain cells. Subsequent analysis in 2016 demonstrated reduction of heparin sulfate levels, a positive outcome. During 2016, specific examination of tissue samples confirmed that the MTf^{pep} had reached therapeutic levels in the animal studies. This program is continuing with additional work anticipated to be complete by Q2 2017.

2. Oncology Program – Delivery of Lead Candidate Trastuzumab (Herceptin®) across the BBB – The MTf-TZM Program

Key Dates and Findings:

July 2011 – biOasis obtained data from the National Research Council (NRC) of Canada and from the British Columbia Cancer Research Centre ("BCCRC") in Vancouver, BC.

June 2012 – biOasis received initial data from Texas Tech University Health Sciences Center (TTUHSC), indicating that MTf delivered 6.6% of an injected dose penetrated the BBB and the uptake was 1000-fold greater than Herceptin on its own.

September 2012 – biOasis showed results of its' conjugate on halting tumor growth. The data showed that the conjugate was as active as Herceptin on its own as halting tumor growth. Also that month, biOasis received preliminary histopathology (tissue toxicity) results on its Herceptin BT2111 program. Under the conditions of this study, there were no test article-related histopathology findings.

February 2013 – biOasis announced key efficacy data on its Transcend-Herceptin® conjugate (BT2111). These data showed significantly reduction in the number of and size of metastatic HER2+ breast cancer tumors in the brain – Tumour reduction, 68% and tumour size reduced by 57%.

November 2103 – biOasis announced its' BT2111 conjugate penetrates the blood-tumor barrier 10 times greater that Herceptin on its own.

To advance the MTf-TZM program, in 2014 biOasis manufactured fusion proteins consisting of Transcend or Transcend^{pep} coupled to Herceptin (Trastuzumab). These fusion constructs were tested for their binding activity and effect on HER2 positive cancer cells *in vitro*. In addition, these fusion constructs were introduced into several animal models to test the efficacy of delivery of the Herceptin cargo by Transcend and Transcend^{pep} and their effect on animal survival. The fusion constructs demonstrated activity in both Her-2 binding assays and Antibody-Dependent Cell-mediated Cytotoxicity (ADCC) assays and subsequently were used to treat mice implanted intracranially with tumor cells (BT474) in an *in vivo* survival study conducted in early 2015. The results showed that the fusion constructs not only maintained activity, but also showed improved activity when compared to the chemical conjugates. In addition, increased animal survival was observed when the experimental animals were compared to the controls. These data provided management with the confidence to move this program towards the clinic. In this regard, plans are underway to perform a Phase Zero Phase study for measuring BBB transport of MTfp-TZM in humans.

3. Peptide Program - Transcend$_{pep}$

On April 24th, 2014 biOasis reported that it had identified a new family of peptides that simplify and enhance the brain shuttling properties achieved so far with the full-size melanotransferrin (p97) protein, Transcend. In side-by-side comparisons, one of these new peptide delivery vehicles in particular was shown to be more efficient than the native, full-size Transcend molecule at delivering therapeutic molecules to the brain. This peptide, and other members of this family, the second generation of Transcend, offer multiple advantages compared to Transcend. The peptides can be synthesized by standard methods *in vitro* and a wide variety of peptide-cargo conjugates with different applications to a range of diseases can be produced simply and predictably. The peptide vectors have the potential to be particularly well suited to coupling to small molecule chemotherapeutics and other drugs. Thus, development of new drugs using these new shuttle vectors will likely be accomplished much more quickly and with higher precision. This new family of novel chemical entities provides a strong patent position for biOasis and its current and future partners. In 2015, the Company continued to characterize the leading peptide and in working with the National Research Council assessed the transport capabilities of what we now call Transcend^{pep}. In 2015 we completed preclinical animal models, including a mouse ischemic stroke model induced via Middle Cerebral Artery Occlusion and an IDS knock-out mouse model for Hunter syndrome (MPSII). The Transcend^{pep} outperformed full length Transcend vector in both transport ability

and efficacy.

4. Internal Development Programs and Commercial Business Strategies

With the characterization of Transcend^{pep} completed in early 2016, the Company enacted its pre-clinical license strategy. The plan called for the introduction of the Transcend^{pep} platform to potential Pharma partners. The key strategy was to increase the deal flow pipeline and place the technology within the hands of Pharma that looked to evaluate, validate and then license the Transcend^{pep} Platform. Given the lack of human clinical data, most pharmaceutical companies require internal evaluation and validation studies. Coupled with the global failures so far of several blood-brain barrier delivery systems the companies are cautious, slowing the adoption time and making clear to us the necessity for biOasis-directed human clinical trials.

The Company is pushing forward on two internal programs, one with Dr. Scarpa on MPSII and the Trastuzamab program with the Phase Zero team in Australia. Although both of these programs have caught the interest of Pharmas, we as a company are focused, pending adequate financial resources, to moving forward with both programs in humans. Extensive protocols have been designed and approved and both Dr. Scarpa and the Phase Zero team in Australia are ready to begin these studies.

Medimmune Limited

biOasis continues to offer its support to Medimmune as they continue to work on Transcend^{pep}.

CQDM

On May 27, 2015, the Company announced that it entered into a collaborative research agreement with CQDM and Brain Canada to perform research on the delivery of therapeutic compounds across the Blood-Brain Barrier. The total funds for this project are $2,573,875 and the Company expects to retain approximately $327,000 of this funding over three years with the balance being paid to subcontractors. The proposal was submitted by biOasis, the National Research Council of Canada and Sherbrooke University. The Company leads the project with Rob Hutchison, biOasis' CEO designated as the Principal Investigator. Over the course of three years, the project will assess a number of single domain human antibody libraries at the NRC for their ability to cross the BBB and act as transport vectors. The Company's MTfp is being used as the benchmark. In addition, the NRC will attempt to characterize the receptors on the BBB for MTfp. Any new potential BBB vectors will be added to the Transcend family for the Company to pursue global commercialization of them under an exclusive agreement. So far the work is progressing well and as we reported at the end of year one of this project, a key objective was met—selection of several single domain antibodies. In years two and three, these candidates will be assessed more stringently and tested for BBB delivery of a variety of cargoes.

Brigham and Women's Hospital Inc.

On July 21, 2015, the Company announced that it entered into a research collaboration agreement with Brigham and Women's Hospital Inc. Using the Company's Transcend Platform peptide carrier, MTfp. The Company and researchers lead by Dr. Sean Lawler from the Department of Neurosurgery, Harvard Medical School, will work to deliver a number of compounds targeting glioblastoma tumours within the brain. The initial focus of the collaboration will be on the compounds, MTfp-TZM, MTfp-siRNA and MTfp-miRNA. The

work is progressing very slowly and we anticipate that it will take much more time to advance this work.

Patents

The Company owns over 40 U.S. and foreign patents/applications related to MTf and MTf^{pep} as BBB delivery vectors.

Regarding biOasis' lead program in metabolic diseases, its patent portfolio includes more than six U.S. and corresponding foreign patents/applications in the area of lysosomal storage diseases (LSDs). These patents/applications contain claims to compositions of matter, pharmaceutical compositions and methods of using p97 to deliver therapeutic agents across the BBB and/or to lysosomes, including for the treatment or prevention of LSDs. On October 1, 2013, the Company's patent application titled "*Use of P97 as an Enzyme Delivery System for the Delivery of Therapeutic Lysosomal Enzymes*" issued as U.S. Patent No. 8,546,319. The claims of this issued patent cover methods of using the Company's Transcend brain penetrating drug delivery vector coupled to LSD enzymes for the treatment of LSDs. Some of the enzymes claimed in the issued patent include those that are used clinically as enzyme replacement therapies to treat LSDs such as Hunter Syndrome, Hurler Syndrome among others. In 2014, corresponding patent applications were granted in Canada and Europe. The patents that issue from this family are predicted to expire in 2023, not including any patent term adjustment. The application for delivery of enzymes as it relates to LSDs takes on the patent term as it relates to Trancend^{pep}. biOasis continues to prosecute the corresponding applications and divisional applications in other jurisdictions.

In regard to biOasis' lead programs in oncology, the Company owns seven U.S. and corresponding foreign patent applications in the area of delivery of brain-penetrating antibodies for the treatment of brain and other cancers. Parts of these applications are specifically directed to the MTF-TZM program for the treatment of brain metastases of HER2+ breast cancer. These patent applications have now issued in key jurisdictions and provide biOasis with intellectual property protection through 2032, not including any patent term adjustment.

In 2015 biOasis filed three key patent applications and continuations to aggressively build on its Transcend patent portfolio.

On June 14, 2016, the Company was granted US Patent No 9,364,567 entitled "*Fragments of P97 and Uses Thereof*". This patent significantly broadens the Company's Transcend Platform to include the more efficient and biochemically amenable p97 peptide vectors and firms up the Company's intellectual property, greatly strengthening its licensing model.

FUTURE OUTLOOK

The Company will continue to need to raise funds for its future operations and for its pre-clinical programs potentially leading to the filing of one or a number of Investigational New Drugs (INDs).

Within the Transcend program, management intends to advance pre-clinical development of the MTF-TZM Herceptin® conjugate program, to advance its Transcend^{pep} family program and to fund further pre-clinical work on its LSD program and other preclinical programs as initiated by the Company. With sufficient funds, the Company will expand the scope of work on these projects with the intention of creating greater value for its intellectual property and

on building stronger licensing partnerships. To assist in commercialization of biOasis's technology, biOasis engaged Shadow Lake Group (formerly named Willow Tree Capital Corp.) to perform certain business development activities that will potentially lead to commercial license agreements.

SUMMARY OF QUARTERLY RESULTS

The following are the results for the Company's past eight quarterly reporting periods:

Quarterly Results	Q3 2017 $	Q2 2017 $	Q1 2017 $	Q4 2016 $	Q3 2016 $	Q2 2016 $	Q1 2016 $	Q4 2015 $
Total Revenue	134,330	117,752	155,521	136,284	65,777	167,063	-	-
Cost of sales	113,935	74,277	149,789	253,557	76,938	93,308	-	-
Total Expenses	624,816	1,099,562	907,049	447,057	540,683	671,376	850,232	713,509
Interest Income	1,023	2,021	2,303	(443)	2,549	(709)	6,336	5,178
Loss on disposal of capital assets	-	-	-	(1,802)	-	-	-	-
Foreign Exchange and other gain /(loss)	(5,683)	(2,062)	(2,407)	(7,498)	(3,281)	(2,608)	(1,440)	(8,028)
Gain on write-off of accounts payable	-	-	-	-	-	-	-	2,130
Net and Comprehensive Loss	609,081	1,056,128	901,421	574,073	552,576	600,938	845,336	714,229
Basic Loss per share	0.01	0.02	0.02	0.01	0.01	0.01	0.02	0.02

Share-based compensation expense impacts expenses and net and comprehensive loss as follows: Q3 2017: $271,078; Q2 2017: $505,332; Q1 2017: $567,613; Q4 2016: $40,063; Q3 2016: $143,302; Q2 2016: $187,043; Q1 2016: $400,555; and Q4 2015: $177,196.

Pre-clinical expenses trended higher Q4 2015 followed by lower trend Q1 2016 through Q1 2017, principally due to efficiency streamlining of work on the Company's preclinical partnership programs, on the Company's internal Transcend peptide program and on university research work related to Transcend as well as reclassification of certain cost to cost of sales. Since Q2 2016, the Company received $857,266 from CQDM, Brain Canada and other sources, which has been classified as research revenue. As a result, certain pre-clinical expenses were reclassified as cost of sale.

RESULTS OF OPERATIONS

Below are the results of operations for the three and nine months ended November 30, 2016 (Q3 2017 and YTD 2017) as compared to the three and nine months ended November 30, 2015 (Q3 2016 and YTD 2016).

Expenses are classified by function.

Revenue and Cost of Sales

The following table identifies the composition and changes in Revenue and Cost of Sale for Q3 2017 compared to Q3 2016 and YTD 2017 compared to YTD 2016:

Other items	Q3 2017 $	Q3 2016 $	Increase (decrease) $	YTD 2017 $	YTD 2016 $	Increase (decrease) $
Research revenue	134,330	65,777	68,553	407,603	232,840	174,763
Cost of sales	113,935	76,938	36,997	338,001	170,246	167,755
Gross profit (loss)	20,395	(11,161)	31,556	69,602	62,594	7,008

Q3 2017 compared to Q3 2016

The Company recognized research revenue of $134,330 in Q3 2017 from the CQDM and Brain Canada grant that commenced in Q2 2016. As a result, certain pre-clinical expenses and general and administration expenses totaling $113,935 were reclassified as cost of sale in Q3 2017.

YTD 2017 Compared to YTD 2016

The Company recognized research revenue of $407,603 in YTD 2017 from the CQDM and Brain Canada grant that commenced in Q2 2016. As a result, certain pre-clinical expenses and general and administration expenses totaling $338,001 were reclassified as cost of sale in YTD 2017.

General and Administration Expense

The following table identifies the composition and changes in General and Administrative ("G&A") expense for Q3 2017 compared to Q3 2016 and YTD 2017 compared to YTD 2016:

General and Administrative Expense	Q3 2017 $	Q3 2016 $	Increase (decrease) $	YTD 2017 $	YTD 2016 $	Increase (decrease) $
Office, insurance, amortization	13,250	21,110	(7,860)	39,018	63,763	(24,745)
Salaries and consulting	84,270	78,601	5,669	252,635	288,987	(36,352)
Share-based compensation	263,027	138,763	124,264	1,279,004	731,445	547,559
Professional and regulatory	9,441	16,498	(7,057)	76,519	78,049	(1,530)
Investor relations, marketing and travel	63,444	83,532	(20,088)	282,580	227,917	54,663
Total General and Administrative Expense	433,432	338,504	94,928	1,929,756	1,390,161	539,595

Q3 2017 compared to Q3 2016

G&A expense for Q3 2017 is $433,432, a $94,928 increase in expense over Q3 2016 expense of $338,504, principally due to an increase in share based compensation expense of $124,264 and in salaries and consulting of $5,669 offset by a decrease in investor relations, marketing and travel of $20,088, in professional and regulatory of $7,057 and in office, insurance, amortization of $7,860.

The increase in share-based compensation expense calculated using the Black-Scholes fair value model is principally due to more options vested for general and administration in Q3 2017. The decrease in investor relations, marketing and travel is due to attendance at fewer conferences during the quarter.

YTD 2017 Compared to YTD 2016

G&A expense for YTD 2017 is $1,929,756, a $539,595 increase in expense over YTD 2016 expense of $1,390,161, principally due to an increase in share based compensation expense of $547,559, and in investor relations, marketing and travel of $54,663 offset by a decrease in salaries and consulting of $36,352, in office, insurance, amortization of $24,745, and in professional and regulatory of $1,530.

The increase in share-based compensation expense calculated using the Black-Scholes fair value model is principally due to more options granted and vested for general and administration in YTD 2017. The increase in investor relations, marketing and travel in YTD 2017 is due to attendance at more conferences and business development activities, including consulting services of Shadow Lake Group during the current period. The decrease in salaries and consulting expense is principally due to the layoff of two employees since May 2015 and reclassification of certain salaries to cost of sale in YTD 2017.

Research and Development Expense

The following table identifies the composition and changes in Research and Development (R&D) expense for Q3 2017 compared to Q3 2016 and YTD 2017 compared to YTD 2016:

Research and Development Expense	Q3 2017 $	Q3 2016 $	Increase (decrease) $	YTD 2017 $	YTD 2016 $	Increase (decrease) $
Amortization	12,249	12,248	1	36,748	36,748	-
Patent maintenance legal & filing fees	127,490	146,121	(18,631)	485,914	303,647	182,267
Pre-clinical	21,469	20,045	1,424	44,065	118,008	(73,943)
Pre-clinical contribution	-	-	-	-	-	-
Salaries, consulting fees and benefits	22,125	19,226	2,899	69,925	214,272	(144,347)
Share-based compensation	8,051	4,539	3,512	65,019	(545)	65,564
Total Research and Development Expense	191,384	202,179	(10,795)	701,671	672,130	29,541

Q3 2017 Compared to Q3 2016

R&D expense for Q3 2017 was $191,384, a decrease of $10,795 over Q3 2016 expense of $202,179, principally due to a decrease of $18,631 in patent expenditures offset by an increase of $3,512 in share-based compensation, $1,424 in pre-clinical and $2,899 in salaries, consulting fees and benefits as compared to Q3 2016. The decrease in patent maintenance, legal and filing fees expense was a result of costs associated with the CQDM project incurred in Q3 2016. The increase in share-based compensation expense calculated using the Black-Scholes fair value model is principally due to more options vested for R&D in Q3 2017 as compared to Q3 2016.

YTD 2017 Compared to YTD 2016

R&D expense for YTD 2017 was $701,671, an increase of $29,541 over YTD 2016 expense of $672,130, principally due to an increase of $182,267 in patent expenditures and $65,564 in share-based compensation offset by a decrease of $73,943 in pre-clinical and $144,347 in salaries, consulting fees and benefits as compared to YTD 2016. The decrease in pre-clinical, salaries, consulting fees and benefits was principally due to the reclassification of certain salaries and consulting fees to cost of sale in YTD 2017. The increase in patent maintenance, legal and filing fees expense in YTD 2017 was a result of new patent filings associated primarily with peptide and peptide sequence patents and renewals during the period. The increase in share-based compensation expense calculated using the Black-Scholes fair value model is principally due to more options granted and vested for R&D in YTD 2017 as compared to YTD 2016.

Other Items

The following table identifies the composition of Other Items:

Other items	Q3 2017 $	Q3 2016 $	Increase (decrease) $	YTD 2017 $	YTD 2016 $	Increase (decrease) $
Interest income	1,023	2,549	(1,526)	5,347	8,176	(2,829)
Foreign exchange gain / (loss)	(5,683)	(3,281)	(2,402)	(10,152)	(7,329)	(2,823)
Total Other Items	(4,660)	(732)	(3,928)	(4,805)	847	(5,652)

The decrease in interest income in YTD 2017 principally reflects lower interest rates for term deposits and short term investment with a Canadian Schedule I chartered bank as compared to YTD 2016.

Net and Comprehensive Loss

As a result of operations noted above Net Loss and Comprehensive Loss is as follows:

Net and Comprehensive Loss	Q3 2017 $	Q3 2016 $	Increase (decrease) $	YTD 2017 $	YTD 2016 $	Increase (decrease) $
Net and Comprehensive Loss	609,081	552,576	56,505	2,566,630	1,998,850	567,780
Net Loss per share (basic and fully diluted)	0.01	0.01	-	0.06	0.05	-

LIQUIDITY AND CAPITAL RESOURCES

Financial Condition

As at November 30, 2016 the Company had working capital of $280,119 a decrease in working capital of $1,009,001 from February 29, 2016. Working capital is comprised of cash and cash equivalents of $856,538 offset by accounts payable and accrued liabilities of $531,296. The decrease in working capital is principally due to the net loss adjusted for items not affecting cash of $1,184,752 offset by the $175,750 proceeds from exercising stock options and warrant for YTD 2017.

The Company's objective is to maintain a sufficient capital base to fund at least twelve months of operations and to undertake further pre-clinical studies on Transcend. The Company currently has less than twelve months of cash on hand and will need to raise additional working capital through the sale of common stock, the issuance of debt or by entering into license or collaboration agreements to fund its operations and preclinical studies.

If the Company is successful in its preclinical program then the Company may attract pharmaceutical partners to fund clinical trials. The Company has no earnings to date and has funded its operations and research and development principally through sale of common stock. If the Company is unsuccessful in raising additional funds in future sales of common stock and new sources of financing such as milestone payments or joint venture arrangements cannot be secured then the Company will be forced to curtail its activities to a level for which resources are available.

Cash Flow

YTD 2017 Compared to YTD 2016

Net cash used by operating activities in YTD 2017 was $941,960 as compared to $1,225,337 in YTD 2016, a decrease in use of cash of $283,377, principally due to a decrease in cash outflows from prepaid expense of $24,436, from accounts receivable of $43,611, from accounts payable of $258,046 and a decrease in cash outflows from net loss adjust for non-cash items by $45,655 offset by an increase in cash outflows from deferred income of $88,371 in comparison to YTD 2016.

Investing activities for YTD 2017 provide cash of $850,000, an increase of $951,576, due to a decrease in investments in short term GICs of $100,000.

Financing activity for YTD 2017 raised net cash proceeds of $175,750 through the exercise of stock options and warrants, an increase of $61,750 over YTD 2016. YTD 2016 raised net cash proceeds of $114,000 from the exercise of 95,000 options at $1.20 per share.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

OUTSTANDING SHARE DATA

The authorized share capital consists of an unlimited number of common shares without par value.

Outstanding Share Data	Number of Common Shares	Exercise Price per Common Share
Issued and outstanding common shares as at January 30, 2017	45,654,257	
Incentive stock options	7,395,000	$0.52 - $1.42
Warrants	300,000	$1.10
Fully diluted shares as at January 30, 2017	53,349,257	

RELATED PARTY TRANSACTIONS

Related Party Transactions with Key Management Personnel

During the period ended November 30, 2016, the Company paid the President and CEO ("CEO") of the Company $126,000 (November 30, 2015: $126,000) pursuant to a salary contract for services and for acting in his capacity as CEO. The Company also incurred payroll benefits expense of $3,969 (November 30, 2015: $2,446) attributed to the CEO. As at November 30, 2016, the Company owed $nil (November 30, 2015: $nil) to the CEO, which is unsecured, non-interest bearing and with no repayment terms.

During the period ended November 30, 2016, the Company paid $48,750 (November 30, 2015: $48,750) to an officer of the Company, pursuant to a consulting contract for consulting services and for acting in her capacity as CFO.

During the period ended November 30, 2016, the Company incurred legal expenses of $807 (November 30, 2015: $654) to a law firm, a principal of which is a relative of the CEO of the Company.

During the period ended November 30, 2016, 1,500,000 options were granted to directors or officers (November 30, 2015: nil granted) and directors were paid board and board committee fees of $24,750 (November 30, 2015: $24,750) and the Company incurred payroll benefits expense of $271 (November 30, 2015: $271) attributed to these parties. As at November 30, 2016, the Company owed or accrued $24,764 (November 30, 2015: $16,414) to directors, which is unsecured, non-interest bearing and with no repayment terms.

These transactions were in the normal course of operations and have been recorded at their exchange amounts, which is the consideration agreed upon between the related parties.

PROPOSED TRANSACTIONS

There are no proposed transactions currently approved by the board of directors.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with International Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Significant estimates include the estimated useful life of long-lived assets, the recoverability of amounts recorded for long-lived assets, valuation allowance on future income taxes and estimates used in calculating stock-based compensation. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Revenue Recognition

The Company recognizes collaborative research revenues as services are rendered when the amount of revenue can be measured reliably, it is probable the economic benefits associated with the transaction will flow to the Company, the stage of completion of the transaction and the costs incurred to complete the transaction can be measured reliably. Revenue from non-refundable contract fees where the Company has continuing involvement through research collaborations, is recognized rateably over the related research period. Payments received in advance of rendering research services are recorded as deferred revenue.

Research and Development Costs

Research expenditures are expensed as incurred. Development expenditures are deferred when they meet the criteria for capitalization in accordance with IFRS and the future benefit could be regarded as reasonably certain. Related tax credits are accounted for as a reduction to research and development expenditures on the condition that the Company is reasonably certain that these credits will materialize. To date no costs have been deferred.

Pre-clinical trial expenses relating to service agreements with contract research organizations, investigators, contractors and other service providers who conduct product development activities for the Company are recorded based on the estimated amount of work completed for each pre-clinical trial. During internal reviews, contractual terms and obligations, correspondence and discussions with service providers are considered in order to estimate the amount of pre-clinical trial expense for an accounting period.

Intangible Assets

The Company's intangible assets are comprised of purchased technology, patents and licenses.

Intangible assets acquired as part of a group of other assets are initially recognized and measured at cost less accumulated amortization and accumulated impairment losses. The cost of a group of intangible assets acquired in a business combination that meet the specified criteria for recognition apart from goodwill, is allocated to the individual assets acquired based on their relative fair values.

Intangible assets with finite useful lives are amortized over their estimated useful lives ranging from 10 to 20 years from the date they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the

asset. Factors considered in estimating the useful life of intangible assets include the expected use of the asset by the Company, legal, regulatory and contractual provisions that may limit the useful life, and the effect of competition. Costs incurred to establish and maintain patents for intellectual property are expensed in the period incurred.

The Company reviews the carrying costs of long-lived assets for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In accordance with IFRS impairment exists when the carrying value of an asset exceeds it recoverable amount, which is the higher of its fair value less costs to sell or its value in use. The fair value less costs to sell calculation is based on available data from observable market prices, less incremental costs. The value in use calculation is based on the discounted cash flow model. These calculations require the use of estimates and forecasts of future cash flows. Qualitative factors, including market size and market growth trends, as well as other factors are considered when making assumptions with regard to future cash flows and the appropriate discount rate. A change in any of the significant assumptions of estimates used in evaluating the underlying assets could result in a material change to the results of operations.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment has been recognized. Write-downs as a result of impairment are recognized in research expense in the statement of comprehensive loss.

Share-based Compensation

The Company accounts for share-based compensation expense using the fair value based method. The fair value of stock-based payments to non-employees that vest over a service period, are periodically re-measured until counterparty performance is completed, and any change therein is recognized over the service period. The cost of stock-based payments that are fully vested and non-forfeitable at the grant date are measured and recognized at that date. The Company uses the Black-Scholes option-pricing model to determine fair value of options granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

CHANGES IN ACCOUNTING POLICIES

There are no changes in accounting policies in YTD 2017.

FUTURE ACCOUNTING POLICIES CHANGES

Accounting Standards and Interpretations Issued but Not Yet Effective

The following standard was adopted by the Company effective March 1, 2016:

IAS 1, *Presentation of Financial Statements:* In December 2014, the IASB issued amendments to IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial statements by clarifying that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply. The amendments also clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share

of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

IAS 16, *Property, Plant and Equipment* and IAS 38, *Intangible Assets:* In May 2014, the IASB issued amendments to IAS 16 and IAS 38. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The following standard will be adopted by the Company effective March 1, 2018:

IFRS 15, *Revenue from Contracts with Customers:* In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* which supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC 31, *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

IFRS 9, *Financial Instruments:* The IASB intends to replace IAS 39, *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9, *Financial Instruments* which is intended to reduce the complexity in the classification and measurement of financial instruments.

The Company has not early adopted these future standards and is currently evaluating the impact that the adoption of the future standards may have on the Company's consolidated financial statements.

RISKS

The Company has no products in commercial production or product revenues and no history of earnings or dividends. The ability of the Company to continue its operations is dependent upon its ability to obtain additional funding through licensing of its technology and collaboration agreements with up-front and milestone payments, research grant funding, the sale of common stock and other strategic alternatives which could result in significant dilution in the equity interest of existing shareholders. The eventual profitability of the Company and its ability to continue as a going concern is dependent upon many factors, including its ability to obtain sufficient financing on terms acceptable to the Company, its ability to retain and attract key personnel, near term patent expirations that could impact the Company's ability to license its technology, securing and developing new intellectual property, the cost and logistics associated with maintaining and enforcing patents and intellectual property, the ability not to infringe on the intellectual property rights of others, strongly financed competitors, the Company's business is subject to potential liability and other claims, the biotechnology industry is subject to rapid and substantial technological change which could reduce the marketability of the Company's technology, costs and delays associated with pre-clinical studies and clinical trials, successful research outcomes, securing collaborations and agreements with licensing partners that involve up-front and milestone fees, and receipt of regulatory approvals.

In general, prospects for companies in the biopharmaceutical industry may be regarded as uncertain given the nature of the industry; therefore, investments in such companies should be regarded as highly speculative.

The Company's primary market risk is exposure to foreign currency exchange fluctuations.

COMPANY CONTACTS

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