BIOASIS TECHNOLOGIES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations for the Financial Nine Months Ended November 30, 2014

This Management's Discussion and Analysis ("MD&A") is prepared by management as of January 27, 2015 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, 2014 and with the audited consolidated financial statements and accompanying notes for the year ended February 28, 2014. The unaudited consolidated interim 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 on January 27, 2015.

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, such as brain cancer. The Company is currently engaged in the development of 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 OTCQX market, under the symbol "BIOAF".

Corporate Highlights

Listing on OTCQX

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 and Clearing Corporation and manages the electronic clearing and settlement of publicly traded companies.

Appointment of New Chief Financial Officer

In June, 2014, Judi Dalling was appointed Chief Financial Officer and Corporate Secretary, following the resignation of David Clark from his positions as a director, Chief Financial Officer and Corporate Secretary.

Stock Options

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

During the nine months ended November 30, 2014, 549,150 stock options were exercised for gross proceeds of $318,386 and 1,131,250 options expired or were cancelled. Subsequent to November 30, 2014, 150,000 options expired or were cancelled. As at the date of this MD&A, the Company has 4,880,000 stock options outstanding and 4,289,375 stock options 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")
On May 11, 2011, the Company announced the initiation of its Transcend Vector Program for treatment of central nervous system ("CNS") symptoms of LSDs. This strategic decision was based on the Company's 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. LSDs 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 BBB prevents them from entering the CNS in significant quantities. 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 2014 these findings encouraged the Company to manufacture 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 mutant mice do not express the enzyme. Dr. Maurizio Scarpa, president of the B4B Foundation, is coordinating the *in vivo* studies. In 2014 a program based on HexB, which is the missing enzyme in Sandhoff's Syndrome, was initiated and fusion proteins comprised of the enzyme with Transcend and Transcend^{pep} were designed and prepared to pilot within the animal colony as soon as the colony is ready.

2. Oncology Program – Lead candidate delivery of Trastuzumab (Herceptin®) across the BBB – The MTf-TZM Program – formerly BT2111

As reported earlier, the Company initiated studies at the National Research Council (NRC) of Canada and at the British Columbia Cancer Research Centre ("BCCRC") in Vancouver, BC, to assess the therapeutic potential of the delivery of Herceptin to the brain for the treatment of brain metastases of HER2-positive ("HER2+") breast cancer. The test conjugate was comprised of trastuzumab (trade name Herceptin®[1]), a humanized monoclonal antibody used clinically in the treatment of HER2+ breast cancer, conjugated to the Transcend delivery vector. Herceptin® alone does not cross the BBB at levels required for a therapeutic effect against brain metastases of breast cancer. Thus, biOasis undertook studies to assess the ability of this Transcend-Herceptin® conjugate (MTf-TZM) to cross the BBB and penetrate brain tissue. In addition, biOasis examined MTf-TZM for its ability to kill HER2+ cancer cells *in vitro* compared to Herceptin® on its own. Based on the positive results obtained, biOasis entered into an agreement with Texas Tech University Health Sciences Center ("Texas Tech") to undertake a series of preclinical studies designed to evaluate the pharmacokinetics of MTF-TZM 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. biOasis announced results from this first set of *in vivo* studies at Texas Tech demonstrating that MTF-TZM 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 MTF-TZM 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.

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

On September 5, 2012, the Company announced results from another key animal study performed at BRI Pharmaceutical Research Inc. (Vancouver, B.C.) showing that MTF-TZM arrested the growth of human breast cancer tumors in a murine xenograft model. This animal model, which consists of human tumor cell xenografts in a mouse background, 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 six weeks with MTF-TZM, Herceptin® alone 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 MTF-TZM and Herceptin® treated groups, the tumor growth was completely halted. Further, under the conditions of this study, both Herceptin® and MTF-TZM were well tolerated with no apparent signs of toxicity. As a secondary component of this study the Company examined the potential of MTF-TZM to induce tissue damage. As 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 MTF-TZM was well tolerated under the conditions used in this set of experiments.

biOasis subsequently undertook additional studies at the Texas Tech School of Pharmacy, under the direction of Dr. Paul Lockman, designed to assess the effect of MTF-TZM and Herceptin® alone in animals that were inoculated with a human "brain-seeking" breast cancer cell line that overexpresses the HER2 receptor. Such HER2 positive breast cancer cells are often found in metastatic brain cancers of women with breast cancer. In this model system, within 21 days the metastatic breast cancer cells migrate to the brain and establish clinically relevant tumors. In biOasis' study, animals were then treated twice per week (up to day 35) with MTF-TZM, 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 MTF-TZM showed an average of 28 tumors, a statistically highly significant reduction over both Herceptin®-treated and saline-treated controls. Furthermore, MTF-TZM 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 MTF-TZM 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.

On November 12th, 2013, biOasis reported results from the Texas Tech work showing that MTF-TZM also penetrated the blood-tumor barrier up to 10 times better than Herceptin® alone. Through image analysis and quantitative autoradiography in this animal study, biOasis demonstrated that MTF-TZM 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. These observations corroborated the therapeutic responses seen in prior animal models.

During 2014, to advance the MTF-TZM program, biOasis manufactured fusion proteins consisting of Transcend or Transcend^{pep} coupled to Herceptin (Trastuzumab). These fusion constructs will be tested for binding activity and effect on HER2 positive cancer cells *in vitro* and introduced into several animal models to test the efficacy of delivery of the Herceptin cargo and the effect on animal survival.

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 Transcend. In side-by-side comparisons, these new peptide delivery vehicles were more efficient than the native, full-size Transcend molecule at delivering therapeutic molecules to the brain.

This new family of peptides, "Transcend^{pep}" is able, in animal models, to shuttle a variety of therapeutic and biologics into the brain. It is exciting that transport does not appear to be limited by the size or composition of the transported therapeutics. This peptide family, the second generation of Transcend, offers 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 preclinical animal models the peptide vector-conjugates have shown remarkable efficacy.

One peptide from the Transcend^{pep} set of peptides has been chosen and used as the vector for all of the Company's currently used fusion proteins: Transcend^{pep} -Herceptin (Trastuzumab) and Transcend^{pep} -lysosomal enzymes.

4. 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 work was performed at the National Research Counsel of Canada under the guidance of biOasis. The results were outstanding and represent a promising development in the 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 BBB, 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 in a mouse model. 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, for a variety of neuromuscular diseases, for pain and for a multiplicity of infections.

On July 25th 2014, the Company announced that an independent pathologist in The University of British Columbia Animal Care Unit, showed that the reduction of the activity of the target gene in the experiment announced on May 6th (discussed above) was between 40 and 50%.

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 that may provide the foundation for exploring the potential of siRNA-based therapeutics

for a host of different diseases of the CNS. A study in collaboration with NRC (Ottawa) and UBC (Vancouver) has been initiated, focusing on specific applications to a specific siRNA.

5. Collaborations and Internal Research and Development Program

biOasis has had and continues to have collaborations with a variety of pharmaceutical companies and has advanced its internal R&D program with the goal of moving Transcend and Transcend^{PEP} toward clinical applications. These ongoing, often multi-year collaborations and the biOasis' internal research program involve rigorous testing of several proprietary therapeutic molecules for delivery through the blood-brain barrier. This testing covers a range of diseases of interest to the pharmaceutical partners and the unmet medical needs of their patient community.

Medimmune Limited

On November 14, 2012, biOasis announced that it 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. Based on the positive results of this collaboration, on March 17, 2014 biOasis announced that it signed an evaluation and license agreement with MedImmune. Under the terms of that agreement, MedImmune began the evaluation of the therapeutic effect of its pre-clinical assets with next-generation versions (initially Transcend^{pep}) of biOasis's Transcend brain delivery platform. The data generated from the March 17, 2014 agreement are under active assessment by both biOasis and MedImmune.

Patents

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

Regarding biOasis' lead program in metabolic diseases, its patent portfolio includes six U.S. and corresponding foreign patents/applications in the area of 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 a LSD enzyme for the treatment of LSDs. Specifically, 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 and others. In 2014 corresponding 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 LSD's 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 it owns 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 the MTF-TZM program for the treatment of brain metastases of HER2+ breast cancer. These patents, if issued, would provide biOasis with protection through 2032, not including any patent term adjustment.

biOasis continues to aggressively build the 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 potentially leading to the filing of one or a number of IND's.

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, to fund further pre-clinical work on its LSD program and evaluation programs 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. To assist in commercialization of biOasis's technology, biOasis engaged Willow Tree Capital Corp. to perform certain business development activities leading 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 2015 $	Q2 2015 $	Q1 2015 $	Q4 2014 $	Q3 2014 $	Q2 2014 $	Q1 2014 $	Q4 2013 $
Total Expenses	698,252	646,262	782,261	1,266,713	814,433	822,570	734,251	1,222,284
Interest Income	6,938	3,065	4,299	4,743	8,201	8,583	9,311	8,034
Foreign Exchange gain/(loss)	(6,776)	571	(3,362)	(8,688)	(1,594)	6,684	603	9,865
Net and Comprehensive Loss	698,090	642,626	781,324	1,270, 658	807,826	807,303	724,337	1,204,385
Basic Loss per share	$0.01	$0.02	$0.02	0.03	0.02	0.02	0.02	$0.03

Share-based compensation expense impacts expenses and net and comprehensive loss as follows: Q3 2015: $77,697; Q2 2015: $115,713; Q1 2015: $267,346; Q4 2014: $575,566; Q3 2014 $54,530; Q2 2014: $113,867; Q1 2014: $191,872; and Q4 2013: $409,494.

Pre-clinical expenses trended higher Q1 2014 through Q3 2014 followed by lower trend Q4 2014 through Q1 2015, and then rebounded in Q2 2015 through Q3 2015 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.

RESULTS OF OPERATIONS

Below are the results of operations for the three and nine months ended November 30, 2014 (Q3 2015 and YTD 2015) as compared to the three and nine months ended November 30, 2013 (Q3 2014 and YTD 2014).

Expenses are classified by function.

General and Administration Expense

The following table identifies the composition and changes in General and Administrative ("G&A") expense for Q3 2015 compared to Q3 2014 and YTD 2015 compared to YTD 2014:

General and Administrative Expense	Q3 2015 $	Q3 2014 $	Increase (decrease) $	YTD 2015 $	YTD 2014 $	Increase (decrease) $
Office, insurance, amortization	27,032	36,242	(9,210)	69,899	95,007	(25,108)
Salaries and consulting	101,355	112,856	(11,501)	327,606	345,514	(17,908)
Share-based compensation	68,872	46,061	22,811	411,181	295,356	115,825
Professional and regulatory	16,450	11,711	4,739	99,058	75,260	23,798
Investor relations, marketing and travel	128,548	90,818	37,730	203,378	197,490	5,888
Total General and Administrative Expense	342,257	297,688	44,569	1,111,122	1,008,627	102,495

Q3 2015 compared to Q3 2014

G&A expense for Q3 2015 was $342,257, a $44,569 increase in expense over Q3 2014 expense of $297,688, principally due to an increase of $37,730 in investor relations, marketing and travel, $22,811 in share-based compensation, and $4,739 in professional and regulatory, which is offset by a decrease of $11,501 in salaries and consulting and $9,210 in office, insurance, and amortization.

YTD 2015 compared to YTD 2014

G&A expense for YTD 2015 was $1,111,122, a $102,495 increase in expense over YTD 2014 expense of $1,008,627, principally due to an increase in share-based compensation expense of $115,825 as a reflection of options granted in Q4, 2014, an increase in professional and regulatory by $23,798 principally due to expense relating to the year end audit, and an increase in investor relations, marketing and travel by $5,888 principally due to engaging in new marketing contracts, offset by a decrease of $25,108 in office, insurance, and a decrease of $17,908 in salaries and consulting and amortization.

Research and Development Expense

The following table identifies the composition and changes in Research and Development (R&D) expense for Q3 2015 as compared to Q3 2014 and YTD 2015 as compared to YTD 2014:

Research and Development Expense	Q3 2015 $	Q3 2014 $	Increase (decrease) $	YTD 2015 $	YTD 2014 $	Increase (decrease) $
Amortization	12,249	12,249	-	36,748	36,748	-
Impairment	-	-	-	-	-	-
Patent maintenance legal & filing fees	53,987	42,128	11,859	191,099	155,581	35,518
Pre-clinical	195,495	388,763	(193,268)	446,974	1,005,642	(558,668)
Pre-clinical contribution	-	(56,364)	56,364	-	(262,770)	262,770
Salaries, consulting fees and benefits	85,439	121,500	(36,061)	291,257	362,513	(71,256)
Share-based compensation	8,825	8,469	356	49,575	64,913	(15,338)
Total Research and Development Expense	355,995	516,745	(160,750)	1,015,653	1,362,627	(346,974)

Q3 2015 compared to Q3 2014

R&D expense for Q3 2015 is $355,995, a decline of $160,750 in expense over Q3 2014 expense of $516,745, principally due to a decrease of $136,904 in preclinical, net of contributions, a decrease of $36,061 in salaries, consulting fees and benefits, which is offset by an increase of $11,859 in patent expenditures as compared to Q3 2014.

YTD 2015 compared to YTD 2014

R&D expense for YTD 2015 is $1,015,653, a decline of $346,974 in expense over YTD 2014 expense of $1,362,627, principally due to a decrease of $15,338 in share-based compensation expense, a decrease of $295,898 in preclinical, net of contributions, and a decrease of $71,256 in salaries, consulting fees and benefits, which is offset by an increase of $35,518 in patent expenditures as compared to YTD 2014. The lower share-based compensation expense calculated using the Black-Scholes fair value model is principally due to lower fair value of grant price at option date. Patent maintenance, legal and filing fees expense increase in YTD 2015 reflects expense of new patent filings and expense associated with issuance of the lysosomal storage diseases patent.

Other Items

The following table identifies the composition of Other Items:

Other items	Q3 2015 $	Q3 2014 $	Increase (decrease) $	YTD 2015 $	YTD 2014 $	Increase (decrease) $
Interest income	6,938	8,201	(1,263)	14,302	26,095	(11,793)
Foreign exchange gain / (loss)	(6,776)	(1,594)	(5,182)	(9,567)	5,693	(15,260)
Total Other Items	162	6,607	(6,445)	4,735	31,788	(27,053)

The decrease in interest income principally reflects lower interest rates on term deposits and short term investment with Canadian Schedule I chartered bank.

Net and Comprehensive Loss

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

Net and Comprehensive Loss	Q3 2015 $	Q3 2014 $	Increase (decrease) $	YTD 2015 $	YTD 2014 $	Increase (decrease) $
Net and Comprehensive Loss	698,090	807,826	(109,736)	2,122,040	2,339,466	(217,426)
Net Loss per share (basic and fully diluted)	0.01	0.02	0.00	0.05	0.06	(0.01)

LIQUIDITY AND CAPITAL RESOURCES

Financial Condition

As at November 30, 2014 the Company had working capital of $2,048,184, an increase in working capital of $188,049 from February 28, 2014. Working capital includes cash and equivalents of $92,752 and term deposits of $2,002,577. The increase in working capital is principally due to the net proceeds of $1,812,570 received from the private placement and the exercise of incentive stock options which is offset by the net loss for YTD 2015 adjusted for items not affecting cash of $1,623,626.

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

YTD 2015 compared to YTD 2014

Net cash used by operating activities in YTD 2015 is $1,558,560 as compared to $1,922,245 in YTD 2014, a decrease in use of cash of $363,685, principally due to decrease in net loss adjusted for non-cash items by $317,623, a decrease in accounts receivable of $202,092 and a decrease in prepaid expenses of $13,231, offset by a decrease in accounts payable of $169,261.

Investing activities for YTD 2015 provided cash of $749,104, an increase of $449,104, principally due to more redemption of investments in short term GICs by $450,000.

Financing activity for YTD 2015 raised net cash proceeds of $1,812,570 through the private placement and the exercise of options, an increase of $444,227 over YTD 2014. YTD 2014 raised net cash proceeds of $1,368,343 from the exercise of warrants and options.

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 January 27, 2015	44,034,257		
Warrants	1,944,477	$0.575 - $1.20	August 29, 2015 - August 5, 2016
Incentive stock options	4,880,000	$0.52 - $1.42	February 19, 2015 - December 18, 2018
Fully diluted shares as at January 27, 2015	50,858,734		

RELATED PARTY TRANSACTIONS

Related Party Transactions with key management personnel

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).

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.

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 which is a relative of the CEO and who is a director of the Company.

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).

An insider of the Company purchased a total of 30,530 Units under the private placement closed on August 29, 2014 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.

CONTRACTUAL OBLIGATIONS

Contractual Obligations	**Total**	**Payments due by period**	
		Less than one year	**1 – 2 years**
	$	**$**	**$**
Premises lease	39,555	7,911	31,644
Pre-clinical services purchase obligations*	-	-	-
Total contractual obligations	39,555	7,911	31,644

*Canadian dollars and Canadian dollar equivalent

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.

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

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.

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 IAS 39 Financial Instruments: Recognition and Measurement.. In October 2010, the IASB issued additions to IFRS 9 regarding financial liabilities. The IASB removed the 2014 mandatory effective date from IFRS 9. The IASB will decide on a new effective date when the entire IFRS project is closer to completion. Entities may still early-adopt the finalized and issued provisions of IFRS 9. The impact of adopting this standard is still being assessed.

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, 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.

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