BIOASIS TECHNOLOGIES INC.
Management Discussion and Analysis

This MD&A is prepared by management as of June 18, 2014 and should be read in conjunction with the audited consolidated financial statements and accompanying notes for the years ending February 28, 2014 and 2013. The audited 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. can be obtained from SEDAR at www.sedar.com.

This MD&A was approved and authorized for issue by the Board of Directors on June 18, 2014.

FORWARD LOOKING STATEMENTS

This Management Discussion and Analysis ("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, our stage of development, lack of any product revenues, general economic conditions, additional capital requirements, risk associated with the completion of clinical trials and obtaining regulatory approval to market our products, the ability to protect our 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: we may not be able to successfully develop and obtain regulatory approval for a diagnostic test for Alzheimer's disease, or future products in our targeted corporate objectives; our future operating results are uncertain and likely to fluctuate; we may not be able to raise additional capital; we may not be successful in establishing additional corporate collaborations or licensing arrangements; we may not be able to establish marketing and the costs of launching our products may be greater than anticipated; we have no experience in commercial manufacturing; we may face unknown risks related to intellectual property matters; we face increased competition from pharmaceutical and biotechnology companies; failure of third parties and sub-contractors; and other factors as described in detail in our filings with the Canadian securities regulatory authorities at www.sedar.com

All forward-looking statements and information made herein are based on our current expectations and we undertake 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. Readers are cautioned against placing undue reliance on forward-looking statements.

OVERVIEW

biOasis Technologies Inc. (biOasis or the Company) 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, including brain cancer. The Company is currently engaged in the development of a proprietary vector "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 OTCQX market, under the symbol BIOAF.

Corporate Highlights

On February 24, 2014 the Company up listed on the highest tier of the off-market, OTCQX under the symbol BIOAF and on May 8, 2014 the Company announced that its secured Depository Trust Company (DTC) eligibility for its shares. The DTC is a subsidiary of the Depository Trust & Clearing Corporation (DTCC) and manages the electronic clearing and settlement of publicly traded companies.

Scientific Presentations

The Company presented its preclinical data on its BT2111 program, the Delivery of Trastuzumab (Herceptin®) across the BBB using its proprietary vector during the American Academy of Cancer Research-NCI-EORTC International Conference on Molecular Targets and Cancer Therapeutics held in Boston, MA October 19-23, 2013.

The Company along with collaborators from Alexandria University, Egypt, Texas Tech University HSC, Amarillo, Texas and the West Virginia University HSC, School of Pharmacy, Morgantown, WV also presented results from its BT2111 program at the 105th Annual Meeting of the American Academy of Cancer Research held April 5th to 9th, 2014, in San Diego, California as follows: Presentation 642: Transcend, a protein vector for brain delivery, allows trastuzumab to reach the brain at effective concentration after incorporation to form BT2111. Presentation 2653: Anti-cancer antibody trastuzumab-melanotransferrin conjugate (BT2111) for the treatment of metastatic HER2+ breast cancer tumors in the brain: An *in vivo* study. Presentation 2905: The activity of a new class of biologics: trastuzumab conjugates designed to treat brain metastases of HER2+ breast cancers.

RESEARCH AND DEVELOPMENT PROGRAM STATUS

TRANSCEND Program - Blood Brain Barrier Technology

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

Delivery of molecules across the blood brain barrier – Early Proof of Concept Studies

Southern Research Institute in vivo Efficacy Study – Demonstrated the ability of p97 to deliver the small molecule anti-cancer drug Doxorubicin across the BBB at levels that were efficacious in animal models of brain cancer.

National Research Council in vivo Optical Imaging Project - On April 14, 2011, the Company reported the first results from the National Research Council (NRC) of Canada, demonstrating in live animals that Transcend could transport a fluorescent dye (that is normally excluded from the brain) across the BBB and into brain tissue

Delivery of Anti-Amyloid Beta Antibody ("anti-Aβ") to the Brain - On May 8, 2012, we announced results demonstrating that Transcend increased the delivery of an anti-amyloid beta antibody ("anti-Aβ") to the brain. Quantitative analysis by confocal microscopy showed that Transcend delivered greater than 4 fold more anti-Aβ into the brain when compared to anti-Aβ on its own. The administration of anti-Aβ to Alzheimer's disease ("AD") patients is a potential therapeutic strategy aimed at reducing amyloid plaques in the brain. The plaques, consisting of insoluble amyloid β protein, are thought to be responsible for the neuronal cell death and the associated cognitive impairment seen in AD patients. Approaches that can efficiently deliver anti-Aβ antibodies into the brain may be the key for their use in the treatment of AD.

Lysosomal Storage Disease - On May 11, 2011, the Company announced the initiation of our Transcend Vector Program for treatment of CNS symptoms of Lysosomal Storage Diseases (LSDs). This strategic decision was based on our data from earlier animal studies demonstrating that when the lysosomal enzyme iduronidase was conjugated to Transcend and administered intravenously, the levels of the drug in the brain were increased approximately 4-fold. Lysosomal storage disorders are inherited metabolic disorders, of which approximately fifty have been described to date. Despite the efficacy of currently approved therapies for LSDs using enzymes delivered to peripheral tissues in blood, the inability of these drugs to cross the blood brain barrier prevents them from entering the CNS in significant quantities.

BT2111 Program - Delivery of Trastuzumab (Herceptin®) across the BBB

In 2012, the Company initiated studies at the NRC and at the British Columbia Cancer Research Centre (BCCRC; Vancouver, BC) to assess the therapeutic potential of BT2111 for the treatment of brain metastases of HER2+ breast cancer. BT2111 is comprised of trastuzumab (trade name Herceptin®[1]), a humanized monoclonal antibody used clinically in the treatment of HER2-positive breast cancer, conjugated to the Transcend delivery vector. Trastuzumab alone does not cross the BBB at levels required for a therapeutic effect against brain metastases of breast cancer. Thus, we undertook studies to assess the ability of BT2111 to cross the BBB and penetrate brain tissue. In addition, BT2111 was examined for its ability to kill HER2+ cancer cells *in vitro* compared to trastuzumab on its own.

At the NRC, models of the BBB were used to compare the *in vitro* transport of trastuzumab and BT2111. Using fluorescence imaging, the NRC demonstrated marked transport of BT2111 into human brain endothelial cells compared with trastuzumab alone, which showed no transport into these cells. These results support the observation that trastuzumab alone does not actively cross the intact BBB at levels sufficient to reach therapeutic concentrations, thus highlighting the challenge of using this antibody as a therapeutic agent to target brain metastatic tumors. A follow-on brain imaging study was conducted by the NRC and involved the intravenous administration to mice of fluorescently labeled BT2111. The results showed that two hours post-injection, trastuzumab was delivered by Transcend across the BBB into the brain tissue. In contrast, intravenously administered trastuzumab did not distribute into the brain tissue.

In studies conducted on behalf of biOasis by the BCCRC, several different breast cancer cell lines were exposed *in vitro* to increasing doses of trastuzumab alone and to BT2111. BT2111

[1] *Herceptin® is a registered trademark of Genentech*

showed better cell killing activity against several HER2+ breast cancer cell lines when compared to trastuzumab alone. On October 17, 2011 we announced that two additional studies conducted by BCCRC confirmed and extended the earlier findings.

biOasis also initiated studies with the James Hogg Research Centre (UBC and St Paul's Hospital, Vancouver, BC) involving confocal fluorescence microscopic imaging of brain sections of animals that were administered BT2111 intravenously. The results confirmed the presence of BT2111 in brain cells.

In March, 2012, the Company announced positive test results showing that in an antibody dependent cell-mediated cytotoxicity ("ADCC") assay, BT2111 conjugates retained Fc receptor binding activity and mediated human immune cell killing of a HER2+ breast cancer cell line. The ADCC assay is used to measure human immune system activity directed against Herceptin® bound to HER2+ cancer cells and is considered a good predictor of anti-cancer activity.

In January, 2012, the Company entered into an agreement with Texas Tech University Health Sciences Center (TTUHSC) to undertake a series of preclinical studies designed to evaluate the pharmacokinetics of BT2111 in animal models of brain metastasis of breast cancer. The studies were conducted under the direction of Drs. Quentin Smith and Paul Lockman, both recognized experts on the BBB and on evaluating drug delivery to the central nervous system for the treatment of brain tumors.

In June, 2012, biOasis announced results from this first set of *in vivo* studies at Texas Tech demonstrating that BT2111 penetrated the BBB and entered brain tissue, consistent with previous studies showing that Transcend can effectively deliver several different types of compounds to the brain. Radiolabeled BT2111 was clearly present in the metastatic breast cancer tumors as determined by measurement of radioactive molecules using phosphorescence imaging of normal brain and brain with cancer metastases.

On September 5, 2012, the Company announced results from another key animal study showing that BT2111 arrested the growth of human breast cancer tumors in a murine xenograft model. The human tumor xenograft model is accepted industry-wide as a gold standard for assessing the performance of new and emerging drugs for treatment of cancer. In this study, highly aggressive human breast carcinoma cells were transplanted subcutaneously into recipient animals. The animals were treated intraperitoneally twice per week for 6 weeks with BT2111, Herceptin® or a placebo. Each week the subcutaneous tumor volumes were measured. In the placebo treated control animals, the tumors increased in size by 400% over baseline. In both the BT2111 and Herceptin® treated groups, the tumor growth was completely halted. Further, under the conditions of this study, both Herceptin® and BT2111 were well tolerated with no apparent signs of toxicity. As a secondary component of this study we examined the potential of BT2111 to induce tissue damage. As we reported on September 24, 2012, the histopathological analysis of a range of tissues demonstrated that "Under the conditions of this study, there were no test article-related histopathology findings". In addition to these benign histopathology findings, animal weights remained consistent throughout the study, indicating that BT2111 was well tolerated under the conditions used in this set of experiments.

At the TTUHSC School of Pharmacy, under the direction of Dr. Paul Lockman, we undertook additional studies designed to assess the effect of BT2111 and Herceptin® alone in animals that were inoculated with a human "brain-seeking" breast cancer cell line that overexpresses the HER2 receptor. In this model system, within 21 days the metastatic breast cancer cells migrate to the brain and establish clinically relevant tumors. Animals were then treated twice per week (up to day 35) with BT2111, with Herceptin® alone or with saline (controls). Following

treatment, the number and size of the metastatic tumors were determined. At day 35, the average number of tumors in the brains of saline-treated control animals was 85. Animals treated with Herceptin® showed no statistically significant reduction in this number. In contrast, the animals treated with BT2111 showed an average of 28 tumors, a statistically highly significant reduction over both Herceptin®-treated and saline-treated controls. Furthermore, BT2111 resulted in a 57% reduction in the size of the tumors that remained after treatment when compared to both Herceptin®-treated and saline-treated controls. This improvement observed in the BT2111 treatment group was also statistically highly significant compared to Herceptin® treatment where the average tumor size was slightly reduced (15%) when compared to the saline-treated controls. Additional studies are underway at TTUHSC to assess the effect of BT2111 on improving the survival of mice in a brain metastasis model of HER2+ breast cancer.

On November 12th, 2013 the Company reported that BT2111 also penetrates the blood-tumor barrier up to 10 times better than Herceptin alone. Through image analysis and quantitative autoradiography in this animal study, the Company demonstrated that BT2111 distributed evenly in healthy sections of the brain, surrounding the metastatic brain cancer and was present at significantly greater levels within the tumors compared to equal to or lower dose equivalence of Herceptin® alone. This observation corroborates the therapeutic responses seen in our prior animal models.

Peptide Program - Transcend^{pep}

On April 24th, 2014 the Company reported it had identified a new family of peptides that conserve and enhance the brain shuttling properties of Transcend. In side-by-side comparisons, these new peptide vectors were more efficient than the native, full-size Transcend molecule at delivering cargo to the brain.

This new family of peptides, "Transcend^{pep}" is able to shuttle a variety of therapeutic and biologics into the brain and their transport is not limited by the size of the transported therapeutics or their composition. This family, the second generation of Transcend, offers multiple advantages compared to Transcend. For example, the costs of production are extremely low as the peptides can be easily synthesized *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 are particularly well-suited to coupling to small molecule chemotherapeutics and other drugs. Thus development of new drugs using these new shuttle vectors can be accomplished more quickly and at much lower costs. This new family of novel chemical entities will provide a strong patent position for the Company and its current and future partners. In preclinical animal models the peptide vector-conjugates have shown remarkable efficacy.

Transcend^{pep} – siRNA Program:

On May 6th, 2014 the Company reported that Transcend^{pep} effectively delivers siRNA across the blood-brain barrier and into brain cells. This is an exciting development for potential treatment of a variety of brain disorders. RNA interference (RNAi) of gene function can be triggered by small single-stranded RNA molecules (small-interfering RNA; siRNA), which function to silence target genes in a sequence-specific manner. Therapeutics based on siRNA may have the potential to reverse and eradicate human disease by targeting specific genes that cause or modify disease outcome. However, since siRNAs on their own do not cross the blood-brain barrier, the targeting of genes within the brain was not assumed to be achievable. biOasis has now demonstrated delivery of siRNA across the blood-brain barrier using its new peptide vector, Transcend^{pep}. After systemic injection, siRNA coupled to Transcend^{pep} was shown to shuttle into the brain and became localized within brain cells. Since a variety of different siRNAs

(specific for different disease-associated genes) can be delivered, this is a significant achievement for the Company and for the field of molecular therapeutics. Transcend^{pep}-siRNA constructs thus become a potential cornerstone technology for development of new therapeutics for brain disorders, including, cancers of the brain, Alzheimer's disease, Huntington's disease, Amyotrophic lateral sclerosis (ALS) and other neuropsychiatric diseases and for a variety of neuromuscular diseases, pain and infections.

RNAi is a promising and novel therapeutic approach for treatment of many CNS diseases. The successful delivery of Transcend^{pep}-siRNA conjugates to the brain is therefore a significant advance and may provide the foundation for exploring the potential of siRNA-based therapeutics for a host of different diseases of the Central Nervous System.

Collaboration Studies:

Shire Human Genetic Therapies Inc.

On November 24, 2011, the Company announced that it had entered into a research, evaluation and option agreement with Shire Human Genetic Therapies, Inc. (Shire) to evaluate biOasis's Transcend technology in the area of lysosomal storage disorders. In connection with this agreement, biOasis and Shire undertook certain experiments at their own expense and Shire had certain rights that have now expired. The companies plan no further studies or programs at this time.

AbbVie Inc.

On June 18, 2012, the Company announced a research, evaluation and option agreement with Abbott Laboratories. In consideration for entering into this agreement, undertaking certain activities and funding a number of experiments, Abbott was granted certain options to obtain a license to Transcend technology under mutually agreeable terms. On November 28, 2012 Abbott announced the separation of its research-based pharmaceuticals business, which is now called AbbVie Inc. The companies are currently in discussions regarding potential future research/work programs.

Medimmune Limited

On November 14, 2012, we announced that biOasis had entered into a research and evaluation agreement with Medimmune Limited ("Medimmune"), the global biologics arm of AstraZeneca. Under the terms of that collaboration, biOasis conducted certain experiments at MedImmune's expense with the objective of demonstrating that biOasis's Transcend technology can deliver to the brain compounds of interest to MedImmune.

On March 17, 2014 we announced that biOasis has signed an evaluation and license agreement with MedImmune. Under the terms of the agreement, MedImmune will evaluate the therapeutic effect of its pre-clinical assets with next-generation versions (initially Transcend^{pep}) of biOasis's Transcend brain delivery platform.

UCB Pharma SA

On December 3, 2012 we announced that the Company had entered into a research collaboration agreement with Brussels, Belgium-based UCB Pharma SA (UCB). In connection with this agreement, biOasis is conducting certain experiments to provide UCB with confirmation of the

Transcend technology as it relates to the delivery to the brain of therapeutic compounds owned by UCB. The companies are in discussions regarding the potential introduction of the Transcend^{pep} program into the UCB work program.

COGNITEST- Alzheimer's disease diagnostic program

From 2008 through 2011 biOasis was actively engaged in the development of an *in vitro* assay to measure the levels of p97 protein in human serum as a potential diagnostic biomarker for Alzheimer's disease. This diagnostic test, "Cognitest", is intended to assist physicians in diagnosis of Alzheimer's disease. The correlation between serum levels of p97 and Alzheimer's disease was first made by professor Wilfred Jefferies and his colleagues at the University of British Columbia (UBC). Dr. Jefferies and his collaborators at UBC continue to evaluate Cognitest in a small number of freshly collected human samples. However, a full impairment charge was recognized by the Company on the Cognitest IP and technology in fiscal 2013, as the Company has no immediate plans in pursuing its commercialization.

Patents

The Company owns approximately 30 U.S. and foreign patents/applications related to p97 as a blood-brain barrier delivery vector and as a biomarker for Alzheimer's disease.

Regarding our lead program in metabolic diseases, our patent portfolio includes 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 blood-brain barrier and/or to lysosomes, including for the treatment or prevention of LSDs. On October 1, 2013, our 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 a lysosomal storage disease enzyme for the treatment of lysosomal storage diseases. Specifically, the enzymes claimed in the issued patent include those that are used clinically as enzyme replacement therapies to treat lysosomal storage diseases such as Hunter Syndrome, Hurler syndrome and others. Corresponding applications have been recently allowed in Canada and Europe. The patents that issue from this family are predicted to expire in 2023, not including any patent term adjustment. We continue to prosecute the corresponding applications and divisional applications in other jurisdictions.

In regard to our lead programs in oncology we own seven U.S. and corresponding foreign patent applications in the area of brain-penetrating antibodies for the treatment of brain and other cancers. Parts of these applications are specifically directed to our BT2111 program for the treatment of brain metastases of HER2+ breast cancer. These patents, if issued, would provide us with protection through 2032, not including any patent term adjustment.

We continue to aggressively build our Transcend patent portfolio through the filing of new patent applications directed to various improvements in the use of Transcend to shuttle therapeutic compounds across the BBB.

FUTURE OUTLOOK

The Company will continue to need to raise funds for its future operations and for its pre-clinical programs.

Within the Transcend program, management intends to advance pre-clinical development of the BT2111 Herceptin® conjugate program, to advance its Transcend^{pep} family program, to fund further pre-clinical work on its Lysosomal Storage Disease program, to undertake work under the new Medimmune license and evaluation 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 in its intellectual property and on building stronger licensing partnerships.

Discussion

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

Quarterly Results	**Q4 2014 $**	**Q3 2014 $**	**Q2 2014 $**	**Q1 2014 $**	**Q4 2013 $**	**Q3 2013 $**	**Q2 2013 $**	**Q1 2013 $**
Total Expenses	1,266,713	814,433	822,570	734,251	1,222,284	1,597,971	1,351,831	820,312
Interest Income	4,743	8,201	8,583	9,311	8,034	8,443	7,138	2,541
Foreign Exchange gain/(loss)	(8,688)	(1,594)	6,684	603	9,865	48	(7,132)	2,696
Net and Comprehensive Loss	1,270, 658	807,826	807,303	724,337	1,204,385	1,589,480	1,351,825	815,075
Basic Loss per share	0.03	0.02	0.02	0.02	$0.03	$0.04	$0.04	$0.02

Share-based compensation expenses impacts expenses and net and comprehensive loss as follows: Q4 2014: $575,566; Q3 2014 $54,530; Q2 2014: $113,867; Q1 2014: $191,872; Q4 2013: $409,494; Q3 2013: $1,107,586; Q2 2013: $746,917; and Q1 2013: $286,462.

Pre-clinical expenses trended higher Q1 2014 through Q3 2014, principally due to work on the Company's preclinical partner programs, on the Company's internal Transcend peptide program, and on university research work related to Transcend. Q4 2013 was impacted by an impairment charge of $340,427 in respect of the Company's UBC Patents and IP that comprise the biomarker diagnostic (Cognitest) for Alzheimer's disease patents, licenses and intellectual property.

SELECTED ANNUAL FINANCIAL INFORMATION

The following is selected financial information for the Company's three completed fiscal years:

Selected Annual Financial Information	**Feb 28, 2014 $**	**Feb 28, 2013 $**	**Feb 29, 2012 $**
Total Revenues	Nil	Nil	Nil
Total Expenses	3,637,967	4,992,398	2,940,058
Interest income	30,838	26,156	4,337
Foreign Exchange gain / (loss)	(2,995)	5,477	(2,186)
Net Loss	3,610,124	4,960,765	2,937,907
Net Loss per share, basic and diluted	0.09	0.13	0.09
Total Assets	2,578,584	3,835,262	2,147,837
Total long term liabilities	1,234	-	2,073

Cash dividends declared	Nil	Nil	Nil

Expense trend is higher principally due to impact of share based compensation expenses as follows: $935,835 in fiscal 2014; $2,550,459 in fiscal 2013, and $967,698 in fiscal 2012. Pre-clinical expense is higher in fiscal 2014 due to increased expenditures on collaborator programs, and on the Company's Transcend program, including the BT2111 Herceptin® conjugate program. Fiscal 2013 was also impacted by the impairment charge of $340,427 in respect of the Company's UBC Patents and IP (Cognitest).

RESULTS OF OPERATIONS

For the three (Q4 2014) and twelve months ended February 28, 2014 (Fiscal 2014) as compared to the three (Q4 2013) and twelve months ended February 28, 2013 (Fiscal 2013).

Expenses are classed by function.

General and Administration Expense

The following table identifies the composition and changes in General and Administrative ("G&A") expense for Fiscal 2014 as compared to Fiscal 2013:

General and Administrative Expense	**Feb 28, 2014**	**Feb 28, 2013**	**Increase (decrease)**
	$	**$**	**$**
Office, insurance, amortization	127,194	132,001	(4,807)
Salaries and consulting	461,786	439,697	22,089
Share-based compensation	685,151	2,162,827	(1,477,676)
Professional and regulatory	99,045	90,689	8,356
Investor relations, marketing and travel	265,033	248,650	16,383
Total General and Administrative Expense	1,638,209	3,073,864	(1,435,655)

Fiscal 2014 compared to 2013

Share-based compensation calculated using the Black-Scholes fair value model declined principally due to lower number of option grants, lower fair values at grant date and due to overall later timing of option grant in Fiscal 2014 versus Fiscal 2013. Investor relations, marketing and travel increased principally due to increased costs of investor relations consulting firms.

Q4 2014 compared to Q4 2013

G&A expense for Q4 2014 is $629,852 a $67,649 increase in expense of over Q4 2013 expense of $561,933, principally due to an increase in share-based compensation expense by $39,464 as most new Fiscal 2014 options were set in Q4 2014 versus Q2 2013 for Fiscal 2013 option grants, a $15,818 increase in investor relations, marketing and travel and a $13,959 increase in professional expense, principally due to legal expense relating to new OTCQX listing.

Research and Development Expense

The following table identifies the composition and changes in Research and Development (R&D) expense for Fiscal 2014 as compared to Fiscal 2013:

Research and Development Expense	**Feb 28, 2014**	**Feb 28, 2013**	**Increase (decrease)**
	$	**$**	**$**
Amortization	48,998	115,858	(66,860)
Impairment	-	340,427	(340,427)
Patent maintenance legal & filing fees	258,094	200,006	58,088
Pre-clinical	1,216,424	547,199	669,225
Pre-clinical contribution	(259,862)	(49,252)	(210,610)
Salaries, consulting fees and benefits	485,420	376,664	108,756
Share-based compensation	250,684	387,632	(136,948)
Total Research and Development Expense	1,999,758	1,918,534	81,224

Fiscal 2014 compared to Fiscal 2013

Preclinical expenditures increased principally due to increased expenditures on the Company's preclinical partner programs, due to the Transcend peptide program (Transcend^{pep}) and due to university research work related to Transcend, offset in part by lower expenditures on the BT2111 Herceptin® conjugate program. An impairment charge of $340,427 was recognized in Fiscal 2013 in respect of the Company's UBC Patents and IP that comprise the biomarker diagnostic (Cognitest) for Alzheimer's disease patents, licenses and intellectual property as the Company is no longer pursuing its commercialization of Cognitest at this time. Share-based compensation calculated using the Black-Scholes fair value model declined principally due to lower fair value of grant price at option date and later timing of grants offset in part by higher number of options granted. Patent maintenance, legal and filing fees expense increase in Fiscal 2014 reflects expense of new patent filings and expense associated with issuance of the Lysosomal storage disease patent.

Q4 2014 compared to Q4 2013

R&D expense for Q4 2014 was $637,131, a $23,220 decline in expense over Q4 2013 expense of $660,351. This was principally due to nil impairment charge taken in Q4 2014 as compared to $340,427 in Q4 2013 in respect of the Company's UBC Patents and IP that comprise the biomarker diagnostic (Cognitest) for Alzheimer's disease patents, licenses and intellectual property. In turn this was offset principally by higher share-based compensation expense calculated using the Black-Scholes fair value model by $126,609 principally due to timing and greater number of options granted in Q4 2014 although at lower fair value prices. In addition pre-clinical was increased by $92,039 and there were lower contributions by $18,688 and increased patent expenditures by $84,688 as compared to Q4 2013.

Other Items

The following table identifies the composition of Other Items:

Other items	**Feb 28, 2014 $**	**Feb 28, 2013 $**	**Increase $**
Interest income	30,838	$ 26,156	**$ 4,682**
Foreign exchange gain / (loss)	(2,995)	5,477	**(8,472)**
Total Other Items	27,843	$ 31,633	**$ (3,790)**

The increase in interest income principally reflects greater cash available to invest.

Net and Comprehensive Loss

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

Net and Comprehensive Loss	**Feb 28, 2014 $**	**Feb 28, 2013 $**	**Increase $**
Net and Comprehensive Loss	3,610,124	4,960,765	(1,350,641)
Net Loss per share (basic and fully diluted)	0.09	0.13	(0.04)

LIQUIDITY AND CAPITAL RESOURCES

Financial Condition

As at February 28, 2014 the Company had working capital of $1,860,135, a decrease in working capital of $1,149,095 from February 28, 2013. Working capital includes cash and equivalents of $1,092,215 and short-term GIC investments of $750,000. The decrease in working capital is principally due to the net loss for fiscal 2014 adjusted for items not affecting cash of $2,621,077 offset in part by proceeds from the exercise of warrants and incentive stock options of $1,471,142. Since February 28, 2014 the Company has received proceeds of $96,900 from the exercise of incentive stock options.

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. Management estimates that the Company has approximately twelve months of working funds on hand The Company will continue to need to raise working capital through the sale of common stock and license and collaborations in the future to fund its operations and preclinical program.

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

Fiscal 2014 compared to Fiscal 2013

Net cash used by operating activities in Fiscal 2014 was $2,824,320 as compared to $1,865,123 in Fiscal 2013, an increase in use of cash of $959,197, principally due to increase in net loss adjusted for non-cash items by $669,606.

Investing activities for Fiscal 2014 provided cash of $750,000, a decrease in use by $2,253,984, principally due to lower investments in short term GICs by $2,250,000.

Financing activity for Fiscal 2014 raised net cash proceeds of $1,471,142 through the exercise of warrants and options, a decrease of $2,546,186 over Fiscal 2013. Fiscal 2013 raised net cash proceeds of $4,017,328 comprising $2,317,161 through a unit private placement and $1,700,167 from the exercise of warrants and options.

Q4 2014 compared to Q4 2013

Net cash used by operating activities increased by $640,267 in Q4 2014 as compared to Q4 2013, principally due to increase in net loss adjusted for non-cash items by $255,439 and increase in use by reduction in accounts payable by $280,313.

Investing activities for Q4 2014 provided cash of $450,000, a decrease in use by $1,250,000 over Q4 2013 due to decrease in short term investments comprising GICs.

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	Expiry Dates
Issued and outstanding common shares as at June 18, 2014	41,963,130		
Warrants	250,000	$0.575	August 5, 2016
Incentive stock options	6,272,275	$0.52 - $1.42	June 29,2014 – December 18, 2018
Fully diluted shares as at June 18, 2014	48,485,405		

RELATED PARTY TRANSACTIONS

Related Party Transactions with key management personnel

During the year ended February 28, 2014, the Company paid $12,000 (February 28, 2013: $144,000), pursuant to a consulting contract, to a director and a company controlled by the director and officer of the Company for consulting services and for acting in his capacity as President and Chief Executive Officer ("CEO") and $154,000 (February 28, 2013: $nil) pursuant

to a salary contract beginning April 1, 2013 for services and for acting in his capacity as President and Chief Executive Officer ("CEO"). The Company also incurred benefit expense of $5,698 (February 28, 2013: $nil).

During the year ended February 28, 2014, the Company paid $72,000 (February 28, 2013: $72,000), pursuant to a consulting contract, to a director and officer of the Company for consulting services and for acting in his capacity as Chief Financial Officer

During year ended February 28, 2014, the Company incurred legal expense of $2,585 (February 28, 2013: $2,238) to a law firm, a principal of whom is a relative of the CEO of the Company. As at February 28, 2014, the Company owed or accrued $559 (February 28, 2013: $1,522) to this law firm, which is unsecured, non-interest bearing and with no repayment terms.

During the year ended February 28, 2013 the Company paid $nil (February 29, 2012 - $3,200) to a company, the President of which is a director of the Company, for pre-clinical services.

During the year ended February 28, 2014 1,200,000 options were granted to directors or officers (February 28, 2013: 1,675,000 granted) and directors were paid board and board committee fees of $33,000 (February 28, 2013: $30,350) and the Company incurred benefit expense of $412 (February 28, 2013 - $2,668).

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.

CONTRACTUAL OBLIGATIONS

Contractual Obligations		**Payments due by period**	
	Total	**Less than one year**	**1 – 2 years**
Premises lease	$63,288	31,644	$31,644
Pre-clinical services purchase obligations*	$21,854	21,854	-
Total contractual obligations	$85,142	$53,498	$31,644

*Canadian dollars and Canadian dollar equivalent

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.

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

On March 1, 2013 the Company adopted the following standards and amendments to existing standards:

IFRS 10, Consolidated Financial Statements ("IFRS 10") replaces consolidation requirements in IAS 27 "Consolidated and Separate Financial Statements" and Standing Interpretation Committee Interpretation 12, Consolidation – Special Purpose Entities ("SIC-12"). IFRS 10 provides a revised definition of control so that a single control model can be applied to all entities for consolidation purposes.

IFRS 11, *Joint Arrangements* ("IFRS 11") replaces IAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, and requires a single method to account for interests in jointly controlled entities.

IFRS 12, *Disclosure of Interests in Other Entities* ("IFRS 12") establishes enhanced disclosure requirements about an entity's interests in consolidated and unconsolidated entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities (special purpose entities).

IFRS 13, *Fair Value Measurements* ("IFRS 12") establishes a single source of guidance for all fair value measurements required by other IFRS; clarifies the definition of fair value; and enhances disclosure about fair value measurements. IFRS 13 applies when other IFRS require or permit fair value disclosure. IFRS 13 specifies how we should measure fair value and disclose fair value information. It does not specify when an entity should measure an asset, a liability or its own equity instrument at fair value.

Amendments to IAS 1, *Presentation of Financial Statements,* require entities to group items within other comprehensive income that may be reclassified to net income.

The standards and amendments listed above did not have a significant impact on the Company's financial statements.

FUTURE ACCOUNTING POLICIES CHANGES

Accounting Standards and Interpretations Issued but Not Yet Effective

The following new standards and amendments to existing standards have been published and are mandatory for the Company's accounting for the years as noted with early adoption

permitted except where noted. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements. The Company has not early adopted these revised standards and management is currently evaluating the impact that these standards will have on the consolidated financial statements.

Financial Instruments

In November 2009, the International Accounting Standards Board ("IASB") issued IFRS 9, 'Financial Instruments: which replaced the classification and measurement requirements in IFRS 39 'Financial Instruments: Recognition and Measurement for financial assets'. In October 2010, the IASB issued additions to IFRS 9 regarding financial liabilities. The new standard is effective for annual periods beginning on or after January 1, 2015.

Investments in Associates and Joint Ventures and Separate Financial Statements

In May 2011, two existing standard, IAS 27 'Separate Financial Statements' and IAS 28 'Investments in Associates and Joint Venture' were amended. The Amendments are not significant and result from the issuance of IFRS 10, IFRS 11 and IFRS 12.

These standards and amendments to existing standards (IFRS 10, IFRS 11 and IFRS 12) are effective for annual periods beginning on or after January 1, 2013. The disclosure requirements of IFRS 12 may be incorporated in to the financial statements earlier than January 1, 2013. However early adoption of the standards and amendments are only permitted if all five are applied at the same time.

Offsetting Financial Assets and Liabilities

In December 2011, the IASB issued amendments to IAS 32 'Financial Instruments: Presentation'. The amendments are intended to clarify certain aspects of the existing guidance on offsetting financial assets and financial liabilities due to diversity in application of the requirements of offsetting. The IASB also amended IFRS 7 to require disclosures about all recognized financial instruments that are set off in accordance with IAS 32. The amendments also require disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32.

The amendments to IAS32 are effective for annual periods on or after January 1, 2014. The offsetting disclosures are required for annual or interim periods beginning on or after January 1, 2013. The amendments need to be provided retrospectively to all comparative periods.

Impairment of Assets

In May 2013, the IASB issued an amendment to IAS 36 to address the disclosure of information about the recoverable amount of impaired assets or a CGU for periods in which an impairment loss has been recognized or reversed. The amendments also address disclosure requirements applicable when an asset's or a CGU's recoverable amount is based on fair value less costs of disposal.

The amendment to IAS 36 is effective for years commencing on or after January 1, 2014 and needs to be provided retrospectively to all comparative periods. The Company intends to

adopt the amendment to IAS 36 in its consolidated financial statements for the year commencing March 1, 2014. The Company does not expect the amendment to have a material impact on the consolidated financial statements.

Clarification of Acceptable Methods of Depreciation

In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. 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 amendments to IAS 16 and IAS 38 are effective for years commencing on or after January 1, 2016. The Company does not expect the amendments to have an impact on the 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, our ability to retain and attract key personnel, near term patent expirations that could impact our ability to license our technology, securing and developing new intellectual property, the cost and logistics associated with maintaining and enforcing our patent and intellectual property, our 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.

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