



Management's Discussion and Analysis

For the Three Months Ended May 31, 2018 and 2017

Dated: July 30, 2018

14 Water Street
Guilford, CT 06437
USA

www.bioasis.us

About This Management's Discussion and Analysis

All references in this management's discussion and analysis, or MD&A to "the Company," "Bioasis," "we," "us," or "our" refer to Bioasis Technologies Inc. and the subsidiaries through which it conducts its business, unless otherwise indicated or the context requires otherwise.

This MD&A should be read in conjunction with our unaudited condensed interim consolidated financial statements for the three months ended May 31, 2018 and 2017, and our annual audited consolidated financial statements and accompanying notes for the years ended February 28, 2018 and February 29, 2017, which have been prepared by management in accordance with International Financial Reporting Standards, or IFRS as issued by the International Accounting Standards Board, or IASB. Our IFRS accounting policies are set out in Note 3 of our annual audited consolidated financial statements for the years ended February 28, 2018 and February 29, 2017. All amounts are in Canadian dollars, unless otherwise indicated. References to "US\$" are to United States dollars.

Cautionary Statement About Forward-Looking Statements

This MD&A contains forward-looking statements within the meaning of applicable securities laws. All statements contained herein that are not clearly historical in nature are forward-looking, and the words "anticipate," "believe," "expect," "estimate," "may," "will," "could," "leading," "intend," "contemplate," "shall" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- our expected future loss and accumulated deficit levels;
- our projected financial position and estimated cash burn rate;
- our expectations about the timing of achieving milestones and the cost of our development programs;
- our requirements for, and the ability to obtain, future funding on favorable terms or at all;
- our projections for the development of the xB³™ platform and progress of each of our products and technologies, particularly with respect to the timely and successful completion of studies and trials and availability of results from such studies and trials;
- our expectations about our products' safety and efficacy;
- our expectations regarding the progress, and the successful and timely completion, of the various stages of the regulatory approval process;
- our ability to secure strategic partnerships with larger pharmaceutical and biotechnology companies;
- our expectations regarding the acceptance of our products and technologies by the market;
- our ability to retain and access appropriate staff, management and expert advisers;

- our expectations with respect to existing and future corporate alliances and licensing transactions with third parties, and the receipt and timing of any payments to be made by us or to us in respect of such arrangements; and
- our strategy with respect to the protection of our intellectual property.

All forward-looking statements reflect our beliefs and assumptions based on information available at the time the assumption was made. These forward-looking statements are not based on historical facts but rather on management's expectations regarding future activities, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities.

By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, known and unknown, that contribute to the possibility that the predictions, forecasts, projections or other forward-looking statements will not occur. In evaluating forward-looking statements, readers should specifically consider various factors, including the risks outlined under the heading "Risk Factors" in this MD&A. Some of these risks and assumptions include, among others:

- substantial fluctuation of losses from quarter to quarter and year to year due to numerous external risk factors, and anticipation that we will continue to incur significant losses in the future;
- uncertainty as to our ability to raise additional funding to support operations;
- our ability to generate product revenue to maintain our operations without additional funding;
- the risks associated with the development of our product candidates which are at early stages of development;
- reliance on third parties to plan, conduct and monitor our pre-clinical studies and clinical trials;
- our product candidates may fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or may not otherwise produce positive results;
- risks related to filing Investigational New Drug applications, or INDs, to commence clinical trials and to continue clinical trials if approved;
- the risks of delays and inability to complete clinical trials due to difficulties enrolling patients;
- competition from other biotechnology and pharmaceutical companies;
- our reliance on the capabilities and experience of our key executives and scientists and the resulting loss of any of these individuals;
- our ability to adequately protect our intellectual property and trade secrets;
- our ability to source and maintain licenses from third-party owners; and
- the risk of patent-related litigation,

- All as more fully described under the heading "Risk Factors" in this MD&A.

Although the forward-looking statements contained in this MD&A are based upon what our management believes to be reasonable assumptions, we cannot assure readers that actual results will be consistent with these forward-looking statements.

Any forward-looking statements represent our estimates only as of the date of this MD&A and should not be relied upon as representing our estimates as of any subsequent date. We undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as may be required by securities legislation. As disclosed in our financial statements, we have less than 12 months working capital on hand as of May 31, 2018.

Business

Overview: A Paradigm-Shifting Platform Technology

We are a pre-clinical biopharmaceutical company focused on research and early stage development of technologies and products intended for the treatment of patients with central nervous system ("CNS") diseases and disorders. We have focused on three main disease areas of interest: brain metastases, glioblastomas and neurodegenerative diseases. We are currently engaged in the development of our xB³™ platform for the transport of therapeutic agents across the blood-brain barrier ("BBB"), a potentially paradigm-shifting peptide-based technology.

As a patient-oriented, science-driven company, we are adopting proactive business plans with the primary focus being the advancement of carefully selected, in-house development programs for the treatment of specific CNS-related diseases as well as potential licensing of our xB³ platform technology to strategically selected pharmaceutical and biotechnology companies and academic institutions for the advancement of their neuroscience programs. We believe our programs have the potential to bring forward new medicines, impacting patients and returning value for shareholders. Key to our philosophy is a dedication to science as the driver of what we do, with our mission being to develop new medicines for patients suffering from CNS-related diseases and disorders, including neurodegenerative and oncological diseases.

The Company is currently listed for trading on the TSX Venture Exchange under the symbol "BTI" and on the OTCQB market under the symbol "BIOAF."

Q1 2019 Corporate Developments

- **Private Placement.** On May 17 and 24, we completed a non-brokered private placement of 5,083,298 units at a price of \$0.552 per unit for gross proceeds of \$2,805,980. 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 \$0.69 per share for a period of five years from the date of closing. Cash finder's fees of \$64,384 were paid on a portion of the private placement.

- **Manufacturing Initiated for Lead Brain Cancer Program – xB³-001.** On May 21, 2018, we announced an initial strategic collaboration with WuXi Biologics for the development and manufacturing of xB³-001, the Company's lead investigational biological candidate to treat brain cancer.
- **Independent Validation of xB³ Platform Technology Published.** On May 30, 2018, we announced that research conducted by MedImmune shows the xB³ platform efficiently delivers antibodies across the BBB at therapeutic doses and that the xB³ platform demonstrated sustained systemic PK properties of the MedImmune antibody constructs. The research also showed that the xB³ platform technology demonstrated a strong PK/PD dose dependent relationship in a neuropathic pain pre-clinical model. The research was published in the *Journal of Cerebral Blood Flow and Metabolism*.

Recent Developments

- **Additional Scientific Advisory Board (SAB) Members.** On June 12, 2018, we announced the additions of Mario Saltarelli, M.D., Ph.D., Jack Hoppin, Ph.D., and Sue O'Connor, B.Sc. (Hons), Ph.D. to the Bioasis SAB.
- **Strategic Collaboration.** On July 11, 2018, we announced a strategic collaboration with BioAgilytix, a leading provider of contract bioanalytical testing services with specialization in large molecule bioanalysis, to partner on the development and validation of bioanalytical methods to support and advance the xB³-001 program, Bioasis' lead candidate to treat HER2+ brain cancer, to investigational new drug (IND) submission and into the clinic. The development and validation of bioanalytical methods are critical to ensuring the highest quality data to support regulatory approval of the IND and clinical pharmacokinetic data that will allow the Company to define the clinical dose for the program.
- **Private Placement.** On July 16, 2018, we announced that we will be pursuing a non-brokered private placement at a price of \$0.552 per unit for gross proceeds of \$3,000,000 on the same terms as our May 2018 private placement. Each unit will consist of one common share and one full common share purchase warrant. Each warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.69 per share for a period of five years from the date of closing.
- **Microdialysis Study Shows xB³-001 Increased Brain Activity.** On July 25, 2018, we announced that our lead investigational candidate xB³-001 demonstrated increased brain activity in a freely-moving *in vivo* mouse microdialysis study that evaluated the effect of xB³-001 on cortical brain-related activity. Brain activity was assessed by examining changes on neurochemical levels induced by xB³-001 vs. trastuzumab alone.
- **New Board Members.** On July 27, 2018, we announced that John E. Curran, CPA and David M. Wurzer, CPA had been appointed as directors of the Company. We also announced that director Maha Radhakrishnan, M.D. resigned due to personal reasons. John E. Curran, CPA is a former partner at Deloitte & Touche LLP in Hartford, Conn., United States. He recently retired after spending 41 years with Deloitte. Mr. Curran has substantial experience advising and supporting business strategic development and implementation, including growth strategies (organic and merger & acquisition), marketplace strategies, capital structuring (equity and debt structuring) as well as managing business performance, profitability and creating shareholder value. David M. Wurzer, CPA joined Connecticut Innovations (CI), the state of Connecticut's "venture capital arm," in 2009 where he currently serves as executive vice president and chief investment officer. Mr. Wurzer is responsible

for managing the investment function at CI, which includes planning and performance measurement for the \$125 million venture capital portfolio, comprised of investments in over 150 Connecticut technology companies. Throughout his 38-year career, Mr. Wurzer has accumulated noteworthy experience in identifying, evaluating and assisting early-stage companies across a broad range of industries with funding through equity and equity-related investments to help spur growth.

Strategy

Our goal is to become the leading blood-brain barrier company by enabling the treatment of patients with previously untreatable brain diseases, what we believe to be the last frontier in CNS medicine. To achieve this goal, we are pursuing the following strategic actions:

- **Advance the Development of Our xB³-001 Program.** Previously, Bioasis scientists, in collaboration with Texas Tech University and National Research Council of Canada, demonstrated that we could deliver an efficacious level of trastuzumab to HER2+ breast cancer brain metastases in a non-invasive manner when conjugated with our technology. In contrast, trastuzumab alone had minimal impact on the metastases development. As our lead program, xB³-001, an xB³ peptide vector-trastuzumab fusion is being readied for clinical testing we have initiated manufacturing with WuXi Biologics (Hong Kong) Limited as our CMO partner and are preparing for a Type B pre-IND meeting, as well as formulating our pre-clinical and clinical safety and PK plans. The clinical plans for the xB³-001 program will be disclosed once discussions with the FDA have occurred.
- **Advance the Pre-Clinical Proof-of-Concept in Animal Models with Our xB³-002 program.** Glioblastoma treatment remains a final frontier in neuroscience. Utilizing state-of-the-art imaging techniques, we aim to establish in animal models whether an xB³ peptide vector-bevacizumab fusion can reach the glioblastomas.
- **Advance Our xB³-007 Program Targeting Neurodegenerative Diseases.** We will provide further details on this program going forward based on future developments and progress, as appropriate.
- **Advance Our xB³-008 Program Targeting Lysosomal Storage Diseases.** We will provide further details on this program going forward based on future developments and progress, as appropriate.
- **Continue to Identify Other Cutting-Edge BBB Targets.**

Research and Development Program

As of the date of this MD&A, we have entered an important scientific phase with our xB³ peptide vector technology. Studies are being designed and carried out for the creation of a comprehensive knowledgebase of data and other information relating to xB³ platform technology and its performance and behavior in animal models, including non-human primates, as a precursor to clinical development.

We have secured patent protection for our xB³ peptide vector technology and will continue to acquire intellectual property ("IP") protection as the needs and opportunities arise. We are focused on appropriately protecting our IP on an ongoing basis.

The xB³ Platform Technology

Our xB³ platform technology has been shown to outperform transferrin in both efficiency of transport and versatility with respect to the types and sizes of cargo that can be delivered to the CNS. The xB³ peptides and their payloads cross the BBB by a receptor-mediated process that is independent of the transferrin receptor and has been shown to work via the low-density lipoprotein receptor-related protein 1 (LRP-1). LRP-1 binds a wide range of ligands and is well known for its ability to mediate endocytosis. It is also extensively expressed throughout the CNS in areas such as the cortex, hippocampus and cerebellum. At the cellular level, LRP-1 has been found to be expressed in high levels by neurons, microglia, astrocytes, endothelial cells and pericytes.

Clinically, LRP-1 has been associated with Alzheimer's disease through its role in importing cholesterol into neurons to maintain proper cell function and has been implicated in the clearance of A β from the brain. Overexpression of LRP-1 has been reported in several types of brain tumors, including brain metastasis and glioblastoma. Given the distribution of LRP-1 on the BBB's endothelial cell surfaces, neuronal LRP-1 localization within the CNS, and the upregulation of LRP-1 in key target tissues in disease states, LRP-1 is likely involved in promoting dual (bispecific) targeting of both delivery across the BBB and target engagement of specific diseased areas such as tumors and metastases.

We believe our technology has potential benefits compared to competing technologies. Our technology has been shown to deliver complex antibodies, small molecules, enzymes and siRNA to the CNS, driving the anticipated pharmacodynamic changes *in vivo*. In the recently published article in the *Journal of Cerebral Blood Flow and Metabolism* (May 2018), MedImmune LLC has independently validated our technology, demonstrating that an xB³ peptide vector facilitated improved brain delivery and therapeutic efficacy properties of a complex antibody.

Utilizing 3D Confocal fluorescence microscopic analysis, this study demonstrated brain parenchymal localization of a fluorescently-labelled antibody (Ab) when chemically conjugated to either an xB³ peptide vector or a full length melanotransferrin protein (also known as "MTf" and "p97"), this was to demonstrate the improvement of xB³ peptide from MTf. Measurement of plasma kinetics demonstrated an xB³ peptide vector-Ab fusion construct had very similar kinetics to an unmodified control Ab, whereas the fusion to the full-length MTf protein showed significantly reduced plasma exposure, most likely due to a higher tissue distribution in the periphery. Brain exposure for the xB³ peptide vector-Ab fusions was significantly increased for the duration of the study with peak exposure of above 4% injected dose per gram brain, exceeding that of the fusions to the full-length MTf protein. In the neuropathic pain pharmacodynamic study, xB³ peptide fusion enabled the BBB penetration of a drug and demonstrated the therapeutic efficacy of this xB³peptide-drug fusion complex after single systemic dosing.

Our xB³ peptide brain therapeutic delivery platform exploits the BBB penetrating properties of the recombinant soluble human melanotransferrin protein, with peptide structures derived from transport-active portions of melanotransferrin.

On April 24, 2014, we reported that we had identified the key transport-active amino acids from the previous MTf platform and had developed proprietary peptide structures that can cross the BBB and deliver therapeutic payloads to the brain.

We have further advanced our understanding of the leading xB³ peptide and, in work with the National Research Council, assessed and confirmed the transport capabilities of xB³ peptide vectors. Also, we completed pre-clinical animal model studies, including a mouse ischemic stroke model induced via Middle Cerebral Artery Occlusion. The xB³ peptide vector — Ab constructs outperformed the full-length MTf constructs in both transport ability and efficacy.

The xB³ platform exhibits compelling attributes with several advantages, including:

- Improvements in the pharmacokinetic parameters of the payload with xB³ peptide vectors, such as faster time to maximum concentration and extended half-life of the payload. In short, therapeutic agents linked to xB³ peptide vectors should have higher and more extended brain exposure than with the full-length MTf protein.
- An xB³ peptide vector linked to payloads has demonstrated therapeutic efficacy in rodent disease models corresponding to the payload.
- An xB³ peptide vector has been tested with a wide range of doses in various types of rodent models without any obvious signs of toxicity.
- Genetic fusion between an xB³ peptide vector and therapeutic payload offers the advantages of versatility in design possibilities, homogeneity, stability and reproducibility from batch to batch as compared to chemical conjugation.
- The xB³ peptide vector and its predecessor are small peptides that are more convenient to manufacture, easier to chemically manipulate and are less than 2% of the size of the full-length MTf protein, from which it was derived.

We have achieved significant success with the xB³ peptide vector and its predecessor in in-house and collaborative studies with third party institutions and pharmaceutical companies such as the National Research Council of Canada, Medimmune LLC, Texas Tech University and others. Notably, by treating HER2+ human breast cancer brain metastasis mouse model with trastuzumab fused to our brain delivery vector, MTf, both tumor number and volume within the brain were significantly reduced as a result. In contrast, trastuzumab alone did not reach the CNS and did not have any significant impact on the tumor volume or numbers. We believe that xB³ peptide vectors will continue to illustrate their ability to transport a wider range of therapeutics across the BBB. We have also identified methods that may enable xB³ peptide vectors to transport small molecules across the BBB.

Advancing the xB³ Platform

We are utilizing best practices from translational medicine. We select programs for advancement based on several key criteria, including:

- Target Engagement: Can the experimental therapeutic hit its target in sufficient quantity?
- Pharmacodynamic Biomarkers: Does the target drive a desired objective activity?
- Patient Selection: Is there a population most likely to respond to the medicine (e.g., loss of function mutations, etc.)?

We believe this proactive, internal approach allows us to select and develop assets in cost-effective ways, to retain control of intellectual property developed in the programs and to design the programs according to our own strict scientific and clinical criteria. We are also able to select the best Contract Research Organizations (CROs) and professionals that can assist the company in laboratory and clinical settings.

We have narrowed our in-house focus in 2018 to four primary discovery development programs. To gain a deep understanding of these programs the Company will utilize 3D whole brain imaging to assess target engagement and pharmacodynamics biomarkers (e.g., glucose utilization, neurochemical changes, etc.) and to increase the probability of selecting the optimal doses for all of our therapeutic candidates.

The programs with our priority focus are the following:

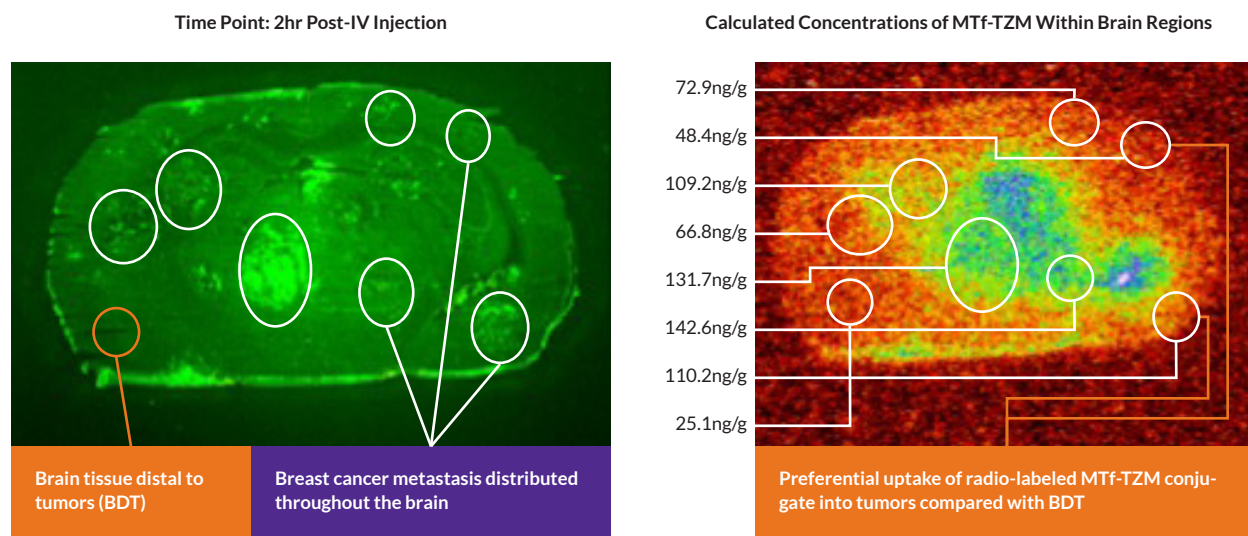
Program	Indication	Status
xB ³ -001	Brain Metastases	Initiation of manufacturing was completed in Q1 2018 in preparation for IND submission and clinical studies. Further details and status to be reported at a future date.
xB ³ -002	Glioblastoma	Initiation of pre-clinical studies are targeted for 1H 2019. Further details and status to be reported at a future date.
xB ³ -007	Neurodegeneration	Details and status to be reported at a future date.
xB ³ -008	Lysosomal Storage Diseases	Details and status to be reported at a future date.

Oncology: xB³-001 Program — Treatment of HER2+ Human Brain Metastasis with Systemic Administration of xB³-Trastuzumab

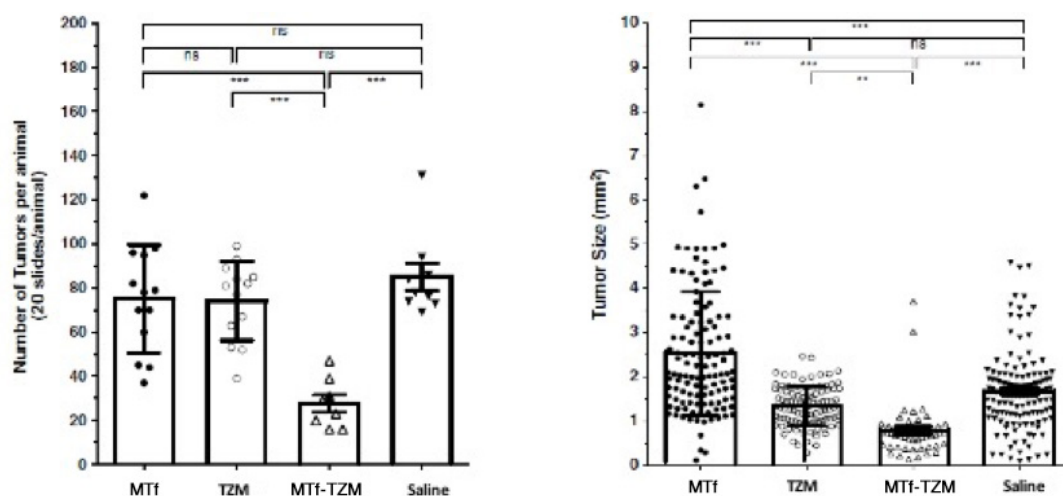
In collaboration with Texas Tech University Health Sciences Center, a research group led by Dr. Paul Lockman investigated the brain and brain metastases uptake of a MTf-trastuzumab conjugate (BT2111) as compared to trastuzumab alone, as well as their ability to reduce the number and size of metastatic lesions in a pre-clinical model of brain metastases of human breast cancer.

The model was set up by inoculation of human metastatic triple-negative breast cancer over-expressing HER2 cells in the cardiac ventricle (to ensure an intact BBB). Major findings from the study include:

- LRP1 receptor is expressed on the HER2+ human breast cancer brain metastases.
- Trastuzumab conjugated to MTf showed significantly higher tissue penetration with brain/blood concentration ratios that were 10 to 225 times higher than corresponding ratios for trastuzumab alone.
- Conjugates showed preferential uptake into the brain metastases compared to normal brain tissue distal to the metastatic lesions.



- As illustrated in the diagrams below, treatment with the conjugate resulted in the reduction of the number of pre-clinical human HER2+ breast cancer metastases in the brain by 68%, and the metastasis size by 46%.



TZM: Trastuzumab (Herceptin®); n= 13 for MTf, TZM groups; n=8-9 for MTf-TZM, saline groups. One-way ANOVA **P<0.001, ***P<0.0001

- Treatment with trastuzumab alone had no effect on reducing the number of metastases and was associated with only minimal reduction in metastasis size.

CQDM

On May 1, 2015, we announced a collaborative research agreement with CQDM and Brain Canada to search for 'Best in Class' platform for blood-brain barrier (BBB) delivery of therapeutics. The total funding for this project was \$1,495,000 and the Company retained approximately \$955,000 of this funding over the three years of the project with the balance being paid to subcontractors. The proposal was submitted by Bioasis, the National Research Council of Canada and Sherbrooke University. Bioasis president and chief executive officer Dr. Mark Day served as the designated principal investigator in the CQDM project.

Over the course of three years, the project selected and optimized blood-brain barrier transmutating antibodies from human single-domain antibody libraries as BBB vectors. Candidates were evaluated for their enhanced brain crossing capabilities, and improved efficacy of cargo transport into the brain in selected pharmacodynamic models.

Under an exclusive agreement, any new potential BBB vectors developed in the program were added to the xB³ peptide vector family along with related IP, allowing the Company to pursue global commercialization of them, if warranted. With the recent conclusion of this project, two research candidates were selected for their BBB transport capability and efficacy in pharmacodynamic models. These candidates may be used to broaden our internal program portfolios.

Patents

The Company has over 120 U.S. and foreign patents/applications in its portfolio related to its technologies for delivering therapeutic agents across the BBB, including the xB³ peptide vectors, pharmaceutical compositions and methods of use. The Company has filed patent applications in major market countries throughout the world including the U.S., Canada, Europe, Japan, China, Hong Kong, Australia and other countries.

Bioasis' patent portfolio relating to xB³ peptide vectors includes granted U.S. patents (U.S. 9,364,567 and U.S. 9,993,530), which have an expiration date of March 2034, subject to possible patent term extensions, along with corresponding pending applications in various countries. The granting of these patents supports the Company's intellectual property objectives to protect its innovations. In the U.S., as compensation at least in part for the lost patent term incurred as a result of the time required for drug development and approval, the innovator may, depending on a number of factors, extend the expiration date of one patent up to a maximum term of five years, provided that the extension cannot cause the patent to be in effect for more than 14 years from the date of drug approval. Other countries, for example, Europe, Japan, Australia, Israel and Korea also provide for extension of patent terms according to their national laws. Another patent-pending in the U.S. and other countries relates to p97 (melanotransferrin and fragments)-trastuzumab fusion proteins (including xB³ peptide vectors) for a variety of uses including cancer. This patent, when granted, will have an expiration date of February 2035.

Other patents and patent applications in Bioasis' portfolio are related to innovations in the areas of combination therapies, fusion proteins with various antibodies, CNS-targeted conjugates, treatment of neuropathologies and pain, as well as other innovations. Generally, these patents, when granted, have expiration dates from 2023 to 2037.

Internal Development Programs and Commercial Business Strategies

We are adopting business plans with the primary focus being the advancement of carefully selected, in-house development programs for the treatment of specific neurological diseases that have the potential to be transformative.

This proactive approach allows us to (i) retain control of intellectual property developed in the programs and to design the programs according to its own strict scientific and clinical criteria and (ii) utilize various funding options, including seeking partnerships for our programs or selling them outright.

Our Licensing Model

Our primary focus is the development of technologies and products intended for the treatment of patients with CNS diseases and disorders. To that end, we are advancing in-house programs in the areas of oncology and neurodegenerative diseases.

Although we do not currently have any active licensing agreements, we believe that there may be several opportunities to license our xB³ platform technology to carefully selected pharmaceutical and biotechnology companies and academic institutions for the advancement of their neuroscience programs.

Public reporting of details relating to early-stage evaluative or other non-material licensing and collaboration agreements can cause difficulties for our partners and for us. Our partners have varying policies with respect to the confidentiality of their research and development programs. We believe that our partners' interests should be protected and that we should not create unsubstantiated high expectations among our shareholders and investing public. For these reasons, we will generally not publicly reveal or discuss potential or signed evaluation agreements, studies related to these agreements, or other non-material aspects of its licensing business plans and activities unless and until these agreements, if any, produce material scientific or commercial results.

We believe that our licensing business model has the potential to generate considerable value for shareholders. If any of these programs advance, they will have very similar paths to completion as do our in-house programs. Like our in-house programs, they may also reach important milestones that may be material for us and our shareholders. We will report those milestones as appropriate.

Outlook

We will continue to need to raise funds for future operations and for pre-clinical programs potentially leading to the filing of one or several investigational new drugs (INDs).

Within the xB³ program, management is focused on advancing pre-clinical development of the xB³-TzM program (xB³-001 in brain metastases). Key development milestones for this program include:

- initiation of manufacturing
- request FDA Type B (pre-IND) meeting
- initiation of toxicology program
- begin our first-in-man Ph 1/2 clinical study

Initiation of manufacturing for the xB³-001 program was completed in Q1 2018, and the balance of the milestones are currently expected to be achieved over the course of the calendar year in 2019 and 2020, assuming the Company is successful in securing the required funding and we do not encounter any unanticipated scientific issues that impact our ability to advance the program according to this schedule. The Company previously anticipated being in a position to schedule an FDA Type B (pre-IND) meeting in Q3 of 2018. We have determined

that additional time will be required to prepare for this important meeting and, as a result, have revised the target date for the FDA meeting to 1H 2019.

Provided we can secure adequate funding, the Company also intends to pursue further work on its other pre-clinical pipeline programs. For the xB³-002 program in glioblastoma, the Company plans to complete pre-clinical proof-of-concept (POC), initiate manufacturing and initiate toxicology studies. For the xB³-007 program in neurodegeneration, the Company plans to complete pre-clinical POC and initiate manufacturing.

Provided we are able to secure adequate funding, our intent is to expand the scope-of-work on these projects as discussed above with the intention of creating greater value for our 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	2019		2018			2017		
	Q1 \$	Q4 \$	Q3 \$	Q2 \$	Q1 \$	Q4 \$	Q3 \$	Q2 \$
Total Revenue	48,681	89,788	135,538	144,372	220,146	105,363	134,330	117,752
Cost of Sales	10,257	295,587	85,404	28,452	58,425	91,850	113,935	74,277
Total Expenses	1,660,515	2,261,617	1,226,412	1,198,967	712,231	437,486	624,816	1,099,562
Interest Income	113	1,041	3,923	5,597	787	143	1,023	2,021
Foreign Exchange and Other Gain/(Loss)	2,153	(17,024)	(6,597)	(14,819)	(3,595)	(321)	(5,683)	(2,062)
Net and Comprehensive Loss	1,619,825	2,483,399	1,178,952	1,092,269	553,318	424,151	609,081	1,056,128
Basic Loss Per Share	0.03	0.05	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: Q1 2019: \$390,376; Q4 2018: \$573,776; Q3 2018: \$341,040; Q2 2018: \$360,218; Q1 2018: \$199,107; Q4 2017: \$115,198; Q3 2017: \$271,078; Q2 2017: \$505,332; and Q1 2017: \$567,613.

Selected Annual Financial Information

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

Selected Annual Financial Information	February 28, 2018 \$	February 28, 2017 \$	February 29, 2016 \$
Total Revenues	589,844	512,966	369,124
Cost of Sales	467,868	429,851	423,803
Total Expenses	5,399,227	3,068,913	2,509,348
Interest Income	11,348	5,490	7,733
Loss on Disposal of Property and Equipment	—	—	(1,802)
Foreign Exchange Gain/(Loss)	(42,035)	(10,473)	(14,827)
Net Loss	5,307,938	2,990,781	2,572,923
Net Loss Per Share, Basic and Diluted	0.10	0.07	0.06
Total Assets	1,221,807	1,110,928	2,152,954
Total Long-Term Liabilities	—	—	—

Results of Operations

Below are the results of operations for the three months ended May 31, 2018 (Q1 2019) as compared to the three months ended May 31, 2017 (Q1 2018).

Expenses are classified by function.

Revenue and Cost of Sales

The following table identifies the composition and changes in Revenue and Cost of Sales for Q1 2019 compared to Q4 2018 and Q1 2018:

Other Items	Q1 2019 \$	Q1 2018 \$	Increase (Decrease) \$
Research Revenue	48,681	220,146	(171,465)
Cost of Sales	10,257	58,425	(48,168)
Gross Profit (Loss)	38,424	161,721	(123,297)

Q1 2019 Compared to Q1 2018

The Company recognized research revenue of \$48,681 in Q1 2019 from the CQDM and Brain Canada grant that commenced in Q2 2016. This project concluded in Q1 2018.

General and Administration Expense

The following table identifies the composition and changes in General and Administrative ("G&A") expense for Q1 2018 compared to Q4 2018 and Q1 2018:

General and Administrative Expense	Q1 2019 \$	Q1 2018 \$	Increase (Decrease) \$
Office, Insurance, Amortization	84,717	12,539	72,178
Salaries and Consulting	497,784	249,285	248,499
Share-Based Compensation	359,569	190,771	168,798
Professional and Regulatory	172,343	13,896	158,447
Investor Relations, Marketing and Travel	54,685	93,770	(39,085)
Total General and Administrative Expense	1,169,098	560,261	608,837

Q1 2019 Compared to Q1 2018

G&A expense for Q1 2018 is \$1,169,098, a \$608,837 increase in expense over Q1 2018 expense of \$560,261, principally due to an increase in salaries and consulting fees, in professional and regulatory fees and in share-based compensation expense.

The increase in salaries and consulting fees is primarily due to the engagement of new personnel. The increase in office, insurance, amortization and professional and regulatory fees is primarily due to additional employee insurance and office costs in relation to additional personnel and increased corporate legal fees associated with the Company's private placement in May 2018. The increase in share-based compensation expense calculated using the Black-Scholes fair value model is principally due to more options vested in Q1 2019.

Research and Development Expense

The following table identifies the composition and changes in Research and Development (R&D) expense for Q1 2019 compared to Q4 2018 and Q1 2018:

Research and Development Expense	Q1 2019 \$	Q1 2018 \$	Increase (Decrease) \$
Amortization	13,032	12,248	784
Patent Maintenance Legal & Filing Fees	30,362	106,485	(76,123)
Pre-clinical	376,404	2,776	373,628
Salaries, Consulting Fees and Benefits	40,812	22,125	18,687
Share-Based Compensation	30,807	8,336	22,471
Total Research and Development Expense	491,417	151,970	339,447

Q1 2019 compared to Q1 2018

R&D expense for Q1 2019 was \$491,417, an increase of \$339,447 over Q1 2018 expense of \$151,970, principally due to an increase of \$373,628 in pre-clinical expenses. The increase in pre-clinical trial expense was principally due to advancement of Company's pre-clinical programs.

Net and Comprehensive Loss

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

Net and Comprehensive Loss	Q1 2019 \$	Q1 2018 \$	Increase (Decrease) \$
Net and Comprehensive Loss	1,619,825	553,318	1,066,507
Net Loss Per Share (Basic and Fully Diluted)	0.03	0.01	—

Liquidity and Capital Resources

Financial Condition

As at May 31, 2018, the Company had working capital of \$1,394,781, an increase over working capital of \$5,692 as at February 28, 2018. Working capital is primarily comprised of cash and cash equivalents of \$1,311,876 and share subscription receivable of \$1,128,285, offset by accounts payable and accrued liabilities of \$1,195,426. The increase in working capital is principally due to the proceeds from a private placement completed in May.

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 xB³ platform. 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 shares, the issuance of debt or by entering into license or collaboration agreements to fund its operations and pre-clinical studies. As disclosed in the financial statements, these factors indicate the existence of a material uncertainty that may raise significant doubt about the Company's ability to continue as a going concern.

If the Company is successful in its pre-clinical 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 shares. If the Company is unsuccessful in raising additional funds in future sales of common shares 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

Q1 2019 Compared to Q1 2018

Net cash used by operating activities in Q1 2019 was \$834,962 as compared to \$732,661 in Q1 2018, an increase in use of cash of \$102,301, principally due to an increase in cash outflows from net loss adjusted for non-cash items.

No cash was used or provided by investing activities in Q1 2019 and Q1 2018.

Financing activity for Q1 2019 raised net cash proceeds of \$1,468,866 through a non-brokered private placement of 5,083,298 units, in two tranches, at a price of \$0.552 per unit, for total gross proceeds of \$2,805,980. The remaining \$1,128,285 was recorded as a subscription receivable on May 31, 2018 and received in cash in Q2 2019. In contrast, financing activity for Q1 2018 raised net cash proceeds of \$3,904,538 through 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 and 94,900 stock options exercised for gross proceeds of \$88,653.

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 July 27, 2018	56,825,250	
Incentive Stock Options	7,886,228	\$0.68 - \$1.33
Warrants	10,881,093	\$0.69 - \$1.00
Shares issuable for Restricted Share Units	33,333	
Fully Diluted Shares as of July 27, 2018	75,675,904	

Related Party Transactions

Related Party Transactions with Key Management Personnel

During the period ended May 31, 2018, the Company paid and accrued the former President and CEO of the Company a total of \$42,000 (May 31, 2017: \$42,000) for severance, pursuant to the terms of his termination agreement.

During the period ended May 31, 2018, the Company paid and accrued a total of \$58,585 (May 31, 2017: \$nil) to FLG Partners, LLC for which the Chief Financial Officer is an equity partner, pursuant to a contract to provide consulting services as the acting CFO.

During the period ended May 31, 2018, 370,000 options were granted to directors, former directors or officers (May 31, 2017: 2,207,478 options granted). Directors or former directors were paid or accrued board and board committee fees of \$38,541 (May 31, 2017: \$8,250). The Company also incurred payroll benefits expense of \$14,692 (May 31, 2017: \$90) attributed to these parties. As May 31, 2018, the Company owed or

accrued \$25,896 (May 31, 2017: \$24,479) 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.

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.

The following policies have been deemed by management as those most critical to understanding the Company's financial statements.

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 ratably 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 its 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.

Accounting Standards

There are no changes in accounting policies in Q1 2019.

Future Accounting Policies Changes

Accounting Standards and Interpretations Issued but Not Yet Effective

The following standard was adopted by the Company effective March 1, 2018 and had no impact on the financial statements:

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.

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

IFRS 16, Leases: In Jun. 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 they are not expected to have a material effect on the Company's future results and financial position.

Risk Factors

The following information sets forth material risks and uncertainties that may affect our business, including our future financing and operating results and could cause our actual results to differ materially from those contained in forward-looking statements we have made in this MD&A. The risks and uncertainties below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we believe to be immaterial may also adversely affect our business. Further, if we fail to meet the expectations of the public market in any given period, the market price of our common shares could decline. We operate in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of our control.

Risks Related to Our Financial Position and Need for Additional Capital

We expect to incur future losses and we may never become profitable.

We have incurred losses of \$1.6 million for the three months ended May 31, 2018. We have also incurred losses of, \$5 million, \$3.0 million and \$2.6 million for the years ended February 28, 2018, February 28, 2017 and February 29, 2016, respectively, and expect to incur an operating loss for the year ending February 28, 2019. We have an accumulated deficit since inception through May 31, 2018 of \$32.5 million. We believe that operating losses will continue as we are planning to incur significant costs associated with the clinical development of the xB³ platform. Our net losses have had and will continue to have an adverse effect on, among other things, our shareholders' equity, total assets and working capital. We expect that losses will fluctuate from quarter to quarter and year to year, and that such fluctuations may be substantial. We cannot predict when we will become profitable, if at all.

We will require additional capital to finance our operations, which may not be available to us on acceptable terms, or at all. As a result, we may not complete the development and prepare for commercialization of our product candidates or develop new product candidates.

As a research and development company, our operations have and will continue to consume substantial amounts of cash. We expect to spend substantial funds to continue the research, development and testing of our product candidates to prepare them for eventual commercialization subject to approval by the U.S. Food and Drug Administration, or FDA, in the U.S. and similar approvals in other jurisdictions. We will also require significant additional funds if we expand the scope of our current clinical plans or if we were to acquire any new assets and advance their development. Therefore, for the foreseeable future, we will have to fund all of our operations and development expenditures from cash on hand, equity or debt financings, through collaborations with other biotechnology or pharmaceutical companies or through financings from other sources. Additional financing will be required to meet our long-term liquidity needs. If we do not succeed in raising additional funds on acceptable terms, we might not be able to complete planned pre-clinical studies and clinical trials or pursue and obtain approval of any product candidates from the FDA and other regulatory authorities. It is possible that future financing will not be available or, if available, may not be on favorable terms. The availability of financing will be affected by the achievement of our corporate goals, the results of scientific and clinical research, the ability to obtain regulatory approvals, the state of the capital markets generally and with particular reference to drug development companies, the status of strategic alliance agreements and other relevant commercial considerations. If adequate funding is not available, we may be required to delay, reduce or eliminate one or more of our product development programs, or obtain funds through corporate partners or others who may require us to relinquish significant rights to product candidates or obtain funds on less favorable terms than we would otherwise accept. To the extent that external sources of capital become limited or unavailable or available on onerous terms, our intangible assets and our ability to continue our clinical development plans may become impaired, and our assets, liabilities, business, financial condition and results of operations may be materially or adversely affected.

We currently have no product revenue and will not be able to maintain our operations and research and development without additional funding.

To date, we have generated no product revenue and cannot predict when and if we will generate product revenue. Our ability to generate product revenue and ultimately become profitable depends upon our ability, alone or with partners, to successfully develop our product candidates, obtain regulatory approval, and commercialize products, including any of our current product candidates, or other product candidates that we may develop, in-license or acquire in the future. We do not anticipate generating revenue from the sale of products for the foreseeable future. We expect our research and development expenses to increase in connection with our ongoing activities, particularly as we advance our product candidates through clinical trials.

We are exposed to the financial risk related to the fluctuation of foreign exchange rates and the degrees of volatility of those rates.

We may be adversely affected by foreign currency fluctuations. To date, we have been primarily funded through issuances of equity, proceeds from the exercise of warrants and stock options and from interest income on funds available for investment, which are all denominated both in Canadian and U.S. dollars. Also, a significant portion of our expenditures are in U.S. dollars, and we are therefore subject to foreign currency fluctuations which may, from time to time, impact our financial position and results of operations.

Risks Related to Our Business and Our Industry

Our prospects depend on the success of our product candidates which are at early stages of development, and we may not generate revenue for several years, if at all, from these products.

Given the early stage of our product development, we can make no assurance that our research and development programs will result in regulatory approval or commercially viable products. To achieve profitable operations, we, alone or with others, must successfully develop, gain regulatory approval, and market our future products. We currently have no products that have been approved by the FDA, Health Canada, or HC, or any similar regulatory authority. To obtain regulatory approvals for our product candidates being developed and to achieve commercial success, clinical trials must demonstrate that the product candidates are safe for human use and that they demonstrate efficacy. We have not yet initiated Phase I trials for any of our product candidates.

Many product candidates never reach the stage of clinical testing and even those that do have only a small chance of successfully completing clinical development and gaining regulatory approval. Product candidates may fail for a number of reasons, including, but not limited to, being unsafe for human use or due to the failure to provide therapeutic benefits equal to or better than the standard of treatment at the time of testing. Unsatisfactory results obtained from a particular study relating to a research and development program may cause us or our collaborators to abandon commitments to that program. Positive results of early pre-clinical research may not be indicative of the results that will be obtained in later stages of pre-clinical or clinical research. Similarly, positive results from early-stage clinical trials may not be indicative of favorable outcomes in later-stage clinical trials. We can make no assurance that any future studies, if undertaken, will yield favorable results.

Our current pipeline consists of three early stage programs in HER2+ brain metastases, glioblastoma and neurodegeneration, the early stage of our product development makes it particularly uncertain whether any

of our product development efforts will prove to be successful and meet applicable regulatory requirements, and whether any of our product candidates will receive the requisite regulatory approvals, be capable of being manufactured at a reasonable cost or be successfully marketed.

We rely and will continue to rely on third parties to conduct and monitor our pre-clinical studies and clinical trials, and their failure to perform as required could cause substantial harm to our business.

We rely and will continue to rely on third parties to conduct a significant portion of our pre-clinical and clinical development activities. Pre-clinical activities include *in vivo* studies in relevant disease models, pharmacology and toxicology studies, and assay development. Clinical development activities include trial design, regulatory submissions, clinical patient recruitment, clinical trial monitoring, clinical data management and analysis, safety monitoring and project management. If there is any dispute or disruption in our relationship with third parties, or if they are unable to provide quality services in a timely manner and at a feasible cost, our active development programs will face delays. Further, if any of these third parties fails to perform as we expect or if their work fails to meet regulatory requirements, our testing could be delayed, canceled or rendered ineffective.

We rely on contract manufacturers over whom we have limited control. If we are subject to quality, cost or delivery issues with the pre-clinical and clinical grade materials supplied by contract manufacturers, our business operations could suffer significant harm.

We rely on contract manufacturing organizations, or CMOs to manufacture our product candidates for GLP pre-clinical studies and clinical trials. We produce small quantities of our product candidates at bench scale in our laboratory facilities for use in non-GLP pre-clinical studies. We rely on CMOs for manufacturing, filling and packaging, (and potentially storing and shipping of drug product) in compliance with current Good Manufacturing Practice, or cGMP, regulations applicable to our products. The FDA ensures the quality of drug products by carefully monitoring drug manufacturers' compliance with cGMP regulations. The cGMP regulations for drugs contain minimum requirements for the methods, facilities and controls used in manufacturing, processing and packing of a drug product.

Any manufacturing failures or delays or compliance issues could cause delays in the conduct of pre-clinical studies and clinical trials. There can be no assurances that CMOs will be able to meet our timetable and requirements. Further, CMOs must operate in compliance with cGMP and failure to do so could result in, among other things, the disruption of product supplies. Our dependence upon third parties for the manufacture of our products may adversely affect our profit margins and our ability to develop and deliver products on a timely and competitive basis.

If clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we would incur additional costs or delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.

Before obtaining marketing approval from regulatory authorities for the sale of our product candidates, we must conduct pre-clinical studies in animals and extensive clinical trials in humans to demonstrate the safety

and efficacy of the product candidates. Clinical testing is expensive and difficult to design and implement, can take many years to complete and has uncertain outcomes. The outcome of pre-clinical studies and early clinical trials may not predict the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unacceptable safety profiles, notwithstanding promising results in earlier trials. We do not know whether the clinical trials we may conduct will demonstrate adequate efficacy and safety to result in regulatory approval to market any of our product candidates in any jurisdiction. A product candidate may fail for safety or efficacy reasons at any stage of the testing process. A major risk we face is the possibility that none of our product candidates under development will successfully gain market approval from the FDA or other regulatory authorities.

If we experience delays in clinical testing, this will result in a delay in the commercialization of our product candidates, and our business may be substantially harmed.

We cannot predict whether any clinical trials will begin as planned, will need to be restructured, or will be completed on schedule, or at all. Our product development costs will increase if we experience delays in clinical testing. Significant clinical trial delays could shorten any periods during which there is the exclusive right to commercialize our product candidates or allow our competitors to bring products to market before us, which would impair our ability to successfully partner for commercialization of our product candidates and may harm our financial condition, results of operations and prospects. The commencement and completion of clinical trials for our products may be delayed for a number of reasons, including delays related, but not limited, to:

- failure by regulatory authorities to grant permission to proceed or placing the clinical trial on hold;
- patients failing to enroll or remain in our trials at the rate we expect;
- suspension or termination of clinical trials by regulators for many reasons, including concerns about patient safety or failure of our CMOs to comply with cGMP requirements;
- any changes to our manufacturing process that may be necessary or desired;
- delays or failure to obtain clinical supply from CMOs of our products necessary to conduct clinical trials;
- product candidates demonstrating a lack of safety or efficacy during clinical trials;
- patients choosing an alternative treatment for the indications for which we are developing any of our product candidates or participating in competing clinical trials;
- patients failing to complete clinical trials due to dissatisfaction with the treatment, side effects or other reasons;
- reports of clinical testing on similar technologies and products raising safety and/or efficacy concerns;
- competing clinical trials and scheduling conflicts with participating clinicians;

- clinical investigators not performing our clinical trials on their anticipated schedule, dropping out of a trial, or employing methods not consistent with the clinical trial protocol, regulatory requirements or other third parties not performing data collection and analysis in a timely or accurate manner;
- failure of our contract research organizations, or CROs, to satisfy their contractual duties or meet expected deadlines;
- inspections of clinical trial sites by regulatory authorities or Institutional Review Boards, or IRBs, or ethics committees finding regulatory violations that require us to undertake corrective action, resulting in suspension or termination of one or more sites or the imposition of a clinical hold on the entire study;
- one or more IRBs or ethics committees rejecting, suspending or terminating the study at an investigational site, precluding enrollment of additional subjects, or withdrawing its approval of the trial; or
- failure to reach agreement on acceptable terms with prospective clinical trial sites.

Our product development costs will increase if we experience delays in testing or approval or if we need to perform more or larger clinical trials than planned. Additionally, changes in regulatory requirements and policies may occur, and we may need to amend study protocols to reflect these changes. Amendments will require us to resubmit our study protocols to regulatory authorities or IRBs or ethics committees for re-examination, which may impact the cost, timing or successful completion of that trial. Delays or increased product development costs may have a material adverse effect on our business, financial condition and prospects.

We may not be able to file INDs to commence additional clinical trials on the timelines we expect, and even if we are able to, the FDA may not permit us to proceed in a timely manner, or at all.

Prior to commencing clinical trials in the United States for any of our product candidates, we may be required to have an allowed IND for each product candidate and to file additional INDs prior to initiating any additional clinical trials. We believe that the data from previous pre-clinical studies will support the filing of additional INDs, to enable us to undertake additional clinical studies as we have planned. However, submission of an IND may not result in the FDA allowing further clinical trials to begin and, once begun, issues may arise that will require us to suspend or terminate such clinical trials. Additionally, even if relevant regulatory authorities agree with the design and implementation of the clinical trials set forth in an IND, these regulatory authorities may change their requirements in the future. Failure to submit or have effective INDs and commence clinical programs will significantly limit our opportunity to advance our pipeline.

If we have difficulty enrolling patients in clinical trials, the completion of the trials may be delayed or canceled.

As our product candidates advance from pre-clinical testing to clinical testing, and then through progressively larger and more complex clinical trials, we will need to enroll an increasing number of patients that meet our eligibility criteria. There is significant competition for recruiting patients in clinical trials, and we may be unable to enroll the patients we need to complete clinical trials on a timely basis or at all. The factors that affect our ability to enroll patients include, but are not limited to, the following:

- size and nature of the patient population;
- eligibility, inclusion and exclusion criteria for the trial;
- complexity of study protocol design;
- competition with other companies for clinical sites or patients;
- the perceived risks and benefits of the product candidate under study;
- the patient referral practices of physicians; and
- the number, availability, location and accessibility of clinical trial sites.

Regulatory approval processes are lengthy, expensive and inherently unpredictable. Our inability to obtain regulatory approval for our product candidates would substantially harm our business.

Our development and commercialization activities and product candidates are significantly regulated by a number of governmental entities, including the FDA, HC, and comparable authorities in other countries. Regulatory approvals are required prior to each clinical trial and we may fail to obtain the necessary approvals to commence or continue clinical testing. We must comply with regulations concerning the manufacture, testing, safety, effectiveness, labeling, documentation, advertising, and sale of products and product candidates and ultimately must obtain regulatory approval before we can commercialize a product candidate. The time required to obtain approval by such regulatory authorities is unpredictable but typically takes many years following the commencement of pre-clinical studies and clinical trials. Any analysis of data from clinical activities we perform is subject to confirmation and interpretation by regulatory authorities, which could delay, limit or prevent regulatory approval. Even if we believe results from our clinical trials are favorable to support the marketing of our product candidates, the FDA or other regulatory authorities may disagree. In addition, approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. We have not obtained regulatory approval for any product candidate and it is possible that none of our existing product candidates or any future product candidates will ever obtain regulatory approval.

We could fail to receive regulatory approval for our product candidates for many reasons, including, but not limited to:

- disagreement with the design or implementation of our clinical trials;
- failure to demonstrate that a product candidate is safe and effective for its proposed indication;
- failure of clinical trials to meet the level of statistical significance required for approval;
- failure to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- disagreement with our interpretation of data from pre-clinical studies or clinical trials;

- the insufficiency of data collected from clinical trials of our product candidates to support the submission and filing of a biologic license application, or BLA, or other submission to obtain regulatory approval;
- deficiencies in the manufacturing processes or the failure of facilities of CMOs with whom we contract for clinical and commercial supplies to pass a pre-approval inspection; or
- changes in the approval policies or regulations that render our pre-clinical and clinical data insufficient for approval.

A regulatory authority may require more information, including additional pre-clinical or clinical data to support approval, which may delay or prevent approval and our commercialization plans, or we may decide to abandon the development program. If we were to obtain approval, regulatory authorities may approve any of our product candidates for fewer or more limited indications than we request, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. Moreover, depending on any safety issues associated with our product candidates that garner approval, the FDA may impose a risk evaluation and mitigation strategy, thereby imposing certain restrictions on the sale and marketability of such products.

We may not achieve our publicly-announced milestones according to schedule, or at all.

From time to time, we may announce the timing of certain events we expect to occur, such as the anticipated timing of results from our clinical trials. These statements are forward-looking and are based on the best estimates of management at the time relating to the occurrence of such events. However, the actual timing of such events may differ from what has been publicly disclosed. The timing of events such as initiation or completion of a clinical trial, filing of an application to obtain regulatory approval, or announcement of additional clinical trials for a product candidate may ultimately vary from what is publicly disclosed. These variations in timing may occur as a result of different events, including the nature of the results obtained during a clinical trial or during a research phase, problems with a CMO or a CRO or any other event having the effect of delaying the publicly announced timeline. We undertake no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. Any variation in the timing of previously announced milestones could have a material adverse effect on our business plan, financial condition or operating results and the trading price of common shares.

We face competition from other biotechnology and pharmaceutical companies and our financial condition and operations will suffer if we fail to effectively compete.

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. Our competitors include large, well-established pharmaceutical companies, biotechnology companies, and academic and research institutions developing therapeutics for the same indications we are targeting and competitors with existing marketed therapies. Many other companies are developing or commercializing therapies to treat the same diseases or indications for which our product candidates may be useful.

Many of our competitors have substantially greater financial, technical and human resources than we do and have significantly greater experience than us in conducting pre-clinical testing and human clinical trials of product candidates, scaling up manufacturing operations and obtaining regulatory approvals of products. Accordingly, our competitors may succeed in obtaining regulatory approval for products more rapidly than we do. Our ability to compete successfully will largely depend on:

- the efficacy and safety profile of our product candidates relative to marketed products and other product candidates in development;
- our ability to develop and maintain a competitive position in the product categories and technologies on which we focus;
- the time it takes for our product candidates to complete clinical development and receive marketing approval;
- our ability to obtain required regulatory approvals;
- our ability to establish, maintain and protect intellectual property rights related to our product candidates; and
- acceptance of any of our product candidates that receive regulatory approval by physicians and other healthcare providers and payers.

Competitors have developed and may develop technologies that could be the basis for products that challenge our candidates differentiated nature and potential for best-in-class product development programs. Some of those products may have an entirely different approach or means of accomplishing the desired therapeutic effect than our product candidates and may be more effective or less costly than our product candidates. The success of our competitors and their products and technologies relative to our technological capabilities and competitiveness could have a material adverse effect on the future pre-clinical studies and clinical trials of our product candidates, including our ability to obtain the necessary regulatory approvals for the conduct of such clinical trials.

If we are not able to compete effectively against our current and future competitors, our business will not grow and our financial condition and operations will substantially suffer.

We heavily rely on the capabilities and experience of our key executives and scientists and the loss of any of them could affect our ability to develop our products.

The loss of Mark Day, Ph.D., our president and chief executive officer, and other key members of our staff, including Mei Mei Tian, Ph.D., our vice president of external research, and Christopher P. Lowe, M.B.A., our chief financial officer, could harm us. We also depend on our scientific and clinical collaborators and advisors, all of whom have outside commitments that may limit their availability to us. We enter into agreements with our scientific and clinical collaborators and advisors, key opinion leaders and academic partners in the ordinary course of our business. We will also enter into agreements with physicians and institutions who will recruit patients into our clinical trials on our behalf in the ordinary course of our business. Notwithstanding these arrangements, we face significant competition for these types of personnel from other companies, research and

academic institutions, government entities and other organizations. We cannot predict our success in hiring or retaining the personnel we require for continued growth. The loss of the services of any of our executive officers or other key personnel could potentially harm our business, operating results or financial condition.

Our employees or consultants may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could have a material adverse effect on our business.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include failures to comply with FDA regulations, provide accurate information to the FDA, comply with manufacturing standards we have established, comply with federal and state healthcare fraud and abuse laws and regulations, report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing, and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a substantial impact on our business and results of operations, including the imposition of substantial fines or other sanctions.

We may expand our business by entering into collaborations or by in-licensing product candidates, each of which could disrupt our business and harm our financial condition.

We may in the future seek to expand our pipeline and capabilities entering into collaborations, or in-licensing one or more product candidates. Collaborations and in-licenses involve numerous risks, including, but not limited to:

- substantial cash expenditures;
- technology development risks;
- potentially dilutive issuances of equity securities;
- incurrence of debt and contingent liabilities, some of which may be difficult or impossible to identify at the time of acquisition;
- difficulties in assimilating the operations of the acquired companies;
- potential disputes regarding contingent consideration;
- diverting our management's attention away from other business concerns;

We cannot provide assurance that any collaboration or in-license will result in short-term or long-term benefits to us. We may incorrectly judge the value or worth of a business or in-licensed product candidate. In addition, our future success would depend in part on our ability to manage the potential rapid growth associated with

some of these collaborations and in-licenses. We cannot provide assurance that we would be able to successfully manage a collaboration or integrate in-licensed product candidates. Furthermore, the development or expansion of our business may require a substantial capital investment by us.

Negative results from clinical trials or studies of others and adverse safety events involving the targets of our products may have an adverse impact on our future commercialization potential.

From time to time, studies or clinical trials on various aspects of biopharmaceutical products are conducted by academic researchers, competitors or others. The results of these studies or trials, when published, may have a significant effect on the market for the biopharmaceutical product that is the subject of the study. The publication of negative results of studies or clinical trials or adverse safety events related to our product candidates, or the therapeutic areas in which our product candidates compete, could adversely affect our share price and our ability to finance future development of our product candidates, and our business and financial results could be materially and adversely affected.

Risks Related to Intellectual Property

If we are unable to adequately protect and enforce our intellectual property, our competitors may take advantage of our development efforts or acquired technology and compromise our prospects of marketing and selling our key products.

We own a number of patents and patent applications that have been filed in Canada, U.S., European countries and other countries primarily covering our technology, developmental products and their use. We have also developed brand names and trademarks for our products. We consider the overall protection of our patents, trademarks, licenses and other intellectual property rights to be of material value and act to protect these rights from infringement.

In the pharmaceutical industry, a substantial portion of an innovative product's commercial value is usually realized during the period in which the product has market exclusivity. A product's market exclusivity is generally determined by two forms of intellectual property: patent rights held by the innovator company and any regulatory forms of exclusivity to which the innovative drug is entitled.

Patents are a key determinant of market exclusivity for most pharmaceuticals. Patents provide the innovator with the right to exclude others from practicing an invention related to the medicine. Patents may cover, among other things, the active ingredient(s), various uses of a drug product, discovery tools, pharmaceutical formulations, drug delivery mechanisms and processes for (or intermediates useful in) the manufacture of products. Protection for individual products extends for varying periods in accordance with the expiration dates of patents in the various countries. The protection afforded, which may also vary from country to country, depends upon the type of patent, its scope of coverage and the availability of meaningful legal remedies in the country.

Market exclusivity can also be influenced by regulatory intellectual property rights. Many developed countries provide certain non-patent incentives for the development of medicines. For example, in the U.S., the EU, Japan, and certain other countries, regulatory intellectual property rights are offered to: (i) provide a time period of data protection during which a generic company is not allowed to rely on the innovator's data in seeking approval; (ii) restore patent term lost during drug development and approval; and (iii) provide incentives for research

on medicines for rare diseases, or orphan drugs, and on medicines useful in treating pediatric patients. These incentives can extend the market exclusivity period on a product beyond the patent term.

The patent positions of pharmaceutical companies can be highly uncertain and involve complex legal, scientific and factual questions. Patents issued to us or our licensors may be challenged, invalidated or circumvented. To the extent our intellectual property, including licensed intellectual property, offers inadequate protection, or is found to be invalid or unenforceable, we are exposed to a greater risk of direct competition. If our intellectual property does not provide adequate protection against our competitors' products, our competitive position could be adversely affected, as could our business, financial condition and results of operations. Both the patent application process and the process of managing patent disputes can be time consuming and expensive, and the laws of some foreign countries may not protect our intellectual property rights to the same extent as do the laws of Canada and the United States.

We will be able to protect our intellectual property from unauthorized use by third parties only to the extent that our proprietary technologies, key products, and any future products are covered by valid and enforceable intellectual property rights including patents or are effectively maintained as trade secrets, and provided we have the funds to enforce our rights, if necessary.

We may require third-party licenses to effectively develop and manufacture our key products and are currently unable to predict the availability or cost of such licenses.

The ability to compete effectively and to achieve partnerships will depend on our ability to develop and maintain proprietary aspects of our technology and to operate without infringing on the proprietary rights of others. To the extent that valid third-party patent rights cover our products or services, we or our strategic collaborators may be required to seek licenses from the holders of these patents in order to manufacture, use or sell these products and services, and payments under them would reduce our profits from these products and services. We are currently unable to predict the extent to which we may wish or be required to acquire rights under such patents, the availability and cost of acquiring such rights, and whether a license to such patents will be available on acceptable terms or at all. There may be patents in the U.S. or in foreign countries or patents issued in the future that are unavailable to license on acceptable terms. Our inability to obtain such licenses may hinder or eliminate our ability to manufacture and market our products. Any of these events could have a material adverse effect on our profitability and financial condition.

Changes in patent law and its interpretation could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.

As is the case with other biotechnology and pharmaceutical companies, our success is heavily dependent on intellectual property rights, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involves technological and legal complexity, and obtaining and enforcing biopharmaceutical patents is costly, time-consuming and the outcomes are uncertain. We could become subject to new government laws and regulations, which could negatively affect our business, our operating results and the financial condition of our company, such as, for example, (i) changes in patent laws or regulations in Canada, U.S. or in other countries;

(ii) changes in data exclusivity laws or regulations in Canada, U.S. or in other countries; (iii) or changes in the interpretation of laws and regulations by the courts. Any of these events could have a material adverse effect on our profitability and financial condition.

Litigation regarding patents, patent applications, and other proprietary rights may be expensive, time consuming and cause delays in the development and manufacturing of our key products.

Our success will depend in part on our ability to operate without infringing the proprietary rights of third parties. Other parties may have, or obtain in the future, patents and allege that the use of our technologies infringes their patents. Resolving an intellectual property infringement claim can be costly and time consuming and may require us to enter into license agreements, which may not be available on commercially reasonable terms. A successful claim of patent or other intellectual property infringement could subject us to significant damages or an injunction preventing the development, manufacture, sale, or use of the affected products.

In addition, third parties may challenge the validity of our patents or infringe upon our existing or future patents. Proceedings involving our patents or patent applications or those of others could result in adverse decisions regarding:

- Our ability to provide exclusivity for our products and technology;
- Our ability to recover damages for infringement of our patents by others; and
- the enforceability, validity, or scope of protection offered by our patents.

If we are unable to avoid infringing the patent rights of others, we may be required to seek a license, defend an infringement action, or challenge the validity of the patents in court. Regardless of the outcome, patent litigation is costly and time consuming. In some cases, we may not have sufficient resources to bring these actions to a successful conclusion. In addition, if we do not obtain a license, develop or obtain non-infringing technology, fail to defend an infringement action successfully or have infringed patents declared invalid, we may:

- incur substantial monetary damages;
- encounter significant delays in bringing our key products to market; and/or
- be precluded from participating in the manufacture, use or sale of our key products or methods of treatment requiring licenses.

Even if we are successful in these proceedings, we may incur substantial costs and divert management time and attention in pursuing these proceedings, which could have a material adverse effect on us.

Our reliance on third parties requires us to share our trade secrets, which increases the possibility that a competitor will discover them.

Because we rely on third parties to develop our products, we must share trade secrets with them. We seek to protect our proprietary technology in part by entering into confidentiality agreements and, if applicable, material

transfer agreements, collaborative research agreements, consulting agreements or other similar agreements with our collaborators, advisors, employees and consultants prior to beginning research or disclosing proprietary information. These agreements typically restrict the ability of our collaborators, advisors, employees and consultants to publish data potentially relating to our trade secrets. Our academic collaborators typically have rights to publish data, provided that we are notified in advance and may delay publication for a specified time in order to secure our intellectual property rights arising from the collaboration. In other cases, publication rights are controlled exclusively by us, although in some cases we may share these rights with other parties. We also conduct joint research and development programs which may require us to share trade secrets under the terms of research and development collaboration or similar agreements. Despite our efforts to protect our trade secrets, our competitors may discover our trade secrets, either through breach of these agreements, independent development or publication of information including our trade secrets in cases where we do not have proprietary or otherwise protected rights at the time of publication. A competitor's discovery of our trade secrets may impair our competitive position and could have a material adverse effect on our business and financial condition.

Risks Related to Our Common Shares

Our common share price has been volatile in recent years, and may continue to be volatile.

The market prices for securities of early stage biopharmaceutical companies, including ours, have historically been volatile. In the three months ended May 31, 2018, our common shares traded on the TSXV at a high of \$0.92 per share and a low of \$0.57 per share. In the twelve months ended February 28, 2018, our common shares traded on the TSXV at a high of \$1.14 and a low of \$0.62 per share. A number of factors could influence the volatility in the trading price of our common shares, including changes in the economy or in the financial markets, industry related developments, the results of product development and commercialization, changes in government regulations, and developments concerning proprietary rights, litigation and cash flow. Our quarterly losses may vary because of the timing of costs for manufacturing, pre-clinical studies and clinical trials. Also, the reporting of adverse safety events involving our products and public rumors about such events could cause our share price to decline or experience periods of volatility. Each of these factors could lead to increased volatility in the market price of our common shares. In addition, changes in the market prices of the securities of our competitors may also lead to fluctuations in the trading price of our common shares.

We have never paid dividends and do not expect to do so in the foreseeable future.

We have not declared or paid any cash dividends on our common or preferred shares to date. The payment of dividends in the future will be dependent on our earnings and financial condition in addition to such other factors as our board of directors considers appropriate. Unless and until we pay dividends, shareholders may not receive a return on their shares. There is no present intention by our board of directors to pay dividends on our shares.

Future sales or issuances of equity securities and the conversion of outstanding securities to common shares could decrease the value of the common shares, dilute investors' voting power, and reduce our earnings per share.

We may sell additional equity securities in future offerings, including through the sale of securities convertible into equity securities, to finance operations, acquisitions or projects, and issue additional common shares if outstanding warrants or stock options are exercised, or preferred shares are converted to common shares, which may result in dilution. See the information in the section of this MD&A entitled "Description of Share Capital" for details of our outstanding securities convertible into common shares.

Our board of directors has the authority to authorize certain offers and sales of additional securities without the vote of, or prior notice to, shareholders. Based on the need for additional capital to fund expected expenditures and growth, it is likely that we will issue additional securities to provide such capital. Such additional issuances may involve the issuance of a significant number of common shares at prices less than the current market price for our common shares.

Sales of substantial amounts of our securities, or the availability of such securities for sale, as well as the issuance of substantial amounts of our common shares upon conversion of outstanding convertible equity securities, could adversely affect the prevailing market prices for our securities and dilute investors' earnings per share. A decline in the market prices of our securities could impair our ability to raise additional capital through the sale of securities should we desire to do so.

If there are substantial sales of our common shares, the market price of our common shares could decline.

Sales of substantial numbers of our common shares could cause a decline in the market price of our common shares. Any sales by existing shareholders or holders who exercise their warrants or stock options may have an adverse effect on our ability to raise capital and may adversely affect the market price of our common shares.

Any failure to maintain an effective system of internal controls may result in material misstatements of our consolidated financial statements or cause us to fail to meet our reporting obligations or fail to prevent fraud; and in that case, our shareholders could lose confidence in our financial reporting, which would harm our business and could negatively impact the price of our common shares.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. If we fail to maintain an effective system of internal controls, we might not be able to report our financial results accurately or prevent fraud; and in that case, our shareholders could lose confidence in our financial reporting, which would harm our business and could negatively impact the price of our common shares. While we believe that we have sufficient personnel and review procedures to allow us to maintain an effective system of internal controls, we cannot provide assurance that we will not experience potential material weaknesses in our internal control. Even if we conclude that our internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS as issued by the IASB, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements. Failure to implement re-

quired new or improved controls, or difficulties encountered in their implementation, could harm our results of operations or cause us to fail to meet our future reporting obligations.

If we fail to timely achieve and maintain the adequacy of our internal control over financial reporting, we may not be able to produce reliable financial reports or help prevent fraud. Our failure to achieve and maintain effective internal control over financial reporting could prevent us from complying with our reporting obligations on a timely basis, which could result in the loss of investor confidence in the reliability of our consolidated financial statements, harm our business and negatively impact the trading price of our common shares.

Additional Information

Additional information regarding our company can be found on SEDAR at www.sedar.com.