BIOASIS TECHNOLOGIES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

Nine months ended November 30, 2014 and 2013

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed interim consolidated financial statements for the nine months ended November 30, 2014 and 2013.

BIOASIS TECHNOLOGIES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(All Amounts Expressed in Canadian dollars)

	Notes	November 30, 2014	February 28, 2014
ASSETS			
Current assets			
Cash and cash equivalents		$ 2,095,329	$ 1,092,215
Short term investment	3	-	750,000
Accounts receivable	9	37,970	136,533
Prepaid expenses		69,578	67,815
		2,202,877	2,046,563
Non-current assets			
Property and equipment	4	7,849	8,788
Intangible assets	5	486,484	523,233
		494,333	532,021
		$ 2,697,210	$ 2,578,584
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 153,459	$ 185,194
Deferred leasehold inducement - current portion		1,234	1,234
		154,693	186,428
Non-current liabilities			
Deferred leasehold inducement		309	1,234
		155,002	187,662
SHAREHOLDERS' EQUITY			
Share capital	6	16,744,058	14,659,610
Contributed surplus		5,074,730	4,885,852
Accumulated deficit		(19,276,580)	(17,154,540)
		2,542,208	2,390,922
		$ 2,697,210	$ 2,578,584

Statement of compliance, basis of presentation of financial statements and going concern (Note 2)
Subsequent events (Note 12)

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

Approved on behalf of the Board:

/s/ Terry Pearson
Terry Pearson, Director

/s/ Robin B. Hutchison
Robin B. Hutchison, Director

BIOASIS TECHNOLOGIES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS
OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(All Amounts Expressed in Canadian dollars)

	For the three months ended		For the nine months ended	
	November 30, 2014	**November 30, 2013**	**November 30, 2014**	**November 30, 2013**
Expenses				
General and administrative	$ 342,257	$ 297,688	$ 1,111,122	$ 1,008,627
Research and development	355,995	516,745	1,015,653	1,362,627
Loss before other income (expense)	(698,252)	(814,433)	(2,126,775)	(2,371,254)
Other income (expense)				
Interest income	6,938	8,201	14,302	26,095
Foreign exchange gain (loss)	(6,776)	(1,594)	(9,567)	5,693
	162	6,607	4,735	31,788
Loss and Comprehensive Loss	$ (698,090)	$ (807,826)	$ (2,122,040)	$ (2,339,466)
LOSS PER SHARE – Basic and diluted	$ (0.01)	$ (0.02)	$ (0.05)	$ (0.06)
Weighted average number of common shares outstanding	44,005,150	40,722,238	42,630,018	40,526,333

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

BIOASIS TECHNOLOGIES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(All Amounts Expressed in Canadian dollars)

	Share Capital				Total
	Number of Shares	Value	Contributed Surplus	Accumulated Deficit	Shareholders' Equity
Balance, March 1, 2014	41,790,630	$ 14,659,610	$ 4,885,852	$ (17,154,540)	$ 2,390,922
Common shares issued pursuant to private placement	1,694,477	1,609,753	-	-	1,609,753
Share issue cost – cash	-	(115,569)	-	-	(115,569)
Common shares issued upon exercise of options	549,150	318,386	-	-	318,386
Common shares issued upon exercise of warrants	-	-	-	-	-
Reallocation of contributed surplus arising from share-based compensation related to exercise of options	-	271,878	(271,878)	-	-
Share-based compensation	-	-	460,756		460,756
Loss for the period	-	-	-	(2,122,040)	(2,122,040)
Balance, November 30, 2014	44,034,257	$ 16,744,058	$ 5,074,730	$ (19,276,580)	$ 2,542,208

Balance, March 1, 2013	39,927,855	$ 12,833,460	$ 4,305,024	$ (13,544,416)	$ 3,594,068
Common shares issued pursuant to private placement	-	-	-	-	-
Share issue cost – cash	-	-	-	-	-
Common shares issued upon exercise of options	310,000	138,400	-	-	138,400
Common shares issued upon exercise of warrants	1,362,775	1,229,943	-	-	1,229,943
Reallocation of contributed surplus arising from share-based compensation related to exercise of options	-	220,278	(220,278)	-	-
Share-based compensation	-	-	360,269	-	360,269
Loss for the period	-	-	-	(2,339,466)	(2,339,466)
Balance, November 30, 2013	41,600,630	$ 14,422,081	$ 4,445,015	$ (15,883,882)	$ 2,983,214

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

BIOASIS TECHNOLOGIES INC.
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(All Amounts Expressed in Canadian dollars)

	For the nine months ended November 30, 2014	November 30, 2013
OPERATING ACTIVITIES		
Loss for the period	$ (2,122,040)	$ (2,339,466)
Adjusted for items not affecting cash:		
Amortization of property and equipment	1,835	2,897
Amortization of intangible assets	36,748	36,748
Amortization of lease inducement	(925)	(1,697)
Share-based compensation	460,756	360,269
	(1,623,626)	(1,941,249)
Net changes in non-cash working capital items:		
Accounts receivable	98,563	(103,529)
Prepaid expenses	(1,763)	(14,994)
Accounts payable and accrued liabilities	(31,734)	137,527
	(1,558,560)	(1,922,245)
INVESTING ACTIVITIES		
Acquisition of property and equipment	(896)	-
Acquisition of patents and license	-	-
Short term investment	750,000	300,000
	749,104	300,000
FINANCING ACTIVITIES		
Proceeds from issuance of common shares	1,928,139	1,368,343
Share issue costs	(115,569)	-
	1,812,570	1,368,343
INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	1,003,114	(253,902)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,092,215	1,695,393
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 2,095,329	$ 1,441,491
Cash and cash equivalents consists of:		
Cash	$ 92,752	$ 941,491
Term deposits	2,002,577	500,000
	$ 2,095,329	$ 1,441,491
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -

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

1. INCORPORATION AND NATURE OF OPERATIONS

(a) Incorporation

biOasis Technologies Inc. ("biOasis" or the "Company") was incorporated on November 3, 2006 under the British Columbia Business Corporations Act as W.R. Partners Ltd and changed its name to biOasis Technologies Inc. on March 27, 2008. The Company's shares are publicly traded on the TSX Venture Exchange under the symbol "BTI" and on the OTCQX International, a segment of the OTCQX marketplace in the US under the symbol "BIOAF". The Company's registered office is Suite 1780-400 Burrard Street, Vancouver, British Columbia, Canada V6C 3A6.

(b) Nature of operations

biOasis is a development stage biopharmaceutical company engaged in the research and development of products for the diagnosis and treatment of neurological diseases and disorders. The Company's "Transcend program" describes its proprietary carrier, p97 to deliver therapeutics and imaging agents across the blood brain barrier ("BBB").

2. STATEMENT OF COMPLIANCE, BASIS OF FINANCIAL STATEMENT PRESENTATION AND GOING CONCERN

(a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IFRS") issued by the Accounting Standards Board ("IASB") ("IAS") 34 *Interim Financial Reporting.* These financial statements do not include all of the information required for full annual financial statements.

These condensed interim consolidated financial statements were approved and authorized for issue by the Audit Committee on January 27, 2015.

(b) Basis of Measurement

These condensed interim consolidated financial statements have been prepared on an historical cost basis except for certain assets and liabilities which are measured at fair value as explained in the notes to these financial statements and are presented in Canadian dollars, the Company's functional currency.

(c) Going Concern

To date, the Company has no products in commercial production or use and no history of earnings. The ability of the Company to continue 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; these include its ability to obtain sufficient financing, successful research outcomes, developing new intellectual property and receipt of regulatory approvals. Furthermore the biotechnology industry is subject to rapid and substantial technological change that could reduce the marketability of the Company's technology.

These condensed interim consolidated financial statementss have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a forced liquidation. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. STATEMENT OF COMPLIANCE AND BASIS OF FINANCIAL STATEMENT PRESENTATION (continued)

(d) Significant Judgments, Estimates and Assumptions

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant judgments made by management in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements include the application of going concern assessment. Significant areas requiring the use of management estimates relate to the assessment for impairment and useful lives of intangible assets and property and equipment, determination of fair value of the warrants and shares issued in relation to the public equity offering, determination of the fair value of warrants issued as part of terms of the acquisition of new intellectual property, valuation allowance on future income taxes, estimation of accrued liabilities, research and development costs and estimates used in calculating share-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.

e) Significant accounting policies

These condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended February 28, 2014. The accounting policies that have been used in the preparation of these condensed interim consolidated financial statements are summarized in the consolidated financial statements of the Company for the year ended February 28, 2014. The same accounting policies have been consistently applied for all periods presented in these condensed interim consolidated financial statements as those used in the Company's condensed consolidated financial statements for the year ended February 28, 2014 except the following:

Accounting Standards and Interpretations Adopted in fiscal 2015

On March 1, 2014 the Company adopted the following standards and amendments to existing standards:

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 the diversity in application of the requirements on offsetting. The IASB also amended IFRS 7 *Financial Instruments: Disclosures* to require disclosures about all recognized financial instruments that are offset in accordance with IAS 32. The amendments also require disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar arrangements even if they are not offset under IAS 32.

The amendments to IAS 32 are effective for years commencing on or after January 1, 2014 and need to be provided retrospectively to all comparative periods. The Company adopted the amendments to IAS 32 in its consolidated financial statements for the year commencing March 1, 2014.

Impairment of Assets

In May 2013, the IASB issued an amendment to IAS 36 *Impairment of Assets* 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 adopted the amendment to IAS 36 in its consolidated financial statements for the year commencing March 1, 2014.

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

(Unaudited; all amounts expressed in Canadian dollars)

3. SHORT TERM INVESTMENTS

As at November 30, 2014, short-term investment comprised of cashable term deposits of $Nil (February 28, 2014: $750,000). The term deposits are with a Canadian Schedule I chartered bank.

4. PROPERTY AND EQUIPMENT

	Leasehold improvements	Computer hardware	Computer software	Office equipment & furniture	Total
Cost					
Balance as at February 28, 2013	$ 980	$ 16,654	$ 2,264	$ 7,979	$ 27,877
Additions for the year ended February 28, 2014	-	-	-	-	-
Balance as at February 28, 2014	980	16,654	2,264	7,979	27,877
Additions for the period ended November 30, 2014	-	896	-	-	896
Balance as at November 30, 2014	$ 980	$ 17,550	$ 2,264	$ 7,979	$ 28,773
Accumulated Depreciation					
Balance as at February 28, 2013	$ 512	$ 9,786	$ 1,474	$ 3,497	$ 15,269
Depreciation for the year ended February 28, 2014	468	2,059	396	897	3,820
Balance as at February 28, 2014	980	$ 11,845	$ 1,870	4,394	19,089
Depreciation for the period ended November 30, 2014	-	1,149	148	538	1,835
Balance as at November 30, 2014	$ 980	$ 12,994	$ 2,018	$ 4,932	$ 20,924
Carrying amounts					
February 28, 2013	$ 468	$ 6,868	$ 790	$ 4,482	$ 12,608
February 28, 2014	$ -	$ 4,809	$ 394	$ 3,585	$ 8,788
November 30, 2014	$ -	$ 4,556	$ 246	$ 3,047	$ 7,849

(Unaudited; all amounts expressed in Canadian dollars)

5. INTANGIBLE ASSETS

The University of British Columbia ("UBC") Patents and IP are comprised of the biomarker diagnostic for Alzheimer's disease patents, licenses and intellectual property. The Jefferies Patents and IP are comprised of the therapeutic uses of p97 patents, licenses and intellectual property. Transcend IP 2 is comprised of newly acquired p97 related technology.

	Transcend IP 2	Jefferies Patents and IP	Total
Cost			
Balance as at February 28, 2013	$ 191,003	$ 589,609	$ 780,612
Additions for the year ended February 28, 2014	-	-	-
Changes due to de-recognition	-	-	-
Balance as at February 28. 2014	$ 191,003	$ 589,609	$ 780,612
Additions for the period ended November 30, 2014	-	-	-
Balance as at November 30, 2014	$ 191,003	$ 589,609	$ 780,612
Accumulated Amortization and Impairment			
Balance as at February 28, 2013	$ 15,121	$ 193,261	$ 208,382
Amortization for the year	9,550	39,447	48,997
Changes due to de-recognition	-	-	-
Balance as at February 28, 2014	$ 24,671	232,708	257,379
Amortization for the period ended November 30, 2014	7,163	29,586	36,749
Balance as at November 30, 2014	$ 31,834	$ 262,294	$ 294,128
Carrying amounts			
February 28, 2013	$ 175,882	$ 396,348	$ 572,230
February 28, 2014	$ 166,332	$ 356,901	$ 523,233
November 30, 2014	$ 159,169	$ 327,315	$ 486,484

6. SHARE CAPITAL

a) Authorized Share Capital

At November 30, 2014, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Private Placement

On August 29, 2014, the Company closed a non-brokered private placement announced on August 8, 2014. The Company issued 1,694,477 units (each a "Unit"), including an over allotment of 94,477 Units, at a price of CDN$0.95 per unit, for gross proceeds of CDN$1,609,753. Each Unit consists of one common share and one full common share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of $1.20 per share for a period of twelve months up to and including August 29, 2015, subject to an exercise acceleration clause. Under the exercise acceleration clause, which the Company may exercise once the Units are free of resale restrictions and if the Company's shares are trading at or above a volume weighted average price of $1.40 for 10 consecutive trading days, the Warrants will expire upon 30 days from the date the Company provides notice in writing to the Warrant holders via a news release. A cash finder's fees of $101,460 was paid on a portion of the financing. All securities issued are subject to a hold period of four months and one day and as such may not be traded until December 30, 2014. Net proceeds from the sale of Units have been added to working capital in furtherance of the Company's business.

(Unaudited; all amounts expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

c) Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance outstanding as at February 28, 2013	3,227,887	$1.07
Exercised warrants	(1,362,775)	$0.90
Expired warrants	(1,615,112)	$1.30
Cancelled	-	-
Balance outstanding as at February 28, 2014	250,000	$0.58
Issued with private placement	1,694,477	1.20
Exercised warrants	-	-
Expired warrants	-	-
Cancelled	-	-
Balance outstanding at November 30, 2014	1,944,477	$1.12

The following table summarizes warrants outstanding and exercisable at November 30, 2014:

Number Outstanding	Exercise Price	Expiry date
1,694,477	$1.20	August 29, 2015
250,000	$0.575	August 5, 2016
1,944,477		

7. SHARE-BASED COMPENSATION

Share Purchase Option Compensation Plan

Under the Company's Amended Stock Option plan approved by disinterested shareholders at the 2014 Annual General and Special Meeting of Shareholders' held October 30, 2014, the number of common shares that can be reserved for issuance is 8,137,571 representing 20% of the Company's issued outstanding share capital at that date of the Management Information Circular. The plan provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Toronto Stock Exchange guidelines, grant to directors, executive officers, employees and consultants to the Company, non-transferable options to purchase common shares at a price that is not less than the Discounted Market Price (as defined by the rules of the TSX Venture Exchange) on the date of grant. Vesting is provided at the discretion of the Board and the expiration of options is to be no greater than 10 years from date of grant.

In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for the issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares.

(Unaudited; all amounts expressed in Canadian dollars)

7. SHARE-BASED COMPENSATION (continued)

The following table summarizes the continuity of the Company's stock options:

	Number of Options	Weighted Average Exercise Price
Balance at February 28, 2013	5,285,400	$0.87
Granted	1,975,000	0.98
Exercised	(500,000)	0.48
Expired	(250,000)	1.05
Cancelled	-	-
Balance at February 28, 2014	6,510,400	$0.93
Granted	200,000	1.23
Exercised	(549,150)	$0.58
Expired	(759,375)	1.20
Cancelled	(371,875)	1.03
Balance at November 30, 2014	5,030,000	$0.93
Exercisable at November 30, 2014	4,439,375	$0.92

On June 15, 2014 the Company granted 200,000 options to a consulting firm, exercisable at $1.23 expiring after 2 years and subject to vesting.

The following table summarizes stock options outstanding and exercisable at November 30, 2014:

Exercise Price	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number Exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price
$0.52	1,580,000	1.8	$0.52	1,580,000	1.8	$0.52
$0.60 - $0.69	175,000	0.3	$0.64	175,000	0.3	$0.64
$0.90 - $0.99	1,425,050	3.6	$0.97	984,375	3.6	$0.97
$1.20 – $1.29	1,750,000	2.5	$1.27	1,600,000	2.6	$1.28
$1.42	100,000	2.3	$1.42	100,000	2.3	$1.42
	5,030,050	2.5	0.93	4,439,375	2.4	$0.92

During the period ended November 30, 2014, the Company recognized $460,756 in share-based compensation expense compared to $360,269 for the period ended November 30, 2013. Share-based compensation expense comprised awards granted to employees and non-employees under the Company's stock option plan.

The estimated fair value of options granted to the Company’s employees and directors is calculated at the grant date and amortized on a straight line basis over the vesting period of the options. The fair value of non-employee awards is estimated at each reporting period until the final measurement date.

(Unaudited; all amounts expressed in Canadian dollars)

7. SHARE-BASED COMPENSATION (continued)

The weighted average fair value of the options granted during the period ended November 30, 2014 was $0.42 per share (2014: $nil per share). The following table summarizes the weighted average assumptions using the Black-Scholes option pricing model for employees, directors and consultants for the respective periods ended November 30, 2014 and November 30, 2013.

	November 30, 2014	November 30, 2013
Share price at grant date	$1.09	$0.85
Exercise price	$1.23	$1.07
Risk free interest rate	1.02%	1.07%
Expected life	1.54 years	0.83 years
Expected volatility	72.38%	71.45%
Expected dividends	$Nil	$Nil
Average fair value at grant date	$0.35	$0.15
Average forfeiture rate	12.60%	9.08%

Option and warrant pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimate.

8. RELATED PARTY TRANSACTIONS

Related Party Transactions with Key Management Personnel

(a) During the period ended November 30, 2014, the Company paid $nil (November 30, 2013: $12,000), pursuant to a consulting contract that ended March 31, 2013, to a company controlled by a director and officer of the Company for consulting services and $126,000 (November 30, 2013: $112,000) 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 $3,705 (November 30, 2013: $3,604).

(b) During the period ended November 30, 2014, the Company paid $24,000 (November 30, 2013: $54,000), pursuant to a consulting contract, to a former director and officer of the Company for consulting services and for acting in his capacity as Chief Financial Officer. The Company paid $28,889 (November 30, 2013: $nil) to an officer of the Company, pursuant to a consulting contract for consulting services and for acting in her capacity as Chief Financial Officer.

(c) During the period ended November 30, 2014, the Company incurred legal expense of $2,040 (November 30, 2013: $2,026) to a law firm, a principal of whom is a relative of the CEO and whom is a director of the Company.

(d) During the period ended November 30, 2014, directors were paid board and board committee fees of $24,750 (November 30, 2013: $24,750) and the Company incurred benefit expense of $271 (November 30, 2013: $322).

(e) An insider of the Company purchased a total of 30,530 Units under the private placement closed on August 29, 2014 (Note 6) and their participation in the Private Placement constitutes a "related party transaction" as defined in Multilateral Instrument 61-101 ("MI 61-101").

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.

(Unaudited; all amounts expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

Compensation of key management personnel, including directors is as follows:

	November 30, 2014	November 30, 2013
Salaries, consultant fees, director fees, service fees, and benefits	$ 209,655	$ 208,702
Share based payments(1)	372,678	338,148
	$ 582,333	$ 546,850

(i) Share-based payments are the fair value of options granted and vested to key management personnel during the year.

9. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, and accounts payable. As at November 30, 2014, there are no significant differences between the carrying value of these amounts and their estimated market values. Unless otherwise noted it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk on its cash and cash equivalents and short-term investments in the event of non-performance by counterparties, but does not anticipate such non-performance. The maximum exposure to credit risk of the Company at the end of the period is the carrying value of its cash and cash equivalents.

The Company mitigates its exposure to credit risk by maintaining its primary operating and investment bank accounts with Schedule I chartered banks in Canada.

As well the Company mitigates its exposure to credit risk by restricting its investments to cash and cash equivalent and short-term investments in Banker's Acceptance or Term Deposits of Schedule 1 banks in Canada and by monitoring the credit risk and credit standing of counterparties.

The Company's accounts receivable are comprised as follows:

	November 30, 2014	February 28, 2014
Pre-clinical contribution receivable (0 to 30 days)	$ -	$ 84,011
Pre-clinical contribution receivable (31 to 60 days)	-	-
Pre-clinical contribution receivable (61 to 90 days)	-	22,148
Pre-clinical contribution accrued and receivable (91 to 120 days)	21,000	11,074
Total pre-clinical contributions accrued and receivable	21,000	117,233
HST receivable (Government of Canada)	12,583	15,736
Accrued bank interest (Schedule 1 Canadian chartered bank)	4,387	3,564
	$ 37,970	$ 136,533

9. FINANCIAL INSTRUMENTS (continued)

(b) Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through its cash and cash equivalents and short-term investments. The Company mitigates this risk through its investment policy that only allows investment of its excess cash resources in Banker's Acceptance or General Investment Certificates of Schedule 1 banks in Canada while matching maturities with the Company's operational requirements.

Fluctuations in market rates of interest do not have a significant impact on the Company's results of operations due to the short term to maturity of the cash and equivalents held.

(c) Currency risk

Currency risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has exposure to currency risk from the purchase of goods and services primarily in the UK, US, and Euro region and to the extent that cash is held in foreign currencies.

Balances in foreign currencies as at November 30, 2014, are as follows:

	US$ Balance[1]	Euro Balance[1]
Cash and equivalents	$ 551	$ -
Pre-clinical contribution accrued and receivable	-	-
Accounts payable and accrued liabilities	(31,078)	(62,082)
	$ (30,527)	$ (62,082)

[1] All currency balances are shown in Canadian dollar equivalents

The following table details the Company's sensitivity analysis to a 10% decline in the US dollar and a 10% increase in the Euro on foreign currency denominated monetary items by adjusting their translation rate at the consolidated statement of financial position date for a 10% change in foreign currency rates. For a 10% strengthening of the US dollar and a 10% decrease of the Euro against the Canadian dollar, there would be an opposite impact on net loss and comprehensive loss for the year.

	US$ Balance[1]	Euro Balance[1]
Cash and equivalents	$ (55)	$ -
Pre-clinical contribution receivable and accrual	-	-
Accounts payable and accrued liabilities	3,108	(6,208)
	$ 3,053	$ (6,208)

[1] All balances are shown in Canadian dollar equivalents

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure as outlined in Note 10. Accounts payable are all due within the current operating period.

(Unaudited; all amounts expressed in Canadian dollars)

10. CAPITAL DISCLOSURES

The Company's objective when managing capital is to maintain sufficient working capital on hand for at least twelve months of corporate operations and to support the Company's Transcend program sufficient for the Company to be able to identify candidate therapeutic agents for conjugation with p97 for delivery across the blood brain barrier and then to raise additional funds to conduct proof of concept studies and to source joint venture partners to conduct further clinical research on those agents.

The Company includes shareholders' equity, cash and short-term investments in the definition of capital. The Company does not have any debt other than trade accounts payable.

Since inception funding for the Company's plan has primarily been through the issuance of common shares. Management is regularly monitoring the capital markets to balance the timing of issuing additional equity with the Company's progress in testing and commercializing of its technology, general market conditions, and the availability of capital but there are no assurances that the announced financing will complete or that funds will be made available to the Company in the future.

The Company is not subject to externally imposed capital requirements.

11. CONTRACTUAL COMMITMENTS

a) Operating leases

The Company has entered into a lease agreement for new premises expiring February 29, 2016.

Future minimum annual lease payments for office and parking space under leases are as follows:

	$
2015	$ 7,911
2016	$ 31,644

12. SUBSEQUENT EVENTS

a) Stock Options

(i) Subsequent to November, 2014, 150,000 options exercisable at $0.97 expired unexercised.