SUMMARY FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

4 June 2018

Statement of Management Responsibility

The following "Summary Financial Information and Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") for the three and six month periods ended 30 April 2018 and 30 April 2017 was prepared by management of Avivagen Inc. ("Avivagen" or the "Corporation") and approved by the Board of Directors on 4 June 2018.

Management is responsible for ensuring that processes are in place to provide sufficient knowledge to support the representations made in these filings. The audit committee and Board of Directors provide an oversight role with respect to all public financial disclosures by the Corporation, and have reviewed this MD&A and the accompanying financial statements.

The Interim Chief Executive Officer (the "Interim CEO"), and the Chief Financial Officer (the "CFO"), in accordance with National Instrument 52-109, have both certified that they have reviewed the unaudited interim financial statements and this MD&A (the "filings") and that, based on their knowledge having exercised reasonable diligence, that (a) the filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the filings; and (b) the financial statements together with the other financial information included in the filings fairly present in all material respects the financial condition, financial performance and cash flows of the Corporation, as of the date of and for the period presented in the filings.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement, on a cost-effective basis, the disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109 will result in additional risks to the quality, reliability, transparency and timeliness of interim filings, annual filings, and other reports provided under securities legislation.

In contrast to the certification required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), the Corporation does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. In particular, the Interim CEO and CFO filing this MD&A are not making any representations relating to the establishment and maintenance of:

i) Controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Corporation in its filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and/or reported within the time periods specified in securities legislation; and

ii) A process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS reporting.

This MD&A discusses material changes in the Corporation's financial condition, results of operations and cash flows for the three and six month periods ended 30 April 2018. Such discussion and comments on liquidity and capital resources should be read in conjunction with the unaudited interim financial statements dated 30 April 2018 and related notes which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The reader should also refer to the Corporation's Annual Information Form dated January 19, 2015, Risk Factor section (the "AIF Risk Factors"), which risk factors are incorporated herein by reference. To the extent there is any conflict between the AIF Risk Factors and risks identified in this MD&A, the risks identified in this MD&A will govern.

This discussion and the comments contained hereunder include both historical information and forward-looking information. Statements including expressions such as "anticipate", "believe", "estimate", "expect", "foresee", "intend", "plan", "will", and similar expressions are forward-looking statements. The forward-looking statements are not historical facts but reflect the Corporation's current assumptions and expectations regarding future events. The forward-looking information, which is generally information stated to be anticipated, expected, or projected by the Corporation, involves known and unknown risks, uncertainties and other factors that may cause the actual results and performance of the Corporation to be materially different from any future results and performance expressed or implied by such forward-looking information. Forward-looking statements in this MD&A include, without limitation, statements about the Corporation's expectations with respect to future orders of its OxC-beta™ Livestock product, revenues, expenses, assets, and liabilities; whether UNAHCO will scale up the commercial roll out of OxC-beta™ for Livestock by purchasing a recurring, monthly supply for use in swine; whether UNAHCO will continue making purchases from Avivagen or increase its level of purchases; the Corporation's intention to pursue additional funds through long-term debt or equity financings; the Corporation's expectations with respect to future R&D expenditures; the ability of the Corporation's products to reduce the development of antibiotic resistant pathogens that are widely thought to occur as a result of food animal production and can threaten human health or to replace antibiotics in food-animal applications; the Corporation's long term goals and expectations with respect to its products and the application thereof; the Corporation's planned efforts with respect to regulatory approval in additional jurisdictions and the funding required for such processes; the Corporation's plans to expand into additional geographic markets; the ability of the Corporation and its products to access the human supplement, prophylactic or therapeutic markets; anticipated effects or outcomes of commercial agreements entered into by the Corporation; the Corporation's expectations with respect to total global animal feed production in target species of poultry, swine and cattle to which OxC-beta™ Technology could be added; and the expected impacts on the Corporation of future IFRS accounting pronouncements. In addition to the AIF Risk Factors, potential risks and uncertainties include, without limitation, the uncertainties inherent in the early revenue stage of the Corporation and the development of biotechnology products for use in animals and humans; the ability to continue as a going concern; the need for significant additional funding; extensive government regulation of the Corporation's products; rapid developments in technology and acquisition of future technology, including developments by competitors; the introduction of products to market; protection of intellectual property; dependence on key employees; dependence on partners for development, regulatory and commercial advancement of products; significant portions of revenue from a single client; reliance on a sole source for manufacturing; and reliance on third parties for marketing and distribution of products.

Corporation Overview

Avivagen is domiciled in Canada and is located at 100 Sussex Drive, Ottawa, Ontario, Canada K1A 0R6. The Corporation is a life-sciences company that is developing and commercializing products to support animal immune health, including replacing antibiotics in livestock feeds to optimize the health and growth of the animals by supporting the animal's own health defences. The Corporation's unique, proprietary technology, known as OxC-beta™ (fully-oxidized beta-carotene) Technology, is based on Avivagen's discovery of the propensity of the micronutrient β-carotene to naturally undergo oxidation to generate polymeric oxidation products. This previously unrecognized class of compound possesses a unique combination of immunological health benefits that very plausibly account for β-carotene's non-vitamin A activity.

Avivagen has further discovered that the health benefits of the OxC-beta™ Technology afford the Corporation the opportunity to provide its lead product, OxC-beta™ Livestock, as an entirely new and novel, non-drug replacement product for in-feed antibiotics for livestock used widely for growth promotion and disease prevention. The use of antibiotics as growth promoters in the feedstock of cattle, swine and poultry has been banned for over 10 years in Europe and their use has more recently become a source of urgent concern to health authorities, governments and consumers, leading them to demand changes now being supported by leading international food processors, retailers and restaurant chains. OxC-beta™ Livestock product has completed multiple trials as a non-antibiotic feed additive that successfully optimizes health and productivity in swine and poultry. By enabling the removal of antibiotics from feeds, the OxC-beta™ Livestock product is expected to help reduce the development of antibiotic resistant pathogens that are widely thought to occur as a result of food animal production and can threaten human health.

The health benefits observed in livestock have given rise to one of Avivagen's longer-term goals, which is to access the human supplement, prophylactic or therapeutic markets for OxC-beta™ Technology.

A major milestone for the Corporation was the publication in April 2016 in the American Chemical Society's Journal of Agricultural and Food Chemistry of a peer-reviewed scientific publication "Discovery and Characterization of Carotenoid-Oxygen Copolymers in Fruits and Vegetables with Potential Health Benefits". The paper reported the important discovery that counterparts of fully oxidized beta carotene ("OxBC"), containing the bioactive β-carotene-oxygen copolymer component of OxC-beta™ Livestock, occur naturally in a variety of foods at levels that are expected to beneficially affect immune function. This new knowledge is of major importance to the Corporation in gaining regulatory acceptance throughout the world for the use of the Corporation's OxC-beta™ Technology in animals and humans. The discovery also has provided the Corporation with the opportunity to expand its patent portfolio by filing for intellectual property protection for the natural forms and counterparts of OxBC.

The Corporation believes that OxC-beta™ Livestock has the potential to replace antibiotics in its food-animal applications: field trials have established that it helps maintain optimal health and thereby provides similar benefits to in-feed antibiotics. The Corporation is pursuing additional sales of OxC-beta™ Livestock in species such as poultry and swine where data can be rapidly generated and in jurisdictions with high motivation to eliminate the use of antibiotics and/or that have lower regulatory hurdles for products of this nature. In pursuit of such sales, the Corporation has conducted confirmatory trials with major Asian livestock integrators and exploratory trials with qualified universities or research institutes. Identities of trial collaborators and summary trial results have been disclosed in Avivagen's news releases.

In 2017, the Corporation delivered its first industrial-scale orders of OxC-beta™ Livestock to the feed industry. These purchases by UNAHCO, Inc. in the Philippines during 2017 were for 1,100kg of OxC-beta™ Livestock 10% premix at pricing in line with Avivagen's target. The orders delivered in 2017 will supplement approximately 55 million kg of UNAHCO, Inc. branded commercial feed, an amount sufficient for about 22 million broiler chickens or 2.6 million piglets. In Q1 2018, the Corporation delivered 800kg of OxC-beta™ Livestock 10% premix to UNAHCO, Inc. In Q2 2018, the Corporation delivered 1,200kg of OxC-beta™ Livestock 10% premix to UNAHCO, Inc.

The Corporation believes that the total global animal feed production in Avivagen's target species of poultry, swine and cattle to which OxC-beta™ Technology could be added exceeds 900 million tons[1]. Asia, the Corporation's target market for initial commercialization, is the largest single region representing some 35% of total world animal feed consumption.

In all major markets in which the Corporation plans commercial operations there is a regulatory requirement prior to offering OxC-beta™ Livestock for sale. There is very little consistency, other than proof of efficacy and safety, for regulatory filings among countries, which necessitates the Corporation to custom prepare a registration dossier for each market that it wishes to enter. The filing of the registration dossiers could involve various studies and trials, which entail various costs.

The review time before regulators confirm no objection to sale can range from one to several years, depending on the country and registration process required. Due to the uncertain nature, extent and timing of the regulatory process in each country, there is no guarantee that the Corporation can register in all countries within the time frames projected.

Avivagen has, as of the date of this report, received approval for sale of OxC-Beta™ Livestock in New Zealand, the Philippines, Taiwan, and Thailand. Registration activity is ongoing in several Asian countries, such as South Korea, China, Vietnam, and Indonesia, as this area of the world has been in the forefront in reducing antibiotic use in food animals and has a high demand for livestock production. A number of these Asian countries export poultry and pork to countries in the European Union which have a policy of no antibiotics in food animals.

Regulatory approvals in the US and China continue to be priorities for Avivagen. To help guide the Corporation through the regulatory process, several regulatory consultants have been engaged. Consultants have been engaged for the US, Mexican, Brazilian, Canadian and New Zealand markets. The regulatory requirements for OxC-beta™ Livestock in China are being addressed through partnerships with a Chinese company which is coordinating the submission on behalf of the Corporation. The anticipated approval time for the US is approximately up to two years and China is approximately two years. Regulatory activities are underway in other markets including Mexico, Brazil and Canada, with a time frame of several years. Subsequent to the 30 April 2018 reporting period, the Corporation received regulatory approval in New Zealand.

The timing and cost of regulatory registration can be very significant, and the Corporation anticipates requiring additional funds to support the above regulatory registration process. The Corporation will attempt to supplement the cost from sales in the countries for which it is registered to date, but additional funding by way of equity and or debt may be required.

For companion animals, the Corporation has created a branded lines of OxC-beta™ Technology product, Vivamune™ Vital Health[3] Chews, intended to improve or maintain quality of life in companion animals. This product is in a class of non-drug nutritional supplements for the United States, which are regulated by the United States National Animal Supplement Council (NASC).

[1]*Alltech 2016 Annual Global Feed Survey, ALLTECH, Nicholasville, Kentucky, USA 40356*

In October 2017, the Corporation re-launched Vivamune™ Chews with a multifaceted marketing and rebranding campaign designed to increase brand awareness and market share. The redesigned packaging carries the image and endorsement of Cesar Millan, a recognized figure in the field of dog rehabilitation.

Liquidity, Capital Resources, Outlook, and Going Concern

The Corporation is an early-revenue stage corporation and accordingly has not generated significant revenue from its principal products. The Corporation has incurred significant accumulated deficit to date of $(23,965,824) (31 October 2017: $(22,454,145)). The ability of the Corporation to continue operations is dependent upon obtaining sufficient funding to sustain operations through the early-revenue stage, successfully bring technologies to market and achieve profitable operations. The Corporation manages its capital, which consists of cash provided from financing, long-term debt, and ACOA research and development repayable funding, with the primary objective being safeguarding sufficient working capital to sustain operations. The Board of Directors has not established capital benchmarks or other targets.

As at 30 April 2018, the Corporation had cash and cash equivalents of $3,070,064 (31 October 2017: $1,600,137).

The Corporation will need to obtain additional financial resources through revenues, operations, additional equity and/or debt financing or by selling products or licensing technology for cash proceeds.

The Corporation may raise capital through the issuance of additional equity or debt financing. The Corporation's short-term plans are dependent on its ability to access funding to continue operations and development of the principal products. If the Corporation is unable to obtain funding through the issuance of common shares, warrants or stock options exercised, issuance of debt, proceeds from product sales or a licensing arrangement in a timely manner, then these programs and operations in general could be delayed or cease altogether. The Corporation will pursue additional funding to offset portions of the administration cost, and research and development costs. The Corporation expects expenditures for regulatory approvals (including research and development expenditures on trials and efficacy studies in support of registration) to continue or increase for the foreseeable future. As the Corporation moves further into the commercialization and revenue phase, these registration, research, and development expenditures may ultimately begin to decrease.

Continued uncertainty in the financial and business markets may impact the Corporation's ability to raise additional financing proceeds and it may impact the terms and conditions related to any financing.

The Corporation's ultimate success depends on its ability to bring technology and resulting products to market. Regulation by government is a significant factor in the registration, research, development, manufacture, and marketing of the Corporation's products.

Most of the Corporation's OxC-beta™ Technology applications require regulatory approval before they can be commercialized. Animal feed products, such as OxC-beta™ Livestock, can take many years to receive regulatory approvals in many countries and face a significant degree of uncertainty of receiving approval and subsequent market success. With New Zealand, Taiwan, Thailand, and the Philippines approved for distribution as of the date of this report, the Corporation is actively working to gain approval in other Asian jurisdictions such as South Korea, China, Vietnam, and Indonesia. In concert with this strategy, the Corporation recently retained consultants whose primary focus is to help expedite the approval process within the United States, Mexico, and Brazil. Other applications for OxC-beta™ Technology, such as pet supplements, may require less data for regulatory approval but need marketing resources and an effective marketing campaign to attain commercial success. Subsequent to 30 April 2018, the Corporation received regulatory approval in New Zealand.

Given the uncertainty, extensive time, and financial expenditures involved in moving the products based on OxC-beta™ Technology through the regulatory process from development to market, the Corporation may never be able to successfully develop commercially-viable products. If the Corporation is unable to do so, its business, financial condition, and results of operations would be materially adversely affected. At this time, while the Corporation has demonstrated its ability to raise equity capital and long-term debt, there can be no assurance that further financing would be available to the Corporation when needed, on commercially reasonable terms, or at all. In the absence of an ability to raise sufficient additional funds there is significant doubt regarding the Corporation's ability to continue. In addition, any equity financing will involve substantial dilution to the Corporation's existing shareholders.

The Corporation has not obtained profitable operations to date. For the 3-month period ended 30 April 2018, the Corporation had a net loss from all operations of $(1,019,555) (30 April 2017: $(1,463,591)). Whether and when the Corporation can attain profitability and positive cash flow is uncertain. The accumulated deficit is $(23,965,824) as of 30 April 2018 (31 October 2017: $(22,454,145)). These circumstances cast significant doubt as to the ability of the Corporation to meet its obligations as they come due, and accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. Management is actively pursuing the commercialization of its products and is continuously evaluating the availability of additional debt or equity financing to provide adequate cash resources to carry out its business objectives, and was successful in raising additional equity financing in the current fiscal year. Nevertheless, there is no assurance that these ongoing initiatives will continue to be successful.

The Corporation's ability to continue as a going concern is dependent upon the Corporation's ability to obtain the ongoing support of its lenders and investors, obtain profitable operations, generate significant sales and/or raise additional capital. These financial statements do not reflect adjustments in the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used that would be necessary if the Corporation were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Financial Position of the Corporation
Selected Balance Sheet Data

		As at 30 April 2018		**As at 31 October 2017**
Cash and cash equivalents	$	3,070,064	$	1,600,137
Total assets	$	3,589,324	$	1,849,687
Non-current portion of Atlantic Canada Opportunities Agency long-term liabilities	$	193,180	$	158,530
Non-current portion of long-term debt	$	972,088	$	918,438
Total liabilities	$	1,814,508	$	1,680,901
Total shareholders' equity	$	1,774,816	$	168,786

Atlantic Canada Opportunities Agency Agreements

The Corporation entered into two agreements to obtain repayable funding from the Atlantic Canada Opportunities Agency ("ACOA"). Under the first agreement, which was dated 15 August 2006, the Corporation drew $2,052,131 of which $16,953 was repaid for a remaining obligation of $2,035,178. Under the second agreement, which was dated 24 March 2010, the Corporation drew $1,334,400. The funding portion of both agreements has expired.

The ACOA loans were initially recognized at their fair value, and are subsequently carried at amortized cost as determined by using a discounted cash flow analysis, which requires a number of assumptions. The significant assumptions used in determining the fair value using discounted cash flows include estimating the amount and timing of future revenue for the Corporation and the discount rate. As the loans are repayable based on a percentage of gross revenue, the determination of the amount and timing of future revenue significantly impacts the initial fair value of the loan, as well as the carrying value of the loans at each reporting date. Management recalculates the carrying amount by computing the present value of the estimated future cash flows at the original effective interest rate of 35%. Any adjustments are recognized in the consolidated statement of comprehensive loss as accreted interest after initial recognition.

The Corporation commenced repayment on 30 June 2014. Yearly repayments are capped at 10% of product revenues of the prior year from the resulting product. The next ACOA repayment is $25,566 based on the yearly OxC-beta product sales of $255,660 as of 31 October 2017 and is due on 30 June 2018.

Restatement

In the 2017 and prior fiscal years, the Corporation did not fair value the ACOA research and development repayable funding as required under IFRS 9 *Financial Instruments* and IAS 20 *Government Grants*. The Corporation has restated the financial statements to reflect the fair value. The Corporation uses the assumption of a 35% discount rate and future projected revenues to determine the fair value. The fair value is a Level 3 discounted cash flow model. The following table reflects the prior period errors:

	April 30, 2017		
	As Originally Presented	Adjustments	As Restated
Statement of financial position			
Current portion of research and development repayable funding	$ 995	$ 60	$ 1,055
Long-term portion of research and development repayable funding	$ 3,369,518	$ (3,214,705)	$ 154,813
Statement of comprehensive income - Three month period			
Accretion of research and development repayable funding	$ -	$ 12,880	$ 12,880
Government grant on interest free loan	$ -	$ -	$ -
Loss for the period from continuing operations	$ (1,428,704)	$ (12,880)	$ (1,441,584)
Total comprehensive loss for the period from continuing and discontinued operations	$ (1,450,711)	$ (12,880)	$ (1,463,591)
Statement of comprehensive income - Six month period			
Accretion of research and development repayable funding	$ -	$ 24,696	$ 24,696
Government grant on interest free loan	$ -	$ -	$ -
Loss for the period from continuing operations	$ (2,431,779)	$ (24,696)	$ (2,456,475)
Total comprehensive loss for the period from continuing and discontinued operations	$ (2,470,891)	$ (24,696)	$ (2,495,587)
Statement of changes in equity - Three month period			
Loss for the period from continuing operations	$ (1,428,704)	$ (12,880)	$ (1,441,584)
Accumulated deficit	$ (23,042,568)	$ 3,214,705	$ (19,827,863)
Shareholders' Equity	$ (692,814)	$ 3,214,705	$ 2,521,891
Statement of cash flows - Three month period			
Accretion of research and development repayable funding	$ -	$ 12,880	$ 12,880
Statement of cash flows - Six month period			
Accretion of research and development repayable funding	$ -	$ 24,696	$ 24,696
Loss per share - Three month period			
Loss per share, basic and diluted from continuing operations	$ (0.05)	$ -	$ (0.05)
Loss per share - Six month period			
Loss per share, basic and diluted from continuing operations	$ (0.09)	$ -	$ (0.09)

Please refer to the audited annual financial statements for 31 October 2017 as issued on 19 December 2017 for more information on the restatement.

Bloom Burton Healthcare Lending Trust Credit Facility

On 30 October 2015, the Corporation entered into an agreement with the Bloom Burton Healthcare Lending Trust (the Trust) for a secured drawdown credit facility of up to $1.8 million. Amounts drawn on the credit facility accrue interest at 12% annually, with 7% repayable each calendar quarter and the remaining 5% accruing to be repaid at maturity. The facility matures 13 November 2019, at which time the full principal including all accrued interest becomes payable. The Corporation may prepay amounts outstanding under the facility before the maturity date under the following terms: after 13 November 2017 but before 13 November 2018, the Corporation must pay an additional 3% of any principal amount prepaid; and after 13 November 2018 but before 13 November 2019, the Corporation must pay an additional 2% of any principal amount prepaid.

In consideration for the credit facility, the Trust has been issued warrants to purchase common shares of the Corporation. Such warrants will vest and become exercisable in amounts proportionate to the amount of the facility which is drawn down. Up to 500,000 warrants will vest as the credit facility is drawn down at an exercise price of $1.10. The warrants will remain exercisable up to the maturity date subject to potential acceleration under TSX Venture Exchange (TSX.V) policies in the event of repayment prior to the maturity.

On 13 November 2015, the Corporation drew $1,000,000 and vested 277,778 warrants. Under IAS 32 *Financial Instruments*, an entity is required to separate a financial instrument that contains a financial liability and an equity component using the residual method. The warrants are considered to be an equity component and the credit facility is considered a financial liability. Therefore, the financial liability is measured at the discount rate that a market participant would require without the equity component. The discount rate was determined to be 16%. Accordingly, when the credit facility is drawn, the financial liability will be recorded at its discounted value of 16% with the difference, being the warrants, accounted for as an equity transaction.

Initial recognition of the facility will be at its fair value at a discount rate of 16%. Subsequent recognition will use the effective interest method. Transaction and legal costs associated with the facility in the amount of $99,023 have been recorded to equity and long-term debt on a pro-rata basis. The liability's transaction costs will be expensed using the effective interest method up to the maturity date of the facility.

The future undiscounted repayments per fiscal year on the loan with future accrued interest is as follows:

2018	$	39,249
2019	$	82,164
2020	$	1,242,425
Total	**$**	**1,363,838**

Subsequent to the end of the reporting period, the Corporation drew the remaining $800,000 from the facility and, as a result, the remaining 222,222 warrants have vested and are exercisable.

Joint Venture

The Corporation has a 49% ownership in Shaanxi Jintai China-Canada Beta-carotene Oxidation Biological Company (the "Joint Venture"), a company incorporated in China. The Joint Venture will assist in marketing, registering and distributing the Corporation's product in China. Shaanxi Jintai Mining Co. (the "Partner") holds a 51% interest and has contributed $296,055 (1,530,000 Chinese Yuan Renminbi or RMB). Since the Corporation has 50% representation on the Board of Directors, the Corporation has joint control and must account for the Joint Venture as an associate under the guidance of IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures. The arrangement is that the 51% Partner will make all contributions up to $296,055 (1,530,000 RMB). Once the Joint Venture has achieved profitability, equity will be distributed and returned to the Partner until its initial contributions are repaid. Once the Partner's initial contribution has been repaid, the Corporation will begin making equity contributions until $284,445 is funded (1,470,000 RMB). Under IAS 28 Investments in Associates and Joint Ventures, there is no equity asset or equity liability recognized on the statement of financial position, as the Corporation has made no contributions to the entity, the Corporation does not share in the current profit or loss of the joint venture on the Joint Venture's statement of comprehensive loss to date, and has received no dividends or distributions. The Corporation has no current obligation to fund the Joint Venture under IAS 28 Investments in Associates and Joint Ventures or IAS 37 Provisions and Contingent Liabilities. However, the Corporation has a commitment to make contributions up to $284,445 (1,470,000 RMB) and/or transfer sales rights ("Option") over the next ten years under certain events. As part of the initial agreement, the Corporation has granted to the Partner an exclusive distribution license to the poultry and swine market in China. The agreement also allows an Option which, if exercised by the Partner, will transfer an exclusive distribution license to the cattle and goat market in China. The Joint Venture's functional currency is assessed as the Chinese Renminbi.

Obligations

In addition to the ACOA and Trust loans, the Corporation's major outstanding obligations include accounts payable and accrued liabilities of $543,508 which are due within the current period, and mostly within 30 days.

The Corporation is committed under agreements for the rental of office space at a monthly rate of $11,486 for the 2018 fiscal year and increases in future periods. The agreements will expire on 31 March 2020. The leases may be terminated by either party with nine months' notice. This operating lease, as the lessee, requires rental payments over the life of the lease as follows (undiscounted value):

2018	$	68,918
2019	$	139,316
2020	$	58,489
Total	**$**	**266,723**

Summary of Quarterly Results from Continuing Operations

	Three Months Ended with year-to-date (YTD)		
	30 April 2018	31 January 2018	YTD Total 2018
Total Revenue from continuing operations	$218,879	$143,196	$362,075
Total Comprehensive Loss from continuing operations	$(1,019,555)	$(1,241,588)	$(2,261,143)
Net Loss per Share (Basic and Diluted) from continuing operations	$(0.03)	$(0.04)	$(0.07)

	Three Months Ended with year-to-date (YTD)				
	31 October 2017	31 July 2017	30 April 2017	31 January 2017	YTD Total 2017
Total Revenue from continuing operations	$65,633	$144,217	$5,529	$40,281	$255,660
Total Comprehensive Loss from continuing operations	$(1,338,603)	$(1,250,567)	$(1,441,584)	$(1,014,891)	$(5,045,645)
Net Loss per Share (Basic and Diluted) from continuing operations	$(0.04)	$(0.04)	$(0.05)	$(0.04)	$(0.17)

	Three Months Ended with year-to-date (YTD)				
	31 October 2016	31 July 2016	30 April 2016	31 January 2016	YTD Total 2016
Total Revenue from continuing operations	$6,034	$0	$1,601	$2,921	$10,566
Total Comprehensive Loss from continuing operations	$(798,199)	$(855,084)	$(601,110)	$(488,204)	$(2,742,597)
Net Loss per Share (Basic and Diluted) from continuing operations	$(0.02)	$(0.04)	$(0.03)	$(0.03)	$(0.12)

Selected Financial Information from Continuing Operations

	3 month period ended	
	30 April 2018	30 April 2017
Revenue	$ 218,879	$ 5,529
Operating expenses[1]	$ 1,156,022	$ 1,444,922
Total loss	$ (1,019,555)	$ (1,441,584)
Basic and diluted loss per share	$ (0.03)	$ (0.05)

	6 month period ended	
	30 April 2018	30 April 2017
Revenue	$ 362,075	$ 45,810
Operating expenses[1]	$ 2,485,742	$ 2,487,752
Total loss	$ (2,261,143)	$ (2,456,475)
Basic and diluted loss per share	$ (0.07)	$ (0.09)

Note 1: Operating expenses include selling, general, and administration expenses; research and development expenses; depreciation; interest on long-term debt; accrued interest on the research and development repayable funding; as disclosed in the statement of comprehensive loss.

Results of Continuing Operations

3 months ended 30 April 2018 compared to 3 months ended 30 April 2017

	3 months ended 30 April 2018	3 months ended 30 April 2017 (Restated)	Variance
Continuing operations			
Revenues	$ 218,879	$ 5,529	$ 213,350
Cost of products sold	82,412	2,191	(80,221)
Gross margin	**136,467**	**3,338**	**133,129**
Selling, general and administration	921,447	1,239,538	318,091
Research and development	168,654	148,300	(20,354)
Depreciation of equipment	222	-	(222)
Interest on long-term debt	42,179	38,761	(3,418)
Interest on research and development repayable funding	18,077	12,880	(5,197)
Amortization of transaction costs on long-term debt	5,443	5,443	-
Total expenses	**1,156,022**	**1,444,922**	**288,900**
Loss before income taxes from continuing operations	**(1,019,555)**	**(1,441,584)**	**422,029**
Income Taxes			
Current and deferred income tax expense	-	-	-
Total comprehensive loss for the period from continuing operations	**$ (1,019,555)**	**$ (1,441,584)**	**$ 422,029**

Revenue from continuing operations for the 3-month period ended 30 April 2018 totaled $218,879 compared to $5,529 for the 3-month period ended 30 April 2017. This difference of $213,350 is due mainly to sales of OxC-beta™ Technology product to a single customer.

Expenses from continuing operations for the 3-month period ended 30 April 2018 totaled $1,156,022 compared to $1,444,922 for the 3-month period ended 30 April 2017. The difference of $288,900 is due mainly to a termination expense incurred in the 3-month period ended 30 April 2017 offset by an increase in share-based payments and salary expense.

Comprehensive loss from continuing operations for the 3-month period ended 30 April 2018 totaled $(1,019,555) compared to a comprehensive loss of $(1,441,584) for the 3-month period ended 30 April 2017. The difference of $(422,029) is due mainly to a termination expense incurred in the 3-month period ended 30 April 2017, an increase in share-based payments for the period ended 30 April 2018, and an increase in salary expense compared to the prior year. This is complemented by an increase in revenues of $213,350 for the 3-month period ended 30 April 2018.

6 months ended 30 April 2018 compared to 6 months ended 30 April 2017

	6 months ended 30 April 2018	6 months ended 30 April 2017 (Restated)	Variance
Continuing operations			
Revenues	$ 362,075	$ 45,810	$ 316,265
Cost of products sold	137,476	14,533	(122,943)
Gross margin	**224,599**	**31,277**	**193,322**
Selling, general and administration	2,010,600	2,104,740	94,140
Research and development	345,704	270,221	(75,483)
Depreciation of equipment	222	-	(222)
Interest on long-term debt	83,669	77,209	(6,460)
Interest on research and development repayable funding	34,660	24,696	(9,964)
Amortization of transaction costs on long-term debt	10,887	10,886	(1)
Total expenses	**2,485,742**	**2,487,752**	**2,010**
Loss before income taxes from continuing operations	**(2,261,143)**	**(2,456,475)**	**195,332**
Income Taxes			
Current and deferred income tax expense	-	-	-
Total comprehensive loss for the period from continuing operations	**$ (2,261,143)**	**$ (2,456,475)**	**$ 195,332**

Revenue from continuing operations for the 6-month period ended 30 April 2018 totaled $362,075 compared to $45,810 for the 6-month period ended 30 April 2017. This difference of $316,265 is due mainly to sales of OxC-beta™ Technology product to a single customer.

Expenses from continuing operations for the 6-month period ended 30 April 2018 totaled $2,485,742 compared to $2,487,752 for the 6-month period ended 30 April 2017. The difference of $2,010 is due mainly to an increase in legal and professional fees for intellectual property, trademarks, and distribution agreements as well as an increase in share-based payment expense in the six month period ended 30 April 2018. These expenses are offset by a termination expense incurred in the six month period ended 30 April 2017.

Comprehensive loss from continuing operations for the 6-month period ended 30 April 2018 totaled $(2,261,143) compared to a comprehensive loss of $(2,456,475) for the 6-month period ended 30 April 2017. The difference of $195,332 is due mainly to higher expenses in 2018 and a termination expense incurred in the 2017 period as explained above. This is offset by an increase in revenues of $316,265 for the 6-month period ended 30 April 2018.

The following details the nature of expenses for the 3 and 6 month periods ended 30 April 2018 and 2017:

	3 months ending		6 months ending	
	30 April 2018	30 April 2017	30 April 2018	30 April 2017
Selling, general, and administrative				
Salary, wages, and benefits	$ 217,043	$ 516,961	$ 448,956	$ 737,653
Professional fees and other	562,114	638,995	1,288,727	1,185,484
Board fees	45,813	42,085	95,289	96,290
Share-based payment	96,477	41,497	177,628	85,313
Total selling, general, and administrative	**$ 921,447**	**$ 1,239,538**	**$ 2,010,600**	**$ 2,104,740**
Research and development				
Salary, wages, and benefits	$ 110,290	$ 91,789	$ 216,773	$ 191,294
Professional fees and other	58,364	56,511	128,931	78,927
Total research and development	**$ 168,654**	**$ 148,300**	**$ 345,704**	**$ 270,221**

Selling, general and administration expenses, as noted in the table above, were $921,447 for the 3-month period ended 30 April 2018, compared to $1,239,538 for the 3-month period ended 30 April 2017.

Expenses for the 3-month period ended 30 April 2018 were $318,091 lower due to a termination expense incurred in the 3-month period ended 30 April 2017.

Board fees paid in the 3-month period ended 30 April 2018 were $45,813 compared to $42,085 for the same period in the prior year due to the addition of a new board member in the current fiscal period. Share-based payments for the 3-month period ended 30 April 2018 were $96,477 compared to $41,497 for the same period in the prior year due to a recent option grant in the 3-month period ended 30 April 2018.

Selling, general, and administrative expenses of $921,447 consist mainly of professional fees and salary and wages in support of the business development and registration expenses noted above.

Research and development costs were $168,654 for the 3-month period ended 30 April 2018 compared to $148,300 for the 3-month period ended 30 April 2017. Research and development costs were $20,354 higher due mainly to increased expenses related to research activities, such as trials cost, patent assessments and legal expenses.

Selling, general and administration expenses, as noted in the table above, were $2,010,600 for the 6-month period ended 30 April 2018, compared to $2,104,740 for the 6-month period ended 30 April 2017.

As discussed above, expenses for the 6-month period ended 30 April 2018 were $94,140 lower due to a termination expense in the previous period offset by the ongoing expense of professional and legal fees for intellectual property, product registration and business development, trademarks expenditures, registration work, support of trials, the relaunch of the companion animal product, and business development with key partners.

Board fees paid in the 6-month period ended 30 April 2018 were $95,289 compared to $96,290 for the same period in the prior year. Share-based payments for the 6-month period ended 30 April 2018 were $177,628 compared to $85,313 for the same period in the prior year due to additional grants of options in the six month period ended 30 April 2018.

Selling, general, and administrative expenses of $2,010,600 for the 6-month period ended 30 April 2018 consist mainly of professional fees and salary and wages in support of the business development and registration expenses noted above.

Research and development costs were $345,704 for the 6-month period ended 30 April 2018 compared to $270,221 for the 6-month period ended 30 April 2017. Research and development costs were $75,483 higher due mainly to increased expenses related to research activities, such as trials cost, patent assessments and legal expenses.

Results of Discontinued Operations

On 25 September 2017, the Corporation disposed of its chemistry products operating segment. The Corporation did not dispose of any assets or liabilities that were recorded on the statement of financial position. Intangible assets transferred in the disposal were not recorded on the statement of financial position as they did not meet the recognition criteria of IFRS.

Loss per share from discontinued operations for the three month period

	30 April 2017
Loss attributable to equity holders for basic loss from discontinued operations	$ (22,007)
Weighted average number of common shares for basic loss per share	29,068,153
Loss per share (basic and diluted)	**$ (0.00)**

Loss per share from discontinued operations for the six month period

	30 April 2017
Loss attributable to equity holders for basic loss from discontinued operations	$ (39,112)
Weighted average number of common shares for basic loss per share	28,912,729
Loss per share (basic and diluted)	**$ (0.00)**

Summary of Quarterly Results from Discontinued Operations

	Three Months Ended with year-to-date (YTD)				
	31 October 2017	**31 July 2017**	**30 April 2017**	**31 January 2017**	**YTD Total 2017**
Total Revenue from discontinued operations	$0	$17,651	$34,034	$22,056	$73,741
Total Comprehensive Income (Loss) from discontinued operations	$(19,056)	$(31,848)	$(22,007)	$(17,105)	$(90,016)
Net Loss per Share (Basic and Diluted) from discontinued operations	$0	$0	$0	$0	$0

	Three Months Ended with year-to-date (YTD)				
	31 October 2016	**31 July 2016**	**30 April 2016**	**31 January 2016**	**YTD Total 2016**
Total Revenue from discontinued operations	$29,306	$54,458	$49,420	$17,450	$150,634
Total Comprehensive Income (Loss) from discontinued operations	$21,505	$11,682	$(4,115)	$(30,429)	$(1,357)
Net Loss per Share (Basic and Diluted) from discontinued operations	$0	$0	$0	$0	$0

Comparison of Cash Flows

	3 months ending April 30, 2018	3 months ending April 30, 2017 (Restated - Note 24)	6 months ending April 30, 2018	6 months ending April 30, 2017 (Restated - Note 24)
Cash Flows from (used in) Operating Activities				
Loss from continuing operations	$ (1,019,555)	$ (1,441,584)	$ (2,261,143)	$ (2,456,475)
Loss from discontinued operations	-	(22,007)	-	(39,112)
Items not affecting cash and non-cash adjustments:				
Depreciation on equipment	222	-	222	-
Share-based compensation	96,477	41,497	177,628	85,313
Interest accrued and amortization of transaction fees on long-term debt	47,622	44,204	94,556	88,095
Interest accrued on research and development repayable funding	18,077	12,880	34,660	24,696
Net effect of foreign exchange rates on cash	(1,560)	2,684	(396)	3,581
Changes in non-cash operating working capital items:				
Trade and other accounts receivable	(10,813)	(14,456)	5,119	(17,161)
Prepaid expenses	(28,179)	7,176	(29,108)	(17,274)
Inventories	4,454	(12,949)	(176,404)	(11,302)
Accounts payable and accrued liabilities	(102,840)	271,325	43,306	348,531
Cash Flows used in Operating Activities	**(996,095)**	**(1,111,230)**	**(2,111,560)**	**(1,991,108)**
Cash Flows used in Investing Activities				
Purchase of equipment	(69,539)	-	(69,539)	-
Cash Flows used in Investing Activities	**(69,539)**	**-**	**(69,539)**	**-**
Cash Flows from (used in) Financing Activities				
Proceeds from issuance of private placement units	-	-	4,058,500	-
Share issuance cost	(3,250)	-	(400,155)	-
Repayment of long-term debt	(19,580)	(18,627)	(38,915)	(90,456)
Proceeds from the exercise of share purchase warrants	31,200	15,000	31,200	1,292,171
Proceeds from the exercise of stock options	-	-	-	65
Cash Flows from (used in) Financing Activities	**8,370**	**(3,627)**	**3,650,630**	**1,201,780**
Increase (decrease) in cash and cash equivalents during the period	**(1,057,264)**	**(1,114,857)**	**1,469,531**	**(789,328)**
Net effect of exchange rate changes on cash and cash equivalents	1,560	(2,684)	396	(3,581)
Cash and cash equivalents, beginning of period	4,125,768	5,467,033	1,600,137	5,142,401
Cash and cash equivalents, end of period	**$ 3,070,064**	**$ 4,349,492**	**$ 3,070,064**	**$ 4,349,492**

For the 3-month period ended 30 April 2018, the net decrease in cash of $1,057,264 is the result of $996,095 used in operating activities, consisting mainly of $1,019,555 in losses from continuing operations, and $(137,378) in changes in working capital offset by $65,699 in accrued interest. Investing activities consist of the purchase of new laboratory equipment for $69,539. Cash inflows from financing activities were $31,200, consisting of cash proceeds from the exercise of warrants offset by $19,580 in interest repaid on the Corporation's long-term credit facility and $3,250 in share issuance costs.

For the 3-month period ended 30 April 2017, the net decrease in cash of $1,114,857 is the result of $1,111,230 used in operating activities, consisting mainly of $1,441,584 in losses from continuing operations and $22,007 in losses from discontinued operations offset by $251,096 in changes in working capital as well as $57,084 in accrued interest. Cash outflows used in financing activities were $3,627, consisting of $15,000 in cash proceeds from the exercise of warrants offset by $18,627 in repayment of long-term debt. There were no investing activities in the reporting period.

For the 6-month period ended 30 April 2018, the net increase in cash of $1,469,531 is the result of $2,111,560 used in operating activities, consisting mainly of $2,261,143 in losses from continuing operations, and $(157,087) in changes in working capital offset by $129,216 in accrued interest. Investing activities consist of the purchase of new laboratory equipment for $69,539. Cash inflows from financing activities were $3,650,630, consisting of $4,058,500 in cash proceeds from the issuance of private placement units and $31,200 in cash proceeds from the exercise of warrants offset by $400,155 in share issue costs and $38,915 in interest repaid on the Corporation's long-term credit facility.

For the 6-month period ended 30 April 2017, the net decrease in cash of $789,328 is the result of $1,991,108 used in operating activities, consisting mainly of $2,456,475 in losses from continuing operations and $39,112 in losses from discontinued operations offset by $302,794 in changes in working capital as well as $112,791 in accrued interest. Cash inflows from financing activities were $1,201,780, consisting of $1,292,236 in cash proceeds from the exercise of warrants and stock options offset by $90,456 in repayment of long-term debt. There were no investing activities in the reporting period.

The Corporation may continue efforts to raise funds by way of generating revenues and/or through the issuance of debt, warrants, and/or common shares. As of 30 April 2018, the Corporation has issued 33,271,555 common shares and has 6,962,402 total warrants outstanding. The Corporation has also granted 2,079,055 stock options and 60,000 stock appreciation rights.

Share-based compensation for the 3-month period ended 30 April 2018 was $96,477 compared to $41,497 for the 3-month period ended 30 April 2017. Share-based compensation for the 6-month period ended 30 April 2018 was $177,628 compared to $85,313 for the 6-month period ended 30 April 2017.

Share Consolidation (Reverse Split)

On 12 May 2017, the Board of Directors approved a 10:1 share consolidation (reverse split). This MD&A and the financial statements and notes thereto have been retrospectively restated to reflect the effects of the share consolidation. IFRS requires all prior periods presented on the financial results to be presented as if the consolidation occurred at the start of the first period presented. These financial statements present these results as post-consolidated.

Due to the share consolidation, the terms of the Corporation's outstanding common share purchase warrants have been amended to the effect that ten common share purchase warrants are required in exchange for one common share of the Corporation.

Common shares outstanding	33,271,555
Subscriber and agent warrants outstanding	6,962,402
Stock options outstanding	2,079,055
Stock appreciation rights (SARs) outstanding	60,000

Shareholders' Equity

The authorized share capital of the Corporation consists of unlimited voting common shares.

On 1 June 2016, the Corporation completed a private placement of 6,000,000 units for gross proceeds of $3.6 million. The placement had both brokered and non-brokered components. Each unit consisted of one common share and one half common share purchase warrant for a unit price of $0.60. Each whole warrant entitles the holder to acquire one common share of the Corporation at a purchase price of $0.90 for two years. Related parties participated in the financing in the amount of $112,280.

The common shares had a fair value of $0.70 based on the previous 30 days' weighted average price as listed on the TSX.V and the current bid/ask spread and price on 1 June 2016. Based on the gross proceeds of $3.6 million, the relative fair value of the common shares was $2,930,233 and the investor warrants were assigned a relative fair value of $669,767 for a total of $3.6 million. The Corporation paid agent fees in connection with the transaction in the amount of $225,485 and 375,809 agent warrants. These were based on a payment of 7% of the brokered proceeds. The agent warrants were assigned a fair value of $146,566 based on a Black-Scholes calculation with the assumptions indicated below. Each agent warrant entitles the finder to purchase one common share of the Corporation for two years at $0.60. Legal transaction fees for the private placement were $153,832. TSX.V filing fees were $18,000.

The Black-Scholes calculation was based on the following assumptions: a stock price of $0.70; exercise price for investor warrants $0.90, for finder warrants $0.60; time to maturity of 2 years; annual risk-free interest rate of 0.59% based on Bank of Canada 2-year benchmark bond yield; and historical 2-year stock volatility of 99%

On 30 November 2017, the Corporation completed a brokered and non-brokered private placement of 4,058,500 units for gross proceeds of $4,058,500. Each unit consisted of one common share and one half common share purchase warrant for a unit price of $1.00. Each whole warrant entitles the holder to acquire one common share of the Corporation at a purchase price of $1.20 for three years. Related parties participated in the financing in the amount of $510,000.

Based on the gross proceeds of $4,058,500, the relative fair value of the common shares was $3,202,305 and the investor warrants were assigned a relative fair value of $856,195. The Corporation paid agent fees in connection with the transaction in the amount of $286,330 and issued 283,080 agent warrants. These were based on a payment of 8% of the brokered proceeds. The agent warrants were assigned a fair value of $154,278 based on a Black-Scholes calculation with the assumptions indicated below. Each agent warrant entitles the finder to purchase one common share of the Corporation for three years at $1.00. Legal transaction fees for the private placement were $93,387. TSX.V and other filing fees were $20,438.

The Black-Scholes calculation was based on the following assumptions: a stock price of $0.95; exercise price for investor warrants $1.20, for finder warrants $1.00; time to maturity of 3 years; annual risk-free interest rate of 1.48% based on Bank of Canada 3-year benchmark bond yield; and historical 3-year stock volatility of 92%.

Summary of Outstanding Shares and Dilutive Instruments

As of 30 April 2018, the Corporation had 33,271,555 common shares outstanding. As at 4 June 2018, the Corporation had 33,565,128 common shares outstanding. As of 30 April 2018, the Corporation had outstanding 5,967,979 investor warrants, 494,422 agent warrants, and 500,000 long-term debt warrants for a total of 6,962,401 warrants issued. As at 4 June 2018, the Corporation had outstanding 5,967,980 investor warrants, 283,080 agent warrants, and 500,000 long-term debt warrants for a total of 6,751,060 warrants issued.

As at 30 April 2018

Date of Issue	Subscriber Warrants	Agent Warrants	Long-term Debt Warrants	Term (Years)	Date of Expiry		Exercise Price
16-Dec-2014	1,163,738			3	1-Oct-2018[1]	$	1.00
30-Oct-2015			500,000	4	13-Nov-2020	$	1.10
1-Jun-2016	2,774,992			2	1-Oct-2018[2]	$	0.90
1-Jun-2016		211,342		2	1-Jun-2018	$	0.60
30-Nov-2017	2,029,250			3	30-Nov-2020	$	1.20
30-Nov-2017		283,080		3	30-Nov-2020	$	1.00
	5,967,980	**494,422**	**500,000**				

Note 1: On 12 March 2018, 1,163,738 subscriber warrants with an expiry date of 30 June 2018 were approved by the TSX.V to be extended to 1 October 2018. These subscriber warrants were previously extended from an expiry date of 16 December 2017.

Note 2: On 12 March 2018, 2,774,991 subscriber warrants with an expiry date of 1 June 2018 were approved by the TSX.V to be extended to 1 October 2018.

Of the 500,000 long-term debt warrants issued, 277,778 have vested as at 30 April 2018. The remaining 222,222 vested subsequent to the reporting period on 17 May 2018.

The Corporation adopted a stock option plan ("Plan") on 4 August 2005. The Plan is administered by the Board of Directors of the Corporation who establish exercise prices, at not less than market price at the date of grant, and vesting periods, which to date have been set between one day and three years. Options under the Plan remain exercisable for five years from the date of grant. The option pool was amended on 26 February 2018. As a result, the maximum number of common shares reserved for issuance for options that may be granted under the Plan is 3,321,955.

As at 30 April 2018, the Corporation had 2,079,055 options outstanding, of which 1,059,355 are vested and exercisable. As at 4 June 2018, the Corporation had 1,984,562 options outstanding, of which 1,020,253 are vested and exercisable.

On 20 May 2014, the Corporation issued 60,000 SARs to the Chairman of the Board of Directors with an exercise price of $0.70. They expire on 20 May 2019. All SARs issued are fully vested and are redeemable into cash or common shares at the option of the Corporation.

Other Critical Accounting Estimates

The preparation of the financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, and the disclosures of contingent assets and liabilities, at the end of the reporting periods. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the Corporation's accounting policies, management has made the following judgments, which have the most significant effects on the amounts recognized in the financial statements.

Carrying amount of ACOA research and development repayable funding (ACOA loan)

The initial fair value of the ACOA loan is determined by using a discounted cash flow analysis, which requires a number of assumptions. The difference between the face value and the initial fair value of the ACOA loans is recorded in the consolidated statement of comprehensive loss as a government grant. The carrying amount of the ACOA loans requires management to adjust the loans to reflect actual and revised estimated cash flows whenever revised cash flow estimates are made or new information related to market conditions is made available. Management recalculates the carrying amount by computing the present value of the estimated future cash flows at the original effective interest rate of 35%. Any adjustments are recognized in the consolidated statement of comprehensive loss as accreted interest after initial recognition.

The significant assumptions used in determining the discounted cash flows include estimating the amount and timing of future revenue for the Corporation and the discount rate. As the loans are repayable based on a percentage of gross revenue, the determination of the amount and timing of future revenue significantly impacts the initial fair value of the loan, as well as the carrying value of the loans at each reporting date. The Corporation is in the commercialization and early revenue stages for its products; accordingly, determination of the amount and timing of revenue requires significant judgment by management. Management's estimates of future revenues assume no significant revenue in the near future. The discount rate determined on initial recognition of the loans is used to determine the present value of estimated future cash flows expected to be required to settle the debt. In determining the appropriate discount rates, the Corporation considered the interest rates of similar long-term debt arrangements, with similar terms. The loans are repayable based on a percentage of gross revenue, accordingly finding financing arrangements with similar terms is difficult and management was required to use significant judgment in determining the appropriate discount rates. Management used a discount rate of 35% to discount the loans.

Share-based payments

Share-based payments are estimated using a Black-Scholes pricing model. This model requires management estimates and assumptions on the life of the instrument and the volatility.

Future accounting pronouncements - Standards issued but not yet effective

As at the date the Corporation's Board of Directors approved the financial statements, certain new standards, amendments, and interpretations to existing IFRS standards have been published but are not yet effective and have not been adopted by the Corporation and in certain cases have been early-adopted.

The International Accounting Standards Board issued on 13 January 2016 a new accounting standard called IFRS 16 *Leases*. IFRS 16 *Leases* replaces IAS 17 *Leases*. IFRS 16 *Leases* requires all leases to be reported on an entity's statement of financial position as assets and liabilities. IFRS 16 *Leases* is effective 1 January 2019. The Corporation has assessed and determined that there will be no impact to the financial statements when adopted on 1 November 2019. As at 1 November 2019, the Corporation will have five months remaining on its only lease contract. The Corporation will adopt the modified retrospective approach and elect the short-term lease exemption. Therefore, no asset or liability will be recognized as at 1 November 2019 unless the Corporation renews the lease before 1 November 2019.

All other new standards were early adopted or were not relevant as explained in the 31 October 2017 audited financial statements.

Board and Management Compensation

For the fiscal year 2018, the Board of Directors was compensated as follows: an annual retainer of $70,000 for the Chairman of the Board of Directors, and an annual retainer of $35,000 for each non-management member of the Board. Additional annual retainers were as follows: $12,000 for the chair of the Audit Committee, $10,000 for the chair of the Governance and Compensation Committee, and $5,000 for each committee member paid on a per-committee basis. The Chairman of the Board did not receive any additional retainers. The Lead Director also received an additional $25,000 per year.

During the 3 and 6 month periods ended 30 April 2018, the Corporation's Officers and Directors earned the following compensation for their service as Officers and Directors:

	Compensation and share-based payments					
Officers and Directors		**3 months ended 30 April 2018**		**6 months ended 30 April 2018**		**Amount Unpaid as at 30 April 2018**
Kym Anthony, Interim CEO, Director (Chairman of the Board)	$	115,873	$	218,173	$	0
Chris Boland, Chief Financial Officer	$	53,554	$	111,564	$	0
Graham Burton, Chief Scientific Officer	$	36,464	$	68,969	$	0
Aubrey Dan, Director (Chair of Gov. and Comp.)[1]	$	23,416	$	37,182	$	0
Janusz Daroszewski, Director Product Development and QA	$	31,796	$	63,633	$	165,000
Paul Mesburis, Director (Lead Director, Chair of Audit Committee)	$	27,874	$	55,126	$	0
Vanessa Grant, Director[2]	$	13,452	$	31,608	$	0
Dave Hankinson, Executive Director	$	25,971	$	47,007	$	0
Jeffrey Kraws, Director	$	18,904	$	37,364	$	0
Total	**$**	**347,304**	**$**	**670,626**	**$**	**0**

Note 1: Mr. Dan joined the Board of Directors on 22 November 2017 and was appointed Chair of the Corporate Governance and Compensation Committee at the Corporation's Annual General Meeting of Shareholders on 10 April 2018.

Note 2: Ms. Grant did not run for re-election at the Corporation's Annual General Meeting of Shareholders and thus is no longer a member of the Board of Directors effective 10 April 2018.

Events after the Reporting Period of 30 April 2018

Regulatory

Subsequent to the reporting period, the Corporation received regulatory approval in New Zealand.

Subsequent to the reporting period, the Corporation has signed agreements with consultants to assist with regulatory approval in Mexico and Brazil.

Debt

On 17 May 2018, the Corporation drew the remaining $800,000 from the Bloom Burton Healthcare Lending Trust. As a result of this drawdown, the remaining 222,222 long-term debt warrants related to the long-term debt have vested.

Settlement of accounts payable

On 8 May 2018, the Corporation received authorization from the TSX.V to settle a $165,000 management bonus payable by issuing 107,944 common shares at a deemed price of $0.80 per share and the remittance of certain amounts in statutory deductions to the Canada Revenue Agency on behalf of the employee.

Warrants and options

Between 8 May 2018 and 1 June 2018, 185,629 agent warrants were exercised at $0.60 for gross proceeds of $111,378. The agent warrants were originally issued on 1 June 2016.

On 1 June 2018, 25,713 agent warrants with an exercise price of $0.60 expired.

On 10 May 2018, 94,492 stock options held by a former director of the Corporation expired. The options had a weighted average exercise price of $0.917.

Additional information relating to the Corporation may be found at www.sedar.com