BIOASIS TECHNOLOGIES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations for the Financial Year Ended February 28, 2017

This Management's Discussion and Analysis ("MD&A") is prepared by management as of June 27, 2017 and should be read in conjunction with the audited consolidated financial statements and accompanying notes for the years ended February 28, 2017 and February 29, 2016. The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars unless otherwise specified. Additional information relating to biOasis Technologies Inc. ("biOasis" or the "Company") can be obtained from SEDAR at www.sedar.com.

This MD&A was approved and authorized for issue by the Audit Committee of the Board of Directors on June 27, 2017.

FORWARD LOOKING STATEMENTS

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

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

OVERVIEW

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

Corporate Highlights

Appointment of New Director, President and Chief Executive Officer

On April 24, 2017 the Company appointed Mark Day, Ph.D. as a Director and President and Chief Executive Officer of the Company. Dr. Day succeeds Mr. Rob Hutchison who became Executive Chairman of the Board of Directors of the Company.

License Agreement

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

Investor Relations

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

Stock Options and Warrants

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

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

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

On January 19, 2017, the Company granted 100,000 incentive stock options to Tailwinds Research Group LLC exercisable at $1.08 per share, expiring after three years, subject to vesting.

During the year ended February 28, 2017, 25,000 stock options were exercised for gross proceeds of $32,000 and 1,905,000 options expired or were forfeited. In addition, 300,000 warrants exercisable at $1.00 expiring October 20, 2017 were granted as a result of obtain patents in the United States and 250,000 warrants were exercised for gross proceeds of $143,750.

Subsequent to February 28, 2017, the Company completed a non-brokered private placement of 5,797,795 units at a price of $0.70 per unit, for gross proceeds of $4,058,457. Each unit consisted of one common share and one full common share purchase warrant. Each warrant entitled the holder to purchase one additional common share of the Company at a price of $1.00 per share for a period of 24 months from the date of closing, subject to an exercise acceleration clause. Cash finder's fees of $236,174 were paid on a portion of the private placement.

In addition, on April 24, 2017, the Company granted 2,377,478 incentive stock options and 225,000 restricted share units were granted to the Company's directors, employees, consultants and members of the board of directors. The incentive stock options are exercisable at $0.80 per share, expiring April 24, 2022, subject to various vesting terms. On April 24, 2017, the Company also granted 175,000 incentive stock options to an IR company exercisable at $0.80 per share, expiring April 23, 2022, subject to vesting. On March 13, 2017, 100,000 incentive stock options exercisable at $1.42 per share expired unexercised.

As at the date of this MD&A, the Company has 6,097,795 warrants outstanding and 8,742,478 stock options outstanding of which 5,890,000 stock options are exercisable.

RESEARCH AND DEVELOPMENT PROGRAM STATUS

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

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

Delivery of Molecules Across the Blood Brain Barrier

Application to the treatment of CNS indications for Lysosomal Storage Diseases ("LSD")

In 2013, the Company demonstrated that a chemical conjugate of Transcend with the enzyme missing in Hunter's Syndrome was able to increase enzyme transport to the lysosomes of brain cells in an animal model. In late 2014 these findings led the Company to the successful manufacturing of fusion proteins containing the enzyme and the full-length version of Transcend and the newly discovered peptide ("Transcend^{pep}"), for use in a mouse model of Hunter's Syndrome. These transgenic mice do not express the functional enzyme iduronate-2 sulfatase (I2S or IDS). *In vivo* studies to assess delivery of the enzyme were initiated at the end of 2014 under the direction of Dr. Maurizio Scarpa, president of the Brains for Brain (B4B) Foundation (http://www.brains4brain.eu). In these studies,groups of IDS-knockout mice were treated with the enzyme IDS, an IDS-MTf fusion construct, an IDS-MTf^{pep} fusion construct or MTf alone. This research program was completed in September 2015. The results showed that both Transcend and Transcend^{pep} vectors delivered the IDA enzyme cargo into the brain at levels sufficient to reach therapeutic effect. Since these results were obtained, further analysis has demonstrated that the cargo was delivered specifically into the relevant brain cells.

Subsequent analysis in 2016 demonstrated reduction of heparin sulfate levels, a positive outcome. During 2016, specific examination of tissue samples confirmed that the MTf^{pep} had reached therapeutic levels in the animal studies. This program is continuing with additional work anticipated to be complete by Q2 2017.

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

Key Dates and Findings:

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

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

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

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

November 2013 – biOasis announced its' BT2111 conjugate penetrates the blood-tumor barrier 10 times greater that Herceptin on its own.

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

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

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

4. Internal Development Programs and Commercial Business Strategies

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

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

CQDM

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

objective was met—selection of several single domain antibodies. In years two and three, these candidates will be assessed more stringently and tested for BBB delivery of a variety of cargoes.

Brigham and Women's Hospital Inc.

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

Patents

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

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

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

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

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

FUTURE OUTLOOK

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

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

SUMMARY OF QUARTERLY RESULTS

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

Quarterly Results	Q4 2017 $	Q3 2017 $	Q2 2017 $	Q1 2017 $	Q4 2016 $	Q3 2016 $	Q2 2016 $	Q1 2016 $
Total Revenue	105,363	134,330	117,752	155,521	136,284	65,777	167,063	-
Cost of sales	91,850	113,935	74,277	149,789	253,557	76,938	93,308	-
Total Expenses	437,486	624,816	1,099,562	907,049	447,057	540,683	671,376	850,232
Interest Income	143	1,023	2,021	2,303	(443)	2,549	(709)	6,336
Loss on disposal of capital assets	-	-	-	-	(1,802)	-	-	-
Foreign Exchange and other gain /(loss)	(321)	(5,683)	(2,062)	(2,407)	(7,498)	(3,281)	(2,608)	(1,440)
Net and Comprehensive Loss	424,151	609,081	1,056,128	901,421	574,073	552,576	600,938	845,336
Basic Loss per share	0.01	0.01	0.02	0.02	0.01	0.01	0.01	0.02

Share-based compensation expense impacts expenses and net and comprehensive loss as follows: Q4 2017: $115,198; Q3 2017: $271,078; Q2 2017: $505,332; Q1 2017: $567,613; Q4 2016: $40,063; Q3 2016: $143,302; Q2 2016: $187,043; and Q1 2016: $400,555.

Pre-clinical expenses trended higher Q1 2016 followed by lower trend through Q3 2017, principally due to efficiency streamlining of work on the Company's preclinical partnership programs, on the Company's internal Transcend peptide program and on university research work related to Transcend as well as reclassification of certain cost to cost of sales. Since Q2 2016, the Company received $882,090 from CQDM, Brain Canada and other sources, which has been classified as research revenue. As a result, certain pre-clinical expenses were reclassified as cost of sale.

SELECTED ANNUAL FINANCIAL INFORMATION

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

Selected Annual Financial Information	**Feb 28, 2017 $**	**Feb 29, 2016 $**	**Feb 28, 2015 $**
Total Revenues	512,966	369,124	Nil
Cost of sale	429,851	423,803	Nil

Total Expenses	3,068,913	2,509,348	2,840,284
Interest income	5,490	7,733	19,480
Gain on write-off of payables	-	-	2,130
Loss on disposal of property and equipment	-	(1,802)	-
Foreign Exchange gain / (loss)	(10,473)	(14,827)	(17,595)
Net Loss	2,990,781	2,572,923	2,836,269
Net Loss per share, basic and diluted	0.07	0.06	0.07
Total Assets	1,110,928	2,152,954	2,211,700
Total long term liabilities	-	-	-
Cash dividends declared	Nil	Nil	Nil

In fiscal 2017, the Company recognized $512,966 (2016: $369,124) research revenue due to receiving funds from CQDM, Brain Canada and other sources.

Expense trend is higher principally due to impact of share based compensation expenses as follows: $1,459,221 in fiscal 2017, $770,963 in fiscal 2016, and $637,952 in fiscal 2015, which is offset by reclassification of certain pre-clinical expenses and general and administrative as cost of sale.

RESULTS OF OPERATIONS

Below are the results of operations for the three and twelve months ended February 28, 2017 (Q4 2017 and YTD 2017) as compared to the three and twelve months ended February 29, 2016 (Q4 2016 and YTD 2016).

Expenses are classified by function.

Revenue and Cost of Sales

The following table identifies the composition and changes in Revenue and Cost of Sale for Q4 2017 compared to Q4 2016 and YTD 2017 compared to YTD 2016:

Other items	Q4 2017 $	Q4 2016 $	Increase (decrease) $	YTD 2017 $	YTD 2016 $	Increase (decrease) $
Research revenue	105,363	136,284	(30,921)	512,966	369,124	143,842
Cost of sales	91,850	253,557	(161,707)	429,851	423,803	6,048
Gross profit (loss)	13,513	(117,273)	130,786	83,115	(54,679)	137,794

Q4 2017 compared to Q4 2016

The Company recognized research revenue of $105,363 in Q4 2017 from the CQDM and Brain Canada grant that commenced in Q2 2016. As a result, certain pre-clinical expenses and general and administration expenses totaling $91,850 were reclassified as cost of sale in Q4 2017.

YTD 2017 Compared to YTD 2016

The Company recognized research revenue of $512,966 in YTD 2017 from the CQDM and Brain Canada grant that commenced in Q2 2016. As a result, certain pre-clinical expenses and

general and administration expenses totaling $429,851 were reclassified as cost of sale in YTD 2017.

General and Administration Expense

The following table identifies the composition and changes in General and Administrative ("G&A") expense for Q4 2017 compared to Q4 2016 and YTD 2017 compared to YTD 2016:

General and Administrative Expense	Q4 2017 $	Q4 2016 $	Increase (decrease) $	YTD 2017 $	YTD 2016 $	Increase (decrease) $
Office, insurance, amortization	18,391	23,950	(5,559)	57,409	87,713	(30,304)
Salaries and consulting	116,460	87,230	29,230	369,095	376,217	(7,122)
Share-based compensation	115,809	40,481	75,328	1,394,813	771,926	622,887
Professional and regulatory	34,597	17,433	17,164	111,116	95,482	15,634
Investor relations, marketing and travel	70,122	109,045	(38,923)	352,702	336,962	15,740
Total General and Administrative Expense	355,379	278,139	77,240	2,285,135	1,668,300	616,835

Q4 2017 compared to Q4 2016

G&A expense for Q4 2017 is $355,379, a $77,240 increase in expense over Q4 2016 expense of $278,139, principally due to an increase in share based compensation expense of $75,328, in professional and regulatory of $17,164, and in salaries and consulting of $29,230 offset by a decrease in investor relations, marketing and travel of $38,923, and in office, insurance, amortization of $5,559.

The increase in share-based compensation expense calculated using the Black-Scholes fair value model is principally due to more options vested for general and administration in Q4 2017. The decrease in investor relations, marketing and travel is due to attendance at fewer conferences during the quarter.

YTD 2017 Compared to YTD 2016

G&A expense for YTD 2017 is $2,285,135, a $616,835 increase in expense over YTD 2016 expense of $1,668,300, principally due to an increase in share based compensation expense of $622,887, in professional and regulatory of $15,634, and in investor relations, marketing and travel of $15,740 offset by a decrease in salaries and consulting of $7,122, and in office, insurance, amortization of $30,304.

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

Research and Development Expense

The following table identifies the composition and changes in Research and Development (R&D) expense for Q4 2017 compared to Q4 2016 and YTD 2017 compared to YTD 2016:

Research and Development Expense	Q4 2017 $	Q4 2016 $	Increase (decrease) $	YTD 2017 $	YTD 2016 $	Increase (decrease) $
Amortization	12,249	12,250	(1)	48,997	48,998	(1)
Patent maintenance legal & filing fees	66,489	62,214	4,275	552,403	365,861	186,542
Pre-clinical	(19,145)	72,247	(91,392)	24,920	190,255	(165,335)
Pre-clinical contribution	-	-	-	-	-	-
Salaries, consulting fees and benefits	23,125	22,625	500	93,050	236,897	(143,847)
Share-based compensation	(611)	(418)	(193)	64,408	(963)	65,371
Total Research and Development Expense	82,107	168,918	(86,811)	783,778	841,048	(57,270)

Q4 2017 Compared to Q4 2016

R&D expense for Q4 2017 was $82,107, a decrease of $86,811 over Q4 2016 expense of $168,918, principally due to a decrease of $193 in share-based compensation, $91,392 in pre-clinical and offset by an increase of $4,275 in patent expenditures, $500 in salaries, consulting fees and benefits as compared to Q4 2016. The increase in patent maintenance, legal and filing fees expense was a result of costs associated with maintaining the Company's patent portfolio.

YTD 2017 Compared to YTD 2016

R&D expense for YTD 2017 was $783,778, a decrease of $57,270 over YTD 2016 expense of $841,048, principally due to a decrease of $165,335 in pre-clinical and $143,847 in salaries, consulting fees and benefits, offset by an increase of $186,542 in patent expenditures and $65,371 in share-based compensation as compared to YTD 2016. The decrease in pre-clinical, salaries, consulting fees and benefits was principally due to the reclassification of certain salaries and consulting fees to cost of sale in YTD 2017. The increase in patent maintenance, legal and filing fees expense in YTD 2017 was a result of new patent filings associated primarily with peptide and peptide sequence patents and renewals during the period. The increase in share-based compensation expense calculated using the Black-Scholes fair value model is principally due to more options granted and vested for R&D in YTD 2017 as compared to YTD 2016.

Other Items

The following table identifies the composition of Other Items:

Other items	Q4 2017 $	Q4 2016 $	Increase (decrease) $	YTD 2017 $	YTD 2016 $	Increase (decrease) $
Interest income	143	(443)	586	5,490	7,733	(2,243)
Loss on disposal of capital assets	-	(1,802)	1,802	-	(1,802)	1,802
Foreign exchange gain / (loss)	(321)	(7,498)	7,177	(10,473)	(14,827)	4,354
Total Other Items	(178)	(9,743)	9,565	(4,983)	(8,896)	3,913

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

Net and Comprehensive Loss

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

Net and Comprehensive Loss	Q4 2017 $	Q4 2016 $	Increase (decrease) $	YTD 2017 $	YTD 2016 $	Increase (decrease) $
Net and Comprehensive Loss	424,151	574,073	(149,922)	2,990,781	2,572,923	417,858
Net Loss per share (basic and fully diluted)	0.01	0.01	-	0.07	0.06	-

LIQUIDITY AND CAPITAL RESOURCES

Financial Condition

As at February 28, 2017 the Company had working capital deficit of $16,216 a decrease in working capital of $1,305,336 from February 29, 2016. Working capital is comprised of cash and cash equivalents of $554,285 offset by accounts payable and accrued liabilities of $573,862. The decrease in working capital is principally due to the net loss adjusted for items not affecting cash of $1,481,086 offset by the $175,750 proceeds from exercising stock options and warrant for YTD 2017.

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

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

Cash Flow

YTD 2017 Compared to YTD 2016

Net cash used by operating activities in YTD 2017 was $1,244,213 as compared to $1,530,218 in YTD 2016, a decrease in use of cash of $286,005, principally due to a decrease in cash outflows from accounts payable of $136,606 and a decrease in cash outflows from net loss adjust for non-cash items by $268,983 offset by an increase in cash outflows from accounts receivable of $11,859 and from prepaid expense of $56,454 in comparison to YTD 2016. Also, there was a decrease in cash inflow from deferred income of $51,271 in comparison to YTD 2016.

Investing activities for YTD 2017 provide cash of $850,000, an increase of $1,401,916, due to a decrease in investments in short term GICs of $1,400,000.

Financing activity for YTD 2017 raised net cash proceeds of $175,750 through the exercise of stock options and warrants, a decrease of $1,340,250 over YTD 2016. YTD 2016 raised net cash proceeds of $1,516,000 from the exercise of 175,000 options at $0.64 per share and from the exercise of 1,170,000 warrants at $1.20 per share.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

OUTSTANDING SHARE DATA

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

Outstanding Share Data	Number of Common Shares	Exercise Price per Common Share
Issued and outstanding common shares as at June 27, 2017	51,452,052	
Incentive stock options	8,742,478	$0.80 - $1.35
Warrants	6,097,795	$1.00 - $1.10
Fully diluted shares as at June 27, 2017	66,292,325	

RELATED PARTY TRANSACTIONS

Related Party Transactions with Key Management Personnel

During the year ended February 28, 2017, the Company paid the President and CEO ("CEO") of the Company $168,000 (2016: $168,000) pursuant to a salary contract for services and for acting in his capacity as CEO. The Company also incurred payroll benefits expense of $3,780 (2016: $3,783) attributed to the CEO. As at February 28, 2017, the Company owed $842 (2016: $4,462) to the CEO, which is unsecured, non-interest bearing and with no repayment terms.

During the year ended February 28, 2017, the Company paid $65,100 (2016: $65,500) to an officer of the Company, pursuant to a consulting contract for consulting services and for acting in her capacity as CFO.

During the year ended February 28, 2017, the Company incurred legal expenses of $807 (2016: $654) to a law firm, a principal of which is a relative of the CEO of the Company.

During the year ended February 28, 2017, 1,500,000 options were granted to directors or officers (2016: nil granted) and directors were paid board and board committee fees of $33,000 (2016: $33,000) and the Company incurred payroll benefits expense of $361 (2016: $361) attributed to these parties. As at February 28, 2017, the Company owed or accrued $16,319 (2016: $16,509) to directors, which is unsecured, non-interest bearing and with no repayment terms.

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

PROPOSED TRANSACTIONS

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

Revenue Recognition

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

Research and Development Costs

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

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

Intangible Assets

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

Intangible assets acquired as part of a group of other assets are initially recognized and measured at cost less accumulated amortization and accumulated impairment losses. The cost of a group

of intangible assets acquired in a business combination that meet the specified criteria for recognition apart from goodwill, is allocated to the individual assets acquired based on their relative fair values.

Intangible assets with finite useful lives are amortized over their estimated useful lives ranging from 10 to 20 years from the date they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Factors considered in estimating the useful life of intangible assets include the expected use of the asset by the Company, legal, regulatory and contractual provisions that may limit the useful life, and the effect of competition. Costs incurred to establish and maintain patents for intellectual property are expensed in the period incurred.

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

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

Share-based Compensation

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

CHANGES IN ACCOUNTING POLICIES

There are no changes in accounting policies in YTD 2017.

FUTURE ACCOUNTING POLICIES CHANGES

Accounting Standards and Interpretations Issued but Not Yet Effective

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

IFRS 15, *Revenue from Contracts with Customers:* In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* which supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the*

Construction of Real Estate, IFRIC 18, *Transfers of Assets from Customers*, and SIC 31, *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

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

The following standard will be adopted by the Company effective March 1, 2019:

IFRS 16, *Leases:* In June 2016, the IASB issued IFRS 16, *Leases* which establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17.

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

RISKS

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

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

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

COMPANY CONTACTS

Head Office:	Suite 130 – 10691 Shellbridge Way Richmond BC V6X 2W8
Directors:	Mark Day Ron Erickson Christopher Fibiger Gregory Gubitz Michael Hutchison Robin Hutchison (Executive Chairman) Terry Pearson
Officers:	Judi Dalling, CFO and Corporate Secretary Mark Day, President and CEO
Legal Counsel	Tanya Markovich Law Corporation Suite 1780, 400 Burrard Street Vancouver, B.C. V6C 3A6
US Patent and IP lawyers	Cooley LLP 719 Second Avenue Suite 900 Seattle WA 98104-1732
Canadian Patent and IP lawyers	Bereskin & Parr LLP 40 King Street West, 40th floor Toronto Ontario Canada M5H 3Y2
Auditors	Manning Elliott Accountants & Business Advisors 11th Floor 1050 West Pender Vancouver BC V6E 3S7