BIOASIS TECHNOLOGIES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

Three months ended May 31, 2015 and 2014

(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 three months ended May 31, 2015 and 2014.

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

	Notes	May 31, 2015	February 28, 2015
	ASSETS		
Current assets			
Cash and cash equivalents		$ 1,100,814	$ 1,338,882
Short term investment	3	100,000	300,000
Accounts receivable	9	28,916	14,474
Prepaid expenses		100,265	77,040
		1,329,995	1,730,396
Non-current assets			
Property and equipment	4	8,098	7,069
Intangible assets	5	461,985	474,235
		470,083	481,304
		$ 1,800,078	$ 2,211,700
	LIABILITIES		
Current liabilities			
Accounts payable and accrued liabilities		$ 124,759	$ 205,291
Deferred leasehold inducement - current portion		925	1,234
		125,684	206,525
	SHAREHOLDERS' EQUITY		
Share capital	6	16,858,058	16,744,058
Contributed surplus		5,652,481	5,251,926
Accumulated deficit		(20,836,145)	(19,990,809)
		1,674,394	2,005,175
		$ 1,800,078	$ 2,211,700

Statement of compliance, basis of presentation of financial statements and going concern (Note 2)
Contractual commitments (Note 11)
Subsequent events (Note 14)

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	
	May 31, 2015	**May 31, 2014**
Expenses		
General and administrative	$ 583,116	$ 450,631
Research and development	267,116	331,630
Loss before other income (expense)	(850,232)	(782,261)
Other income (expense)		
Interest income	6,336	4,299
Foreign exchange gain (loss)	(1,440)	(3,362)
	4,896	937
Loss and Comprehensive Loss	$ (845,336)	$ (781,324)
LOSS PER SHARE – Basic and diluted	$ (0.02)	$ (0.02)
Weighted average number of common shares outstanding	44,100,779	41,826,907

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				
	Number of Shares	Value	Contributed Surplus	Accumulated Deficit	Total Shareholders' Equity
Balance, March 1, 2015	44,034,257	$ 16,744,058	$ 5,251,926	$ (19,990,809)	$ 2,005,175
Common shares issued upon exercise of warrants	95,000	114,000	-	-	114,000
Share-based compensation	-	-	400,555		400,555
Loss for the period	-	-	-	(845,336)	(845,336)
Balance, May 31, 2015	44,129,257	$ 16,858,058	$ 5,652,481	$ (20,836,145)	$ 1,674,394
Balance, March 1, 2014	41,790,630	$ 14,659,610	$ 4,885,852	$ (17,154,540)	$ 2,390,922
Common shares issued upon exercise of options	122,500	64,900	-	-	64,900
Reallocation of contributed surplus arising from share-based compensation related to exercise of options	-	64,731	(64,731)	-	-
Share-based compensation	-	-	267,346	-	267,346
Loss for the period	-	-	-	(781,324)	(781,324)
Balance, May 31, 2014	41,913,130	$ 14,789,241	$ 5,088,467	$ (17,935,864)	$ 1,941,844

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 three months ended May 31, 2015	For the three months ended May 31, 2014
OPERATING ACTIVITIES		
Loss for the period	$ (845,336)	$ (781,324)
Adjusted for items not affecting cash:		
Amortization of property and equipment	547	589
Amortization of intangible assets	12,249	12,249
Amortization of lease inducement	(308)	(308)
Share-based compensation	400,555	267,346
	(432,293)	(501,448)
Net changes in non-cash working capital items:		
Accounts receivable	(14,442)	106,499
Prepaid expenses	(23,225)	29,410
Accounts payable and accrued liabilities	(80,532)	(49,219)
	(550,492)	(414,758)
INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,576)	-
Short term investment	200,000	350,000
	198,424	350,000
FINANCING ACTIVITIES		
Proceeds from issuance of common shares	114,000	64,900
	114,000	64,900
INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	(238,068)	142
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,338,882	1,092,215
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,100,814	$ 1,092,357
Cash and cash equivalents consists of:		
Cash	$ 60,814	$ 392,357
Term deposits	1,040,000	700,000
	$ 1,100,814	$ 1,092,357
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 July 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 shares, warrants and other strategic alternatives which could result in significant dilution in the equity interest of existing shareholders. The Company reported as at May 31, 2015 an accumulated deficit of $20,836,145, a working capital surplus of $1,204,311, and cash flows used in operations of $550,492 for the period ended May 31, 2015. These factors indicate the existence of a material uncertainty that may raise significant doubt about the Company's ability to continue as a going concern. 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.

The Company is required to estimate its expenses resulting from its obligations under contracts and agreements with third parties in connection with conducting its research. Although the Company does not expect its estimates to be materially different from amounts actually incurred, management's understanding of status and timing of services performed relative to the actual status and timing of services performed may vary and may result in the Company reporting amounts that are significantly different for any particular period.

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, 2015. 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, 2015. 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 consolidated financial statements for the year ended February 28, 2015 except the following:

3. SHORT TERM INVESTMENTS

As at May 31, 2015, short-term investment comprised of a cashable guaranteed investment certificate of $100,000 (February 28, 2015: $300,000) with a Canadian Schedule I chartered bank, with the original term to maturity of 91 days and earning interest at the rate of 1.00% per annum.

(Unaudited; all amounts expressed in Canadian dollars)

4. PROPERTY AND EQUIPMENT

	Leasehold improvements	Computer hardware	Computer software	Office equipment & furniture	Total
Cost					
Balance as at February 28, 2014	$ 980	$ 16,654	$ 2,264	$ 7,979	$ 27,877
Additions for the year ended February 28, 2015	-	750	-	-	750
Balance as at February 28, 2015	980	17,404	2,264	7,979	28,627
Additions for the period ended May 31, 2015	-	1,576	-	-	1,576
Balance as at May 31, 2015	$ 980	$ 18,980	$ 2,264	$ 7,979	$ 30,203
Accumulated Depreciation					
Balance as at February 28, 2014	$ 980	$ 11,845	$ 1,870	$ 4,394	$ 19,089
Depreciation for the year ended February 28, 2015	-	1,555	197	717	2,469
Balance as at February 28, 2015	980	$ 13,400	$ 2,067	5,111	$ 21,558
Depreciation for the period ended May 31, 2015	-	379	25	143	547
Balance as at May 31, 2015	$ 980	$ 13,779	$ 2,092	$ 5,254	$ 22,105
Carrying amounts					
February 28, 2014	$ -	$ 4,809	$ 394	$ 3,585	$ 8,788
February 28, 2015	$ -	$ 4,004	$ 197	$ 2,868	$ 7,069
May 31, 2015	$ -	$ 5,201	$ 172	$ 2,725	$ 8,098

(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, 2014	$ 191,003	$ 589,609	$ 780,612
Additions for the year ended February 28, 2015	-	-	-
Balance as at February 28. 2015	$ 191,003	$ 589,609	$ 780,612
Additions for the period ended May 31, 2015	-	-	-
Balance as at May 31, 2015	$ 191,003	$ 589,609	$ 780,612
Accumulated Amortization and Impairment			
Balance as at February 28, 2014	$ 24,671	$ 232,708	$ 257,379
Amortization for the year ended February 28, 2015	9,550	39,448	48,998
Balance as at February 28, 2015	$ 34,221	272,156	306,377
Amortization for the period ended May 31, 2015	2,388	9,862	12,250
Balance as at May 31, 2015	$ 36,609	$ 282,018	$ 318,627
Carrying amounts			
February 28, 2014	$ 166,332	$ 356,901	$ 523,233
February 28, 2015	$ 156,782	$ 317,453	$ 474,235
May 31, 2015	$ 154,394	$ 307,591	$ 461,985

6. SHARE CAPITAL

a) Authorized Share Capital

At May 31, 2015, 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 $0.95 per unit, for gross proceeds of $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 fee of $101,460 was paid on a portion of the financing. All securities issued were subject to a hold period of four months and one day and as such could 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, 2014	250,000	$0.58
Issued with private placement	1,694,477	$1.20
Balance outstanding as at February 28, 2015	1,944,477	$1.12
Exercised warrants	(95,000)	1.20
Balance outstanding at May 31, 2015	1,849,477	$1.12

The following table summarizes warrants outstanding and exercisable at May 31, 2015:

Number Outstanding	Exercise Price	Expiry date
1,599,477	$1.20	August 29, 2015
250,000	$0.575	August 5, 2016
1,849,477		

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, 2014	6,510,400	$0.93
Granted	1,565,000	1.15
Exercised	(549,150)	0.58
Expired	(953,125)	1.17
Cancelled	(528,125)	1.08
Balance at February 28, 2015	6,045,000	$0.97
Cancelled	(46,875)	$1.17
Balance at May 31, 2015	5,998,125	$0.97
Exercisable at May 31, 2015	4,940,000	$0.93

The following table summarizes stock options outstanding and exercisable at May 31, 2015:

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	1.3	$0.52	1,580,000	1.3	$0.52
$0.60 - $0.69	175,000	0.0	$0.64	175,000	0.0	$0.64
$0.80 - $0.89	150,000	1.4	$0.89	75,000	1.4	$0.89
$0.90 - $0.99	1,275,000	3.5	$0.97	1,190,625	3.5	$0.97
$1.10 - $1.19	1,168,125	4.7	$1.17	269,375	4.7	$1.17
$1.20 – $1.29	1,550,000	2.2	$1.28	1,550,000	2.2	$1.28
$1.42	100,000	1.8	$1.42	100,000	1.8	$1.42
	5,998,125	2.6	$0.97	4,940,000	2.2	$0.93

During the period ended May 31, 2015, the Company recognized $411,521 in share-based compensation expense compared to $267,346 for the period ended May 31, 2014. 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.

There were no options granted during the period ended May 31, 2015 and 2014.

(Unaudited; all amounts expressed in Canadian dollars)

7. SHARE-BASED COMPENSATION (continued)

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 May 31, 2015, the Company paid $42,000 (May 31, 2014: $42,000) 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 $2,064 (May 31, 2014: $1,611) attributed to this party. As at May 31, 2015, the Company owed $4,227 (May 31, 2014: $nil) to the CEO, which is unsecured, non-interest bearing and with no repayment terms.

(b) During the period ended May 31, 2015, the Company paid $nil (May 31, 2014: $18,000), 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 $16,250 (May 31, 2014: $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 May 31, 2015, the Company incurred legal expense of $654 (May 31, 2014: $436) to a law firm, a principal of whom is a relative of the CEO and whom is a director of the Company. As at May 31, 2015, the Company owed or accrued $681 (February 28, 2015: $nil) to this law firm, which is unsecured, non-interest bearing and with no repayment terms.

(d) During the period ended May 31, 2015, directors were paid board and board committee fees of $8,250 (May 31, 2014: $8,250) and the Company incurred benefit expense of $90 (May 31, 2014: $90). As at May 31, 2015, the Company owed or accrued $8,160 (February 28, 2015: $16,320) to directors and officers, which is unsecured, non-interest bearing and with no repayment terms.

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

Compensation of key management personnel

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

	Three Months Ended May 31, 2015	Three Months Ended May 31, 2014
Salaries, consultant fees, director fees, service fees, and benefits	$ 69,308	$ 68,487
Share based payments(1)	341,491	244,480
	$ 410,799	$ 312,967

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

(Unaudited; all amounts expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, and accounts payable. As at May 31, 2015, 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.

Financial assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as of May 31, 2015 as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1) $	Significant Other Observable Inputs (Level 2) $	Significant Unobservable Inputs (Level 3) $	Balance as Of May 31, 2015 $
Assets:				
Cash and cash equivalents	1,100,814	–	–	1,100,814
Short-term investments	100,000	–	–	100,000

(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:

	May 31, 2015	February 28, 2015
GST receivable (Government of Canada)	24,120	11,464
Accrued bank interest (Schedule 1 Canadian chartered bank)	4,796	3,010
	$ 28,916	$ 14,474

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 May 31, 2015, are as follows:

	US$ Balance[1]
Cash and equivalents	$ 956
Pre-clinical contribution accrued and receivable	-
Accounts payable and accrued liabilities	(62,751)
	$ (61,795)

[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]
Cash and equivalents	$ (96)
Pre-clinical contribution receivable and accrual	-
Accounts payable and accrued liabilities	6,275
	$ 6,179

[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 premises expiring February 29, 2016.

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

	$
2016	$ 23,733

12. EMPLOYEE BENEFITS

Employee benefits included in general and administrative expenses and research and development expenses are as follows:

	Three Months Ended May 31, 2015	Three Months Ended May 31, 2014
General and administrative	$ 60,650	$ 74,152
Research and development	9,727	30,456
Total	$ 70,377	$ 104,608

13. RESEARCH GRANT

On May 27, 2015 the Company announced that it, in partnership with the National Research Council of Canada (NRC) and the Universite de Sherbrooke, has been awarded a collaborative research grant by the CQDM and Brain Canada. The research funding is for a total of $2,573,875, to be granted over three years and comes from the CQDM and Brain Canada with co-investment (in-kind) from the NRC. The Company is to receive approximately $955,000 of this funding over three years.

14. SUBSEQUENT EVENTS

a) Stock Options

(i) On June 8, 2015 the Company granted 125,000 incentive stock options to a consultant exercisable at $1.20 per share, expiring June 7, 2016, subject to vesting as follows: 31,250 options on September 8, 2015, 31,250 options on December 8, 2015, 31,250 options on March 8, 2016 and 31,250 options on June 7, 2016.