Critical Outcome
Technologies Inc.

Financial Statements

Annual Audited

For the years ended April 30, 2015 and 2014

CRITICAL OUTCOME TECHNOLOGIES INC.
Financial Statements
For the years ended April 30, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Critical Outcome Technologies Inc.

We have audited the accompanying financial statements of Critical Outcome Technologies Inc., which comprise the statements of financial position as at April 30, 2015 and April 30, 2014, the statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Critical Outcome Technologies Inc. as at April 30, 2015 and April 30, 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 3 in the financial statements which indicates that Critical Outcome Technologies Inc. has experienced operating losses and negative cash flows from operations since incorporation, has a deficit, and has not established commercial revenue. These conditions, along with other matters as set forth in note 3 in the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about Critical Outcome Technologies Inc.'s ability to continue as a going concern.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

August 28, 2015
London, Canada

CRITICAL OUTCOME TECHNOLOGIES INC.

Statements of Financial Position

(All amounts in Canadian dollars)

As at April 30	**2015**	**2014**
Assets		
Current assets:		
Cash and cash equivalents	$ 1,599,220	$ 830,275
Short-term investment (note 6)	266,464	-
Investment tax credits and other receivables	170,445	149,754
Prepaid expenses and deposits	90,626	79,673
	2,126,755	1,059,702
Non-current assets:		
Equipment (note 7)	42,290	38,068
Intangible assets (note 8)	1,324,144	1,429,933
	1,366,434	1,468,001
Total assets	$ 3,493,189	$ 2,527,703
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 786,097	$ 683,895
Warrant liability (note 9)	1,170,070	-
Debenture (note 10)	-	346,666
	1,956,167	1,030,561
Shareholders' equity	1,537,022	1,497,142
Total liabilities and shareholders' equity	$ 3,493,189	$ 2,527,703

Going concern (note 3)
Commitments (note 20)
Subsequent events (note 23)

See accompanying notes to financial statements

Signed on behalf of the Board:

"Dr. Wayne R. Danter"

Dr. Wayne R. Danter - Director
President & Chief Executive Officer

"Mr. John C. Drake"

Mr. John C. Drake - Director
Chairman of the Board

CRITICAL OUTCOME TECHNOLOGIES INC.

Statements of Comprehensive Loss

(All amounts in Canadian dollars)

For the years ended April 30	**2015**	**2014**
Expenses (income):		
Research and product development (note 17)	$ 1,355,508	$ 1,034,416
Sales and marketing (note 17)	285,929	105,217
General and administration (note 17)	2,342,054	1,958,185
Investment tax credits (note 14)	(129,666)	(118,112)
	3,853,825	2,979,706
Loss before finance income	(3,853,825)	(2,979,706)
Finance income (expense):		
Interest and financing (expense), net (note 15)	(219,088)	(14,601)
Change in fair value of warrant liability (note 9)	235,120	-
Foreign exchange gain (loss)	24,607	(1,872)
	40,639	(16,473)
Loss and comprehensive loss	$ (3,813,186)	$ (2,996,179)
Loss per share:		
Basic and diluted loss per common share (note 16)	$ (0.04)	$ (0.03)

See accompanying notes to financial statements

CRITICAL OUTCOME TECHNOLOGIES INC.

Statements of Changes in Shareholders' Equity

(All amounts in Canadian dollars)
For the years ended April 30, 2015 and 2014

	Common Shares	Warrants	Total Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, April 30, 2014	$ 17,793,769	$ 5,264,035	$ 23,057,804	$ 389,483	$ (21,950,145)	$ 1,497,142
Issuance of shares and warrants (note 11 (a) ii and iii)	2,172,350	819,622	2,991,972	-	-	2,991,972
Share-based compensation (note 12)	-	-	-	305,495	-	305,495
Option exercises (note 11 (c))	358,357	-	358,357	(149,050)	-	209,307
Warrant amendments (note 11 (f) ii)	-	1,477,853	1,477,853	(1,488,013)	-	(10,160)
Warrant exercises (note 11 (b))	541,849	(185,397)	356,452	-	-	356,452
Warrant expiries (note 11 (g) ii)	-	(1,502,360)	(1,502,360)	1,502,360	-	-
Loss and comprehensive loss	-	-	-	-	(3,813,186)	(3,813,186)
Balance, April 30, 2015	$ 20,866,325	$ 5,873,753	$ 26,740,078	$ 560,275	$ (25,763,331)	$ 1,537,022

	Common Shares	Warrants	Total Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, April 30, 2013	$ 16,416,798	$ 2,493,115	$ 18,909,913	$ 1,922,193	$ (18,953,966)	$ 1,878,140
Issuance of shares and warrants (note 11)	1,376,971	1,083,592	2,460,563	-	-	2,460,563
Share-based compensation (note 12)	-	-	-	163,672	-	163,672
Warrant amendments (note 11 (f) i)	-	1,717,166	1,717,166	(1,726,220)	-	(9,054)
Warrant expiries (note 11 (g) i)	-	(29,838)	(29,838)	29,838	-	-
Loss and comprehensive loss	-	-	-	-	(2,996,179)	(2,996,179)
Balance, April 30, 2014	$ 17,793,769	$ 5,264,035	$ 23,057,804	$ 389,483	$ (21,950,145)	$ 1,497,142

See accompanying notes to financial statements

CRITICAL OUTCOME TECHNOLOGIES INC.

Statements of Cash Flows

(All amounts in Canadian dollars)

For the years ended April 30	2015	2014
Cash provided by (used in):		
Operating activities:		
Loss	$ (3,813,186)	$ (2,996,179)
Items not involving cash:		
Amortization - equipment	12,321	13,328
Amortization - intangible assets	524,139	521,483
Loss on disposal of patents	9,921	-
Accretion expense (note 10)	53,334	15,366
Share-based compensation	305,495	163,672
Change in fair value of warrant liability	(235,120)	-
Warrants issued in payment of consulting services	265,200	220,500
Investment tax credits	(129,666)	(118,112)
Interest and financing expense, net (note 15)	219,088	14,601
Foreign exchange loss (gain)	(24,607)	1,872
	(2,813,081)	(2,163,469)
Change in non-cash operating working capital (note 19)	(196,663)	324,555
Foreign exchange gain (loss) realized	(34,887)	17,506
Interest received	11,853	5,393
Net cash used in operating activities	(3,032,778)	(1,816,015)
Investing activities:		
Purchase of equipment	(16,543)	(3,954)
Purchase of short-term investment	(266,464)	-
Expenditures on intangible assets (note 8)	(177,769)	(173,973)
Net cash used in investing activities	(460,776)	(177,927)
Financing activities:		
Proceeds from issuance of common shares and warrants (note 11)	4,909,314	2,391,883
Costs of issuing common shares and warrants	(379,226)	(184,589)
Proceeds (repayment) of debenture (note 10)	(400,000)	400,000
Costs of issuing debenture	-	(35,915)
Costs of warrant amendments (note 11)	(10,160)	(9,054)
Investment tax credit recoveries	119,031	120,509
Interest paid	(35,954)	(12,330)
Net cash provided by financing activities	4,203,005	2,670,504
Increase in cash and cash equivalents	709,451	676,562
Effect of exchange rate fluctuations on cash and cash equivalents	59,494	(15,634)
Cash and cash equivalents, beginning of the year	830,275	169,347
Cash and cash equivalents, end of the year	$ 1,599,220	$ 830,275
Represented by:		
Cash	$ 227,118	$ 654,103
Cash equivalents	1,372,102	176,172
	$ 1,599,220	$ 830,275

See accompanying notes to financial statements

1. Corporate Information:

Critical Outcome Technologies Inc. ("COTI" or the "Company" or the "Corporation") is a public corporation listed in Canada on the TSX Venture Exchange ("TSXV") under the trading symbol "COT" and in the United States on the OTCQB under the trading symbol "COTQF". The Company is incorporated under the laws of the Province of Ontario, Canada with its registered office located at: Suite 213, 700 Collip Circle, London, Ontario, Canada, N6G 4X8.

2. Description of business:

COTI is a clinical stage biopharmaceutical company that uses machine learning to rapidly develop targeted therapies thereby dramatically reducing the timeline and cost of getting new drug therapies to market. COTI's proprietary artificial intelligence platform, CHEMSAS®, utilizes a series of predictive computer models to identify compounds with a high probability of being successfully developed from disease specific drug discovery through chemical optimization and preclinical testing. The CHEMSAS® platform technology is focused on small molecules, and as a drug candidate discovery engine can be applied to any disease target with a modest amount of information for the target of interest.

3. Going concern:

The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize on its assets and discharge its liabilities and commitments in the normal course of operations. For COTI, there are material uncertainties related to certain conditions and events that raise significant doubts about the validity of this assumption. In particular, the Company has not yet established commercial operating revenues and operating cash flows continue to be negative. Key financial results for the years ended April 30, 2015 and 2014 are indicative of concern. For fiscal 2015 these results include a loss of $3,813,186 (2014 – $2,996,179) and negative cash flow from operations of $3,032,778 (2014 – $1,816,015). As at April 30, 2015, the Company had a deficit of $25,763,331 (2014 – $21,950,145), which results in shareholders' equity of $1,537,022 (2014 – $1,497,142) and working capital of $170,588 (2014 – $29,141).

The Company is dependent upon key personnel and the need to raise additional funds to support the Company's development and continued operations, and to meet liabilities and commitments as they become due while executing its business plan. The Company is taking steps to address the going concern risk by actively seeking potential customers, partners, and collaborators as a means of furthering molecule development and generating revenue streams, and pursuing alternative sources of financing, including but not limited to, raising capital in the public market and securing government grants.

Subsequent to the year-end, the Company closed a private placement with Canadian investors that raised gross proceeds of approximately $1,287,000 (note 23 (a)). Furthermore, the Company has discretion with many of its expenditure activities and plans to manage these activities in fiscal 2016 within the limits of available cash resources. While the Company has a history of obtaining financing, there is no certainty that any of the aforementioned strategies will enable the Company to alleviate the going concern risk in future periods.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. Accordingly, these financial statements do not include any adjustments to the carrying values and classification of assets and liabilities, or the reported expenses that would be necessary if the going concern assumption was not appropriate. Any adjustments to the financial statements could be material.

4. Basis of preparation:

(a) Compliance with accounting standards:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and as adopted by the Accounting Standards Board in Canada.

The financial statements were authorized for issue by the Board of Directors ("Board") on August 20, 2015.

(b) Basis of measurement:

The financial statements have been prepared on a historical cost basis, except for the liability classified warrants that are measured at fair value at each reporting period.

The Statements of Comprehensive Loss are presented using the functional classification for expenses.

(c) Functional and presentation currency:

The financial statements are presented in Canadian dollars ("CAD"), which is the functional currency of the primary economic environment in which the Company operates.

(d) Use of estimates and judgements:

Critical accounting estimates

The preparation of these financial statements in conformity with IFRS requires the Company to apply judgement when making estimates and assumptions that affect the reported amounts of assets, liabilities, income, and expenses at the date of the financial statements. Actual results could differ materially from these estimates and assumptions. Revisions to these accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The significant estimates and assumptions requiring judgement are set out below.

(i) Share-based compensation and warrants:

The fair value of share-based compensation and warrants is determined using a Black-Scholes option-pricing model, which incorporates management's estimates of the risk free interest rate, the expected dividend yield, the estimated common share price volatility, the estimated option life, and the forfeiture rate as applicable to each award.

(ii) Warrant liability:

The Company's functional currency is the Canadian dollar and the Company has issued warrants denominated in a currency other than its functional currency. The Company measures the initial warrant liability at the date issued and at each subsequent reporting date by reference to the fair value of the common shares underlying the warrants. Estimating fair value for these warrants is determined using a modified option valuation model. This requires management to determine the most appropriate inputs to the valuation model including the expected life of the warrants, estimated common share price volatility, expected dividend yield, and the risk free interest rate.

Critical judgements in applying accounting policies

In the preparation of these financial statements, management has made judgements, aside from those that involve estimates, in the process of applying its accounting policies. These judgements can have an effect on the amounts recognized in the financial statements. The accounting policies requiring significant judgement are set out below.

(iii) Impairment tests of non-financial assets:

Non-financial assets with finite useful lives are required to be tested for impairment only when an indication of impairment exits. Management is required to make a judgment with respect to the existence of impairment indicators at the end of each reporting period. In addition, significant judgment is required in determining whether the Company operates as one or more cash generating unit ("CGU"). The Company has determined all assets belong to a single CGU and must exercise judgement in assessing whether events or changes in circumstance indicate that any asset within the CGU may be impaired such that their carrying amount may not be recoverable. This involves critical judgements based upon a number of inputs primarily scientific results from the testing of molecules and review of feedback from office actions by patent authorities related to the examination of patent submissions. Additional inputs include; review of peer feedback from presentations of scientific results at scientific conferences and information received related to competitive products as advised by consultants in intellectual property and business development or seen in publications. Management further assesses whether a market continues to exist for the output produced by the asset or group of assets and whether there has been a significant change in the way the asset is used or expected to be used.

5. Significant accounting policies:

The significant accounting policies adopted by the Company are set out below and have been consistently applied to all periods presented in these financial statements.

(a) Cash and cash equivalents:

Cash and cash equivalents include amounts held in banks and highly liquid investments with maturities at point of purchase of three months or less.

(b) Foreign currency translation:

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. At the date of each reporting period, the Company's foreign currency monetary items are re-measured using the closing exchange rate in effect at that reporting date. All translation gains and losses are recognized in profit or loss.

(c) Equipment:

Details as to the Company's policies for equipment are as follows:

Asset	Measurement Basis	Amortization Method	Amortization Rate	Remaining Amortization Period
Computer hardware	Cost	Straight-line	12 - 36 months	5 - 34 months
Furniture and fixtures	Cost	Straight-line	60 - 120 months	28 - 49 months

Amortization commences at the beginning of the month following the month of purchase. Amortization of equipment is included in amortization expense as part of General and administration in the Statements of Comprehensive Loss.

Any impairment losses are recognized immediately as impairment expense in General and administration in the Statements of Comprehensive Loss. Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount of equipment and are recognized as a gain or a loss on disposal of equipment in General and administration in the Statements of Comprehensive Loss.

(d) Intangible assets:

Details as to the Company's policies for intangible assets are as follows:

Asset	Measurement Basis	Amortization Method	Amortization Rate	Remaining Amortization Period
Computer software	Cost	Straight-line	Term of license	4 - 20 months
Molecules	Cost	Straight-line	96 months	7 months
Patents - granted	Cost	Straight-line	Life of patent	99 - 214 months
Patents - pending	Cost	Not available for use	-	-

Amortization of intangible assets is included in amortization expense in General and administration expense in the Statements of Comprehensive Loss from the date they are available for use. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which it relates. All other expenses are recognized in profit or loss as incurred.

The accumulated cost of a molecule, group of molecules, or process investigated for patenting that is not proceeding through the patent process is expensed in the month when the decision is made not to pursue the patent.

(e) Impairment of non-financial assets:

At each reporting date, the Company's non-financial assets, such as equipment and intangible assets, are reviewed to determine whether there is an indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in General and administration in the Statements of Comprehensive Loss. Intangible assets not yet available for use are evaluated for impairment at least annually.

The recoverable amount is the higher of the fair value less the costs to sell, compared to its value in use.

Also at each reporting date, the Company assesses whether there is an indication that a previously recognized impairment loss has reversed, and accordingly whether the impairment loss should be reversed. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. When an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been recorded had no impairment losses been recognized for the asset in prior years.

(f) Research and product development:

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are charged as an expense in the period in which they are incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

(g) Financial instruments:

(i) Initial recognition and measurement:

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the financial instrument. The Company's financial instruments consist of cash and cash equivalents, a short-term investment, other receivables, accounts payable and accrued liabilities, a debenture and a warrant liability. Financial instruments are measured at their fair value upon initial recognition. Directly attributable transaction costs for financial assets classified as Loans and receivables are added to the fair value on initial recognition. Directly attributable transaction costs for financial liabilities classified as Other liabilities are deducted from the fair value on initial recognition. Directly attributable transaction costs for financial liabilities classified as Fair value through profit and loss are expensed on initial recognition.

Subsequent to initial recognition, financial instruments are measured based on assignment into one of the following classification categories:

Financial Instrument	Classification	Measurement Basis After Initial Recognition	Gain (Loss) After Initial Recognition
Cash and cash equivalents	Loans and receivables	Amortized cost	Profit (loss)
Short-term investment	Loans and receivables	Amortized cost	Profit (loss)
Other receivables	Loans and receivables	Amortized cost	Profit (loss)
Accounts payable and accrued liabilities	Other liabilities	Amortized cost	Profit (loss)
Debenture	Other liabilities	Amortized cost	Profit (loss)
Warrant liability	Fair value through profit and loss	Fair value	Profit (loss)

The criteria used by the Company to classify its financial instruments are as follows:

1. Loans and receivables ("L&R"):

   Financial assets are classified as L&R if they have fixed or determinable payments and are not quoted in an active market.

2. Other liabilities:

   This category captures any financial liabilities not classified as fair value through profit or loss.

3. Fair value through profit and loss ("FVTPL"):

   This category captures any financial liabilities designated upon initial recognition as FVTPL. Warrants issued in a currency that is not the functional currency of the Company are considered to be derivative liabilities and are designated as FVTPL.

(ii) Derecognition policy:

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows from the asset. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

(iii) Impairment:

Financial assets that are not classified as fair value through profit or loss are subject to regular impairment review. Impairment losses are calculated by deducting discounted expected future cash flows to be received from the carrying value of the financial asset and recognized in profit or loss.

Purchases and sales of financial assets are recognized on their settlement date.

(iv) Compound financial instruments:

The financial liability component of a compound financial instrument is recognized initially at the fair value of a standalone instrument without an equity feature. The equity component is recognized initially at a value determined as the excess of the face value of the compound financial instrument less the fair value of the liability component.

(v) Offsetting policy:

Financial assets and liabilities are offset and the net amount presented in the Statements of Financial Position only when the Company has a legal right to offset the amounts and intends to either settle on a net basis or to realize the asset and settle the liability simultaneously.

(h) Share capital:

(i) Common shares:

Common shares are classified as equity.

(ii) Warrants:

Warrants issued in the functional currency of the Company are classified as equity.

Warrants issued in a currency that is not the functional currency of the Company are classified as a warrant liability (notes 4 (d) ii, 5 (g) iv and 9).

Warrants classified as equity and issued in conjunction with common shares as part of a private placement unit offering are allocated a portion of the gross proceeds based on their relative fair value determined using a Black-Scholes valuation model.

Warrants issued as payment for services, where the fair value of such services is not readily determinable, are valued using a Black-Scholes valuation model as at the date the warrants are issued.

(iii) Issuance costs:

Costs directly attributable to the issue of common shares and warrants are recognized on a pro-rata basis as a reduction of common shares and warrants as applicable, net of any tax effects, except for those costs attributable to warrants classified as a warrant liability where such costs are expensed in profit or loss.

(i) Income taxes:

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit or loss unless they relate to a business combination, or items recognized directly to equity or to other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, combined with any adjustments to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that in the Company's judgement it is no longer probable that the related tax benefit will be realized.

(j) Share-based compensation:

The granting of share options ("Options") to employees, officers, or directors of the Company requires the recognition of share-based compensation expense with a corresponding increase in Contributed Surplus in Shareholders' equity. The fair value of Options that vest immediately are recorded as share-based compensation expense at the date of the grant. The expense for Options that vest over time is recorded over the vesting period using the graded method, which incorporates management's estimate of the Options that are not expected to vest. The effect of a change in the number of Options expected to vest is a change in an estimate and the cumulative effect of the change is recognized in the period when the change occurs. On exercise of an Option, the consideration received and the estimated fair value previously recorded in Contributed Surplus is recorded as an increase in Common Shares.

Options awarded to consultants are measured based on the fair value of the goods and services received unless that fair value cannot be estimated reliably. If the fair value of the goods and services cannot be reliably measured, then the fair value of the equity instruments granted is used to recognize the expense.

(k) Investment tax credits:

The Company applies for investment tax credits ("ITCs") in relation to scientific research and experimental development expenditures incurred. ITCs are recognized when qualifying expenditures are made, and when the Company believes there is reasonable assurance that the credits will be realized. ITCs related to research and development expenses are recorded as a reduction of the related expenses in the Statements of Comprehensive Loss.

(l) Basic and diluted loss per share:

Basic loss per share is calculated by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share is computed in a manner consistent with basic loss per share, except that the weighted average number of shares outstanding is increased to include shares from the assumed exercise of options and warrants, if dilutive. When a net loss is incurred, basic and diluted loss per share is the same because the exercise of options and warrants are anti-dilutive.

(m) Segment reporting:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. Management has determined that the Company operates in one reportable segment, drug discovery and development, based on the economic characteristics of its research activities and services to date. All of the Company's operations are located in Canada.

(n) Finance income (expense):

Finance income (expense) consists of interest expense; foreign exchange gains or losses; financing expenses associated with the issuance of warrant liabilities, the accretion of debenture financing costs; and, the revaluation gain or loss on the warrant liability. Interest expense consists of interest income earned on cash, cash equivalents and short-term investment net of interest expense, short-term debt-interest accretion, and bank charges. Finance income and finance expenses are recognized as they accrue using the effective interest method.

(o) Joint arrangements:

The Company enters into agreements for the discovery of drug compounds with other entities. These arrangements are not structured through a separate vehicle and are considered joint operations. In a joint operation, the contractual arrangement establishes the parties' rights to the assets, obligations for the liabilities relating to the arrangement, and the parties' rights to the corresponding revenues and obligations for the corresponding expenses. Accordingly, each joint operator recognizes in its financial statements the assets and liabilities used for the specific task, and recognizes its share of the revenues and expenses in accordance with the contractual arrangement.

(p) Adoption of new accounting pronouncements:

The IASB issued new standards, amendments or interpretations to existing standards that were effective for the Company’s fiscal year that began May 1, 2014. Of the new or amended pronouncements, there were two standards applicable to the Company’s operations and these were adopted during the year with no impact on the financial statements as described below.

(i) IAS 32 – Financial Statements: Presentation:

The amendments clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of offset in respect of its financial instruments.

(ii) IAS 36 – Impairment of Assets:

The IASB issued Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36). These amendments reverse the unintended requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every CGU to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. The amendments affect disclosure requirements only.

(q) Recent accounting pronouncements not yet adopted:

The IASB and International Financial Reporting Interpretations Committee (“IFRIC”) have issued new standards or amended existing standards affecting the Company that have not been applied in preparing these financial statements as their effective dates occur for annual periods beginning subsequent to the current reporting year. Those new or amended standards that may affect the Company for the financial reporting year ended April 30, 2016, are set out below. The Company does not expect the amendments to have a material impact on the financial statements.

(i) Annual Improvements to IFRS (2010-2012) and IFRS (2011-2013) cycles:

The IASB uses the annual improvements process to make non-urgent but necessary amendments to IFRS. Not all amendments are applicable to the Company’s business. The amendments which may affect the Company now or in the future, based upon the Company’s current operations, and the clarifications to the respective standards are set out below.

- Definition of “vesting condition” in IFRS 2 Share-based payment
- Disclosures on the aggregation of operating segments in IFRS 8 Operating segments
- Measurement of short-term receivables and payables; and scope of portfolio exception in IFRS 13 Fair Value Measurement
- Restatement of accumulated depreciation (amortization) on revaluation in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

(ii) IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers, which introduces a single model for recognizing revenue from contracts with customers except leases, financial instruments and insurance contracts.

The standard is effective for annual periods beginning on or after January 1, 2017 with retroactive application. Early adoption is permitted. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on May 1, 2017. The extent of the impact of adopting the standard has not yet been determined, as the Company has not generated revenues to date, however, the Company is evaluating the standard in light of the types of revenues it anticipates.

(All amounts in Canadian dollars)

6. Short-term investment:

The Company invests cash not needed for immediate working capital purposes in short-term securities having maturities greater than three months and rated “A high” or greater by Standard and Poor’s and the Dominion Bond Rating Service. At April 30, 2015, the investment consisted of a flexible guaranteed investment certificate with an effective interest rate of 1.35% maturing on December 1, 2015.

7. Equipment:

As at April 30, 2015	Computer Hardware	Furniture and Fixtures	Total
Cost, April 30, 2014	$ 18,498	$ 122,248	$ 140,746
Purchases	16,543	-	16,543
Disposals	(559)	-	(559)
Cost, April 30, 2015	34,482	122,248	156,730
Accumulated amortization, April 30, 2014	(14,856)	(87,822)	(102,678)
Amortization	(3,664)	(8,657)	(12,321)
Disposals	559	-	559
Accumulated amortization, April 30, 2015	(17,961)	(96,479)	(114,440)
Net carrying value, April 30, 2015	$ 16,521	$ 25,769	$ 42,290

As at April 30, 2014	Computer Hardware	Furniture and Fixtures	Total
Cost, April 30, 2013	$ 14,544	$ 122,248	$ 136,792
Purchases	3,954	-	3,954
Cost, April 30, 2014	18,498	122,248	140,746
Accumulated amortization, April 30, 2013	(10,574)	(78,776)	(89,350)
Amortization	(4,282)	(9,046)	(13,328)
Accumulated amortization, April 30, 2014	(14,856)	(87,822)	(102,678)
Net carrying value, April 30, 2014	$ 3,642	$ 34,426	$ 38,068

(All amounts in Canadian dollars)

8. Intangible assets:

As at April 30, 2015	Molecules	Granted Patents	Pending Patents	Computer Software	Total
Cost, April 30, 2014	$ 3,275,785	$ 355,565	$ 413,412	$ 141,802	$ 4,186,564
Additions	250,502	4,510	93,883	79,376	428,271
Transfers upon patent grant	-	136,616	(136,616)	-	-
Patent disposal	-	-	(9,921)	-	(9,921)
Expired software licenses	-	-	-	(72,650)	(72,650)
Cost, April 30, 2015	3,526,287	496,691	360,758	148,528	4,532,264
Accumulated amortization, April 30, 2014	(2,596,202)	(85,563)	-	(74,866)	(2,756,631)
Amortization	(429,210)	(24,888)	-	(70,041)	(524,139)
Expired software licenses	-	-	-	72,650	72,650
Accumulated amortization, April 30, 2015	(3,025,412)	(110,451)	-	(72,257)	(3,208,120)
Net carrying value, April 30, 2015	$ 500,875	$ 386,240	$ 360,758	$ 76,271	$ 1,324,144

As at April 30, 2014	Molecules	Granted Patents	Pending Patents	Computer Software	Total
Cost, April 30, 2013	$ 3,275,785	$ 273,652	$ 443,504	$ 81,455	$ 4,074,396
Additions	-	7,429	44,392	122,152	173,973
Transfers upon patent grant	-	74,484	(74,484)	-	-
Expired software licenses	-	-	-	(61,805)	(61,805)
Cost, April 30, 2014	3,275,785	355,565	413,412	141,802	4,186,564
Accumulated amortization, April 30, 2013	(2,166,992)	(64,968)	-	(64,993)	(2,296,953)
Amortization	(429,210)	(20,595)	-	(71,678)	(521,483)
Expired software licenses	-	-	-	61,805	61,805
Accumulated amortization, April 30, 2014	(2,596,202)	(85,563)	-	(74,866)	(2,756,631)
Net carrying value, April 30, 2014	$ 679,583	$ 270,002	$ 413,412	$ 66,936	$ 1,429,933

Upon the purchase of a library of molecules in November 2007, the Company became contingently liable for the issuance of 1,431,441 common shares as part of the purchase consideration should two development milestones be subsequently achieved by any one Molecule from the library.

In 2012, the Company received a U.S. patent for a Molecule, COTI-2, which represented the achievement of one of the milestones and accordingly one-half of the contingent consideration was issued. On May 22, 2015, subsequent to the year-end, the FDA advised the Company that it had completed its review of the Company's investigational new drug ("IND") application for COTI-2, which was submitted prior to April 30, 2015. The IND was granted enabling the Company to proceed with its proposed clinical investigation. This grant satisfied the second milestone for the Molecule, COTI-2, being notification of acceptance of an IND application. Accordingly, on May 26, 2015, the Company issued 715,720 common shares as final payment of the contingent share consideration that arose on the acquisition. This consideration had a fair value of $250,502 based upon the closing market price of the Company's shares on May 22, 2015, the date of the grant, which was recognized as an accrued liability at the year-end.

(All amounts in Canadian dollars)

A single Molecule, COTI-2, represents a significant portion of the carrying value of the molecules and patents at the year-end as set out below.

Intangible asset class	April 30, 2015	April 30, 2014
Molecule	$ 430,549	$ 488,700
Patents granted and pending	339,501	336,870
	$ 770,050	$ 825,570
Percentage of net carrying value of intangibles	58.2%	57.7%

9. Warrant liability:

During the year, the Company completed a private placement financing of units in three tranches consisting of one common share and one warrant to purchase a common share (note 11 (a) ii). The 10,177,760 warrants issued have an exercise price of $0.34 USD. Under IFRS, the prescribed accounting treatment for warrants issued with an exercise price denominated in a foreign currency is to classify these warrants as a liability measured at fair value. At each subsequent reporting date, the warrants are re-measured at their fair value and the change in fair value is recognized through profit or loss. Costs of the financing allocated to the warrants forming the warrant liability are to be expensed and accordingly the Company included $167,634 in Interest and financing expense in the Statements of Comprehensive Loss. Details related to the warrant liability are summarized below.

	Number of warrants	Weighted average exercise price (CAD)	Liability amount
Balance, April 30, 2014	-	$ -	$ -
Issued in private placements (note 11(a)ii)	10,177,760	0.3857	1,405,190
Revaluation of warrant liability	-	-	(235,120)
Balance, April 30, 2015	10,177,760	$ 0.4102	$ 1,170,070

(All amounts in Canadian dollars)

10. Debenture

On February 5, 2014, the Company completed an arm's length non-brokered private placement raising approximately $500,000 consisting of a non-convertible debenture ("Debenture") in the amount of $400,000 and an equity placement of 769,230 units consisting of one common share and one warrant for approximately $100,000 (note 11 (a) i). The Debenture had a term of one year from the date of issuance and was repaid on February 5, 2015 at maturity. The debenture bore interest at a rate of 10%, with interest only payable on a monthly basis.

In addition to the interest cost of the Debenture, the Company issued 1,250,000 common share purchase warrants ("Debenture Warrants") with an exercise price of $0.20 and a one-year term with vesting occurring immediately upon issuance of the Debenture. At the date of expiry, 100,000 of these warrants were exercised (note 11 (b)) and the balance expired (note 11 (g) ii).

As the Debenture contained both a liability component and an equity component represented by the Debenture Warrants, the fair value of the liability was determined using a discounted cash flow model and the equity component was estimated using the residual method. The interest discount and the financing costs allocated as a reduction in the Debenture were accreted on a monthly basis to the date of maturity.

Details concerning the Debenture are summarized below.

	Face Value at Issuance	Carrying Values	
		April 30, 2015	April 30, 2014
Balance, beginning of period	$ 400,000	$ 346,666	$ 331,300
Accretion		53,334	15,366
Principal repayments	(400,000)	(400,000)	-
Balance, end of period	$ -	$ -	$ 346,666

(All amounts in Canadian dollars)

11. Share capital:

		April 30, 2015			April 30, 2014		
	Expiry Date Ranges	Issued		Amount	Issued		Amount
Share capital:							
Authorized:							
Unlimited common shares							
Unlimited preference shares							
Issued and fully paid:							
Common shares, without par value		118,435,518	$	20,866,325	96,807,979	$	17,793,769
Common share purchase warrants:							
$0.30 warrants	May 31/14	-		-	12,500,000		1,659,850
$0.20 warrants	Feb 4/15	-		-	1,250,000		32,786
$0.20 compensation warrants	Jul 29/14 - Mar 1/15	-		-	587,995		71,967
$0.26 warrants	Feb 16 - Mar 1/15	-		-	10,208,132		479,249
$0.26 warrants	Jul 31/15 - Jan 29/16	7,985,353		906,636	8,021,153		242,814
$0.37 warrants	Mar 31/15	-		-	1,446,481		441,956
$0.55 warrants	Mar 31/15	-		-	129,019		32,581
$0.30 warrants	May 9 - 26/15	7,500,000		1,227,980	11,250,000		1,899,753
$0.30 warrants	Mar 15/16	12,500,000		2,518,901	-		-
$0.28 warrants	Apr 29 - Jun 2/16	8,951,385		385,071	3,356,250		131,154
$0.22 compensation warrants	Apr 29 - Jun 2/16	461,110		38,436	242,000		17,182
$0.26 warrants	Feb 4/19	769,230		40,392	769,230		40,392
$0.19 USD compensation warrants	Apr 11 - Jun 6/19	3,000,000		472,222	1,500,000		214,351
$0.26 USD compensation warrants	Oct 17 - Nov 25/19	554,752		82,124	-		-
$0.38 warrants	Dec 18/19 - Feb 16/20	3,099,374		186,814	-		-
$0.29 compensation warrants	Dec 18/19 - Feb 16/20	182,350		15,177	-		-
		45,003,554		5,873,753	51,260,260		5,264,035
			$	26,740,078		$	23,057,804

The rights, privileges and restrictions of the common shares are as follows:

(i) to one vote for each common share held at all meetings of the shareholders of the Corporation, except meetings at which only holders of a specified class of shares are entitled to vote; and, subject to the rights, privileges, restrictions, and conditions attaching to any other class or series of shares of the Corporation;

(ii) to receive any dividends declared by the Corporation on the common shares; and,

(iii) to receive the remaining property of the Corporation upon dissolution.

The Board may issue preference shares at any time and from time to time in one or more series, each series of which shall have the designations, rights, privileges, restrictions, and conditions fixed by the Board. The preference shares of each series shall rank on parity with the preference shares of every other series. They shall be entitled to priority over the common shares and any other shares of the Company ranking junior to the preference shares with respect to priority in the payment of dividends and the return of capital and the distribution of assets of the Company in the event of the liquidation, dissolution or winding-up of the Company.

A summary of the changes in common shares is set out below.

(All amounts in Canadian dollars)

	Shares		Amount
Balance April 30, 2013	78,058,472	$	16,416,798
Shares issued - private placements (note 11 (a) i)	18,749,507		1,376,971
Balance April 30, 2014	96,807,979		17,793,769
Shares issued - private placements (note 11 (a) ii)	18,872,269		2,175,158
Shares issued - private placement issuance costs (note 11 (a) iii)	-		(2,808)
Shares issued - warrant exercise (note 11 (b))	1,427,659		541,849
Shares issued - option exercise (note 11 (c))	1,327,611		358,357
	21,627,539		3,072,556
Balance April 30, 2015	118,435,518	$	20,866,325

A summary of the changes in warrants is set out below.

	Warrants		Amount
Balance April 30, 2013	29,890,096	$	2,493,115
Warrants issued - private placement (note 11 (a) i)	18,749,507		766,849
Warrants issued - private placement compensation (note 11 (a) i)	597,343		69,606
Warrants issued - debenture (note 11 (d))	1,250,000		32,786
Warrants issued - consulting (note 11 (e) i)	1,500,000		214,351
Warrants amended (note 11 (f) i)	-		1,717,166
Warrants expired - private placement compensation (note 11 (g) i)	(726,686)		(29,838)
	21,370,164		2,770,920
Balance April 30, 2014	51,260,260		5,264,035
Warrants issued - private placements (note 11 (a) ii)	8,694,509		441,853
Warrants issued - private placement compensation (note 11 (a) ii)	979,576		121,018
Warrants issued - private placements issuance costs (note 11 (a) iii)	-		(1,119)
Warrants exercised (note 11 (b))	(1,427,659)		(185,397)
Warrants issued - consulting (note 11 (e) ii)	1,500,000		257,870
Warrants amended (note 11 (f) ii)	-		1,477,853
Warrants expired (note 11 (g) ii)	(16,003,132)		(1,502,360)
	(6,256,706)		609,718
Balance April 30, 2015	45,003,554	$	5,873,753

(All amounts in Canadian dollars)

Details concerning the share capital transactions are summarized below.

(a) Private placements:

(i) During the year ended April 30, 2014

The Company completed four non-brokered private placements on various dates with specific details for each private placement summarized in the table below. Each private placement was completed in a unit offering consisting of one common share and one common share purchase warrant. The common share purchase warrants and compensation warrants issued in each private placement were exercisable for one common share; and, the expiry date for the common share purchase warrants and the compensation warrants was set at the same date for each warrant type in each private placement.

Private placement closing date	(1) Jun 21, 2013	(2) Aug 30, 2013	Feb 5, 2014	(3) Apr 30, 2014	Total
Issue price per unit	$ 0.1200	$ 0.1200	$ 0.1300	$ 0.1600	
Common shares and warrants issued	4,415,895	10,208,132	769,230	3,356,250	18,749,507
Warrant exercise price	$ 0.26	$ 0.26	$ 0.26	$ 0.28	
Compensation warrants issued	88,213	267,130	-	242,000	597,343
Compensation warrant exercise price	$ 0.20	$ 0.20	$ -	$ 0.22	
Warrant term in months	18	18	60	24	
Cash proceeds summary:					
Gross proceeds	$ 529,907	$ 1,224,976	$ 100,000	$ 537,000	$ 2,391,883
Unit cash issuance costs	34,507	73,858	9,475	60,617	178,457
Net cash proceeds on issuance	$ 495,400	$ 1,151,118	$ 90,525	$ 476,383	$ 2,213,426
Fair value of compensation warrants	7,011	45,413	-	17,182	69,606
Total issuance costs	41,518	119,271	9,475	77,799	248,063
Allocations to common shares:					
Proceeds	$ 353,680	$ 745,727	$ 55,385	$ 383,619	$ 1,538,411
Issuance costs	27,615	73,001	5,252	55,572	161,440
Net value allocated to share capital	326,065	672,726	50,133	328,047	1,376,971
Allocations to warrants:					
Proceeds	176,227	479,249	44,615	153,381	853,472
Issuance costs	13,903	46,270	4,223	22,227	86,623
Net value allocated to warrants	162,324	432,979	40,392	131,154	766,849
Total net value	$ 488,389	$ 1,105,705	$ 90,525	$ 459,201	$ 2,143,820

Notes: (1) The private placement was completed in two tranches with closing dates of May 31 and Jun 21, 2013.
(2) The private placement was completed in three tranches with closing dates of Aug 16, 28, and 30, 2013.
(3) The private placement represented the first tranche of a financing completed in two tranches with the second tranche closing on Jun 3, 2014.

In each of the private placements, the common share purchase warrants were allocated a portion of both the proceeds and the private placement costs based upon their relative fair value at the date of issuance. The fair values of the common share purchase warrants and the compensation warrants were determined using a Black-Scholes valuation model.

(All amounts in Canadian dollars)

A summary of the assumptions used in the model for each private placement were as follows:

Common Share Purchase Warrants	Jun 21, 2013	Aug 30, 2013	Feb 5, 2014	Apr 30, 2014
Common share market price	$ 0.115 - 0.150	$ 0.245 - 0.275	$ 0.245	$ 0.155
Risk free interest rate	1.177%	0.966 - 1.076%	1.910%	1.247%
Expected dividend yield	-	-	-	-
Estimated common share price volatility	145.0 - 146.9%	148.4 - 149.8%	114.5%	102.7%
Estimated life in years	1.5	1.5	5.0	2.0

Compensation Warrants	Jun 21, 2013	Aug 30, 2013	Feb 5, 2014	Apr 30, 2014
Common share market price	$ 0.115 - 0.150	$0.245 -0.250	-	$ 0.155
Risk free interest rate	1.177%	1.076%	-	1.247%
Expected dividend yield	-	-	-	-
Estimated common share price volatility	145.0 - 146.9%	149.8%	-	102.7%
Estimated life in years	1.5	1.5	-	2.0

(ii) During the year ended April 30, 2015

The Company completed four non-brokered private placements on various dates with specific details for each private placement summarized in the table below. Each private placement was completed in a unit offering consisting of one common share and one common share purchase warrant. The common share purchase warrants and compensation warrants issued in each private placement were exercisable for one common share.

The expiry date for the common share purchase warrants and the compensation warrants was set at the same date for each warrant type in each private placement. The expiry date for the warrants in certain private placements will be accelerated to a period of 21 days, if for any ten consecutive trading days during the unexpired term of the warrants (the “Premium Trading Days”), the closing price of the common shares on the TSXV equals or exceeds three times the exercise price set out in the warrant certificate. If this occurs, the reduced exercise period of 21 days will begin seven calendar days after the tenth Premium Trading Day.

Private placement closing date	(1) Jun 3, 2014	(2) Nov 25, 2014	Dec 19, 2014	Feb 17, 2015	Total
Issue price per unit	$ 0.1600	$ 0.2609	$ 0.2550	$ 0.2550	
Common shares issued	5,595,135	10,177,760	970,000	2,129,374	18,872,269
Equity warrants issued	5,595,135	-	970,000	2,129,374	8,694,509
Liability warrants issued	-	10,177,760	-	-	10,177,760
Equity and liability warrants exercise price	$ 0.28	$ 0.34	$ 0.38	$ 0.38	
Compensation warrants issued	219,110	578,116	20,000	162,350	979,576
Compensation warrant exercise price	$ 0.22	$ 0.26	$ 0.29	$ 0.29	
Warrant term in months (3)	24	60	60	60	
Cash proceeds summary:					
Gross proceeds	$ 895,222	$ 2,655,646	$ 247,350	$ 542,990	$ 4,341,208
Unit cash issuance costs	56,278	230,316	17,957	61,078	365,629
Net cash proceeds on issuance	$ 838,944	$ 2,425,330	$ 229,393	$ 481,912	$ 3,975,579
Fair value of compensation warrants	21,254	84,587	1,540	13,637	121,018
Total issuance costs	77,532	314,903	19,497	74,715	486,647
Allocations to common shares:					
Proceeds	$ 616,024	$ 1,250,455	$ 187,501	$ 390,314	$ 2,444,294
Issuance costs	53,373	147,262	14,781	53,720	269,136
Net value allocated to share capital	$ 562,651	$ 1,103,193	$ 172,720	$ 336,594	$ 2,175,158
Allocations to warrants:					
Proceeds	$ 279,198	$ -	$ 59,849	$ 152,676	$ 491,723
Issuance costs	24,159	-	4,716	20,995	49,870
Net value allocated to warrants	255,039	-	55,133	131,681	441,853
Total net value	$ 817,690	$ 1,103,193	$ 227,853	$ 468,275	$ 2,617,011
Proceeds allocated to warrant liability (note 9)	-	$ 1,405,190	-	-	$ 1,405,190
Issuance costs related to warrant liability expensed (note 9)	-	$ 167,634	-	-	$ 167,634

Notes: (1) The private placement represented the second tranche of a financing commenced in the prior fiscal year with the first tranche having closed on Apr 30, 2014.

(2) The issue price per unit represents the weighted average Canadian dollar value on the respective closing dates as the private placement consisted of three tranches closing on Oct 17, Nov 6 and 25, 2014 respectively and issued at a price of $0.23 USD per unit. The warrant exercise price is disclosed at the USD exercise value.

(3) The warrants with a term of 60 months contain an accelerated expiry date provision.

In each of the private placements except that of November 25, 2014, the common share purchase warrants were allocated a portion of the proceeds and the private placement costs based upon their relative fair value at the date of issuance. The fair values of the common share purchase warrants and the compensation warrants were determined using a Black-Scholes valuation model. Compensation warrants issued in the November 25, 2014, private placement were denominated in USD and accordingly were valued using a modified option valuation model.

A summary of the assumptions used in the valuation models for each private placement is set out below.

(All amounts in Canadian dollars)

Common Share Purchase Warrants	Jun 3, 2014	Nov 25, 2014	Dec 19, 2014	Feb 17, 2015
Common share market price	$ 0.190	$ 0.225 - 0.270	$ 0.235	$ 0.220
Risk free interest rate	1.07%	1.49 - 1.73%	0.64%	0.55%
Expected dividend yield	-	-	-	-
Estimated common share price volatility	103.9%	83.9 - 85.2%	86.6%	96.2%
Estimated life in years	2.00	4.53 - 4.65	1.85	2.16

Compensation Warrants	Jun 3, 2014	Nov 25, 2014	Dec 19, 2014	Feb 17, 2015
Common share market price	$ 0.190	$ 0.225 - 0.270	$ 0.235	$ 0.220
Risk free interest rate	1.07%	1.42 - 1.68%	0.57%	0.79%
Expected dividend yield	-	-	-	-
Estimated common share price volatility	103.9%	83.9 - 84.5%	86.3%	93.4%
Estimated life in years	2.00	4.29 - 4.45	1.38	1.66

(iii) Subsequent to April 30, 2014, additional legal fees and regulatory costs of $3,927 were recognized related to the first tranche of a private placement that closed on April 30, 2014. These costs were recognized as a decrease in Share Capital of $2,808 and a decrease in Warrant Capital of $1,119.

(b) Warrant exercises:

During the year ended April 30, 2015, warrant holders exercised common share purchase warrants and compensation warrants. The gross proceeds of these exercises, plus the net value attributed to these warrants on the initial grant, less the costs to issue the common shares upon the exercise, were recognized as common shares as summarized below.

Warrant description	Number of warrants exercised	Gross proceeds	Net warrant transfer value	Share issuance costs	Share capital
$0.20 compensation	555,995	$ 111,199	$ 66,495	$ (1,128)	$ 176,566
$0.26 USD compensation	23,364	7,658	2,464	(133)	9,989
$0.20 common share	100,000	20,000	2,623	(84)	22,539
$0.26 common share	123,300	32,058	4,753	(231)	36,580
$0.30 common share	625,000	187,500	109,062	(387)	296,175
	1,427,659	$ 358,415	$ 185,397	$ (1,963)	$ 541,849

(c) Share option exercises:

A total of 1,327,611 share options were exercised during the year ended April 30, 2015 for gross proceeds of $209,691. Concurrent with these exercises, the Company was required to transfer to Share Capital the amount of $149,050 previously recognized in Contributed Surplus at the time of the share option award. Accordingly, the gross proceeds received on exercise, net of issuance costs of $384 and the transfer from Contributed Surplus, resulted in an increase in Share Capital of $358,357.

(All amounts in Canadian dollars)

(d) Debenture warrants:

On February 5, 2014, the Company completed a non-brokered private placement of a Debenture (note 9). The Debenture contained both a liability component and an equity component represented by 1,250,000 common share purchase warrants (Debenture Warrants) with an exercise price of $0.20, a one-year term and vesting occurring immediately upon issuance of the Debenture. The fair value of the liability was determined using a discounted cash flow model and the Debenture Warrants were valued using the residual method. The residual value and financing costs allocated to the warrants were $36,022 and $3,236 respectively resulting in a Debenture Warrant value of $32,786.

(e) Warrant issuance:

(i) During the year ended April 30, 2014

On April 11, 2014, the Company issued 1,500,000 common share purchase warrants under the terms of a strategic financing advisory agreement with a U.S. investment bank signed in February 2014. The warrants, exercisable to buy one common share at a price of USD $0.19, vested immediately upon issuance and have a term of five years expiring on April 11, 2019.

The common share purchase warrants were valued using a Black-Scholes valuation model with the following assumptions:

Common share market price	$0.195
Risk free interest rate	1.873%
Expected dividend yield	-
Estimated common share price volatility	103.33%
Estimated life in years	5.0

The fair value of the warrants calculated as $220,500 was recognized, net of cash issuance costs of $6,149 as Professional fees in General and administration expense (note 17).

(ii) During the year ended April 30, 2015

On May 5 and May 6, 2014, the Company issued 210,000 and 540,000 common share purchase warrants, respectively, to a U.S. investment bank under the terms of a strategic financing advisory agreement signed in February 2014. On June 6, 2014, an additional 750,000 common share purchase warrants were issued under the same terms. The warrants, exercisable to buy one common share at a price of USD $0.19, vested immediately upon issuance and have a term of five years expiring on May 4 and May 5 and June 5, 2019, respectively.

(All amounts in Canadian dollars)

The Company valued the services provided by the investment bank at the fair value of the warrants issued, as the fair value of the services could not be estimated reliably. The common share purchase warrants were valued using a Black-Scholes valuation model with the following assumptions:

	May 5, 2014	May 6, 2014	June 6, 2014
Common share market price	$ 0.186	$ 0.185	$ 0.267
Risk free interest rate	2.001%	2.001%	2.001%
Expected dividend yield	-	-	-
Estimated common share price volatility	106.1%	114.5%	104.7%
Estimated life in years	4.75	4.75	4.75

The fair value of the warrants calculated as $265,200 was recognized, net of cash issuance costs of $7,330 as Professional fees in General and administration expense (note 17).

(f) Warrant amendments:

(i) During the year ended April 30, 2014

Common share purchase warrants were amended during the year to extend their expiry date. The amendment also included a provision that accelerated the expiry date to a period of 21 days, if for any ten consecutive trading days during the unexpired term of the warrants (the "Premium Trading Days"), the closing price of the common shares on the TSXV equals or exceeds a market price threshold for the Company's common shares. If this occurs, the reduced exercise period of 21 days will begin seven calendar days after the tenth Premium Trading Day. Details of these amendments including the market price threshold triggering the accelerated expiry date are summarized below.

	Sep 11, 2013	Oct 29, 2013	Mar 7, 2014	Total
Warrants amended	11,250,000	12,500,000	1,575,500	25,325,500
Exercise price	$ 0.30	$ 0.30	$ 0.37 & $ 0.55	
Market price threshold	$ 0.37	$ 0.37	$ 0.55	
Expiry date	Sep 23, Oct 9, Oct 26, 2013	Oct 31, 2013	Mar 14, 2014	
Amended expiry date	Apr 23, May 9, May 26, 2015	May 31, 2014	Mar 31, 2015	
Incremental fair value	$ 1,437,500	$ 225,000	$ 63,720	$ 1,726,220
Amendment costs	2,483	4,483	2,088	9,054
Net change in fair value	$ 1,435,017	$ 220,517	$ 61,632	$ 1,717,166

The fair value of the common share purchase warrants at the amendment date was determined using a Black-Scholes valuation model. A summary of the assumptions used in the model for each private placement is set out below.

(All amounts in Canadian dollars)

	Sep 11, 2013	Oct 29, 2013	Mar 7, 2014
Common share market price	$ 0.260	$ 0.175	$ 0.220
Risk free interest rate	0.990%	0.200%	1.126%
Expected dividend yield	-	-	-
Estimated common share price volatility	114.9%	88.2%	85.3%
Estimated life in years	1.65	0.59	1.07

(ii) During the year ended April 30, 2015

Common share purchase warrants were amended during the year to extend their expiry date. The amendment also included a provision that accelerated the expiry date to a period of 21 days, if for any ten consecutive trading days during the unexpired term of the warrants (the "Premium Trading Days"), the closing price of the common shares on the TSXV equals or exceeds a market price threshold for the Company's common shares. If this occurs, the reduced exercise period of 21 days will begin seven calendar days after the tenth Premium Trading Day. Details of these amendments including the market price threshold triggering the accelerated expiry date are summarized below.

	May 27, 2014	Jul 16, 2014	Nov 13, 2014	Dec 16, 2014	Total
Warrants amended	12,500,000	3,569,458	2,412,397	2,003,498	20,485,353
Exercise price	$ 0.30	$ 0.26	$ 0.26	$ 0.26	
Market price threshold	$ 0.60	$ 0.60	$ 0.35	$ 0.35	
Expiry date	May 31, 2014	Jul 29, 2014	Nov 30, 2014	Dec 21, 2014	
Amended expiry date	Mar 15, 2016	Jan 29, 2016	Jul 31, 2015	Aug 20, 2015	
Incremental fair value	$ 862,500	$ 385,501	$ 115,795	$ 124,217	$ 1,488,013
Amendment costs	3,449	2,751	1,950	2,010	10,160
Net change in fair value	$ 859,051	$ 382,750	$ 113,845	$ 122,207	$ 1,477,853

The fair value of the common share purchase warrants at the amendment date was determined using a Black-Scholes valuation model. A summary of the assumptions used in the model for each private placement is set out below.

	May 27, 2014	Jul 16, 2014	Nov 13, 2014	Dec 16, 2014
Common share market price	$ 0.195	$ 0.245	$ 0.250	$ 0.235
Risk free interest rate	1.247%	0.947%	0.980%	0.980%
Expected dividend yield	-	-	-	-
Estimated common share price volatility	97.8%	106.4%	85.7%	98.0%
Estimated life in years	1.80	1.54	0.71	0.68

(All amounts in Canadian dollars)

(g) Warrant Expiries:

(i) During the year ended April 30, 2014

A total of 726,686 compensation warrants exercisable at a price of $0.30 relating to a private placement that was completed in three tranches in 2012 expired as follows: 157,937 on September 23, 437,499 on October 9, and 131,250 on October 26, 2013. As a result, the net amount previously recorded for these warrants of $29,838 was transferred to Contributed Surplus. The tax effect of the expiration of these warrants was recorded as a decrease to Contributed Surplus of $4,000. In addition, the tax effect of $14,900 of previously unrecognized non-capital losses has been recognized with a corresponding increase to Contributed Surplus of $4,000.

(ii) During the year ended April 30, 2015

Warrants related to various private placements expired as set out below. The net amount previously recorded for these warrants of $1,502,360 was transferred to Contributed Surplus.

Warrant description	Warrants expired		Warrant value transferred	Warrant costs transferred	Share Capital
$0.20 compensation	32,000	$	(5,472)	-	(5,472)
$0.20 common share	1,150,000		(33,140)	2,977	(30,163)
$0.26 common share	10,120,632		(475,136)	45,658	(429,478)
$0.30 common share	3,125,000		(577,813)	15,103	(562,710)
$0.37 common share	1,446,481		(453,131)	11,175	(441,956)
$0.55 common share	129,019		(33,064)	483	(32,581)
	16,003,132	$	(1,577,756)	75,396	(1,502,360)

The tax effect of the expiration of these warrants was recorded as a decrease to Contributed Surplus of $107,000. In addition, the tax effect of $402,000 of previously unrecognized non-capital losses has been recognized with a corresponding increase to Contributed Surplus of $107,000.

12. Share-based compensation:

The Company maintains only one share option plan (“SOP”) that is used for its directors, employees, and consultants who contribute to the long-term goals of the Company. Under the SOP, options can be awarded at any time; however, the maximum number of common shares available for purchase through option grants cannot exceed 10% of the outstanding common shares issued. The awarding of options, the exercise price, the expiry date, and the vesting period are approved by the Compensation Committee of the Board. The vesting terms generally only require the passage of time and there have been no market vesting conditions assigned to options. The SOP sets out a maximum option life of five years for granted options. Settlement of share-based compensation is done solely through equity issuances.

(All amounts in Canadian dollars)

For the year ended April 30, 2015, the Company recorded share-based compensation expense of $305,495 (2014 – $163,672) consisting of share options granted to employees, directors, and consultants. At April 30, 2015, 6,371,368 options were available for grant (2014 – 3,212,690) under the share option plan.

A summary of the changes in the number of options outstanding along with the weighted average exercise price for the comparative years is as follows:

	2015			2014		
	Options		Weighted average exercise price	Options		Weighted average exercise price
Opening balance	6,468,108	$	0.23	5,584,437	$	0.29
Granted	1,951,099		0.29	1,421,167		0.20
Exercised	(1,327,611)		(0.16)	-		-
Expired	(1,619,412)		(0.37)	(537,496)		(0.82)
Ending balance	5,472,184	$	0.22	6,468,108	$	0.23

The forfeiture rates applied by optionee type against the fair value determined under the Black-Scholes valuation model in determining the share-based compensation to be recognized for the comparative years are summarized below.

Average Forfeiture Rates by Optionee Type			
Fiscal Year	Directors	Employees	Consultants
2015	-	14.39%	4.41%
2014	-	18.26%	-

The assumptions used in the Black-Scholes valuation model related to the share options granted in 2015 and 2014 were as follows:

		2015		2014
Exercise price	$	0.24 - 0.29	$	0.18 - 0.25
Risk free interest rate		0.79 - 1.35%		0.96 - 1.49%
Expected dividend yield		-		-
Estimated share price volatility		83.6 - 115.0%		109.3 - 140.3%
Estimated life in years		1.5 - 4.5		0.5 - 3.6
Estimated total share option value	$	339,065	$	180,257

(All amounts in Canadian dollars)

Details of the outstanding share options at April 30, 2015 are summarized below:

Range of exercise prices	Options granted and outstanding at April 30, 2015	Unvested	Vested	Weighted average exercise price of outstanding options	Weighted average remaining contractual life in years	Weighted average exercise price of vested options
$0.14 - $0.20	3,008,773	-	3,008,773	$ 0.18	2.34	$ 0.18
$0.21 - $0.30	2,463,411	1,058,049	1,405,362	0.29	3.86	0.29
	5,472,184	1,058,049	4,414,135	$ 0.22	3.03	$ 0.21

Details of the outstanding share options at April 30, 2014 are summarized below:

Range of exercise prices	Options granted and outstanding at April 30, 2014	Unvested	Vested	Weighted average exercise price of outstanding options	Weighted average remaining contractual life in years	Weighted average exercise price of vested options
$0.14 - $0.25	4,840,349	728,375	4,111,974	$ 0.17	3.79	$ 0.17
$0.26 - $0.50	1,627,759	-	1,627,759	0.38	2.61	0.38
	6,468,108	728,375	5,739,733	$ 0.23	3.49	$ 0.23

13. Income taxes:

(a) Current income tax expense:

The following table reconciles tax expense (recovery) on the accounting loss, calculated using combined Canadian federal and provincial (Ontario) tax rates.

	April 30, 2015	April 30, 2014
Loss for the period	$ (3,813,186)	$ (2,996,179)
Statutory rate	26.50%	26.50%
Income tax using the Company's tax rate	(1,010,000)	(794,000)
Non-deductible expenses	333,000	230,000
Change in unrecognized temporary differences	798,000	567,000
Other	(121,000)	(3,000)
	$ -	$ -

There was no change in the Canadian statutory income tax rate applicable to the Company during the year.

(All amounts in Canadian dollars)

(b) Unrecognized deferred tax assets:

Deferred tax assets have not been recognized in respect of the following items:

	April 30, 2015	April 30, 2014
Deductible temporary differences	$ 1,702,000	$ 1,420,000
Tax losses	3,870,000	3,367,000
	$ 5,572,000	$ 4,787,000

The Company has non-capital losses and research and development expenditures, which may be applied to reduce taxable income of future years that expire as follows:

2025	$ 178,000
2026	463,000
2027	580,000
2028	1,297,000
2029	2,037,000
2030	2,075,000
2031	1,508,000
2032	1,588,000
2033	1,441,000
2034	1,537,000
2035	1,898,000
Total non-capital losses	$ 14,602,000
Total research and development expenditures, no expiry	$ 5,578,000

In measuring the deferred tax assets, management considers whether it is probable that the Company will generate sufficient taxable profit to utilize some portion or all of the benefits assigned to the deferred tax assets. Management considers the likelihood of future profitability, the existence of taxable temporary differences, which are expected to reverse, and any available tax planning opportunities to make this assessment. To the extent that management believes it is not probable that the deferred tax assets will be realized, the deferred tax assets are not recognized. Management currently believes that the Company does not meet the probability criterion and, therefore, deferred tax assets have not been recognized in the Statements of Financial Position.

(All amounts in Canadian dollars)

14. Investment tax credits and government assistance:

The details of ITCs recognized by the Company are as follows:

Year ended April 30	2015	2014
Ontario innovation tax credit	$ 59,350	$ 73,871
Ontario business research institutes tax credit	-	(2,064)
Quebec tax credit for R&D salaries and wages	70,316	46,305
	$ 129,666	$ 118,112

The Company received ITCs of $119,031 related to fiscal 2014 during the current year (2014 – $120,509 related to fiscal 2013).

The Company recognized $30,121 as a reduction in Research and product development expense for government assistance under an Industrial Research Assistance Program grant with the National Research Council of Canada during 2014 (note 17). The grant provided support for the development of the Company's acute myelogenous leukemia program and concluded on March 31, 2014. Also during fiscal 2014, the Company received $1,232 under a Summer Works Program grant to support the employment of a summer student.

15. Interest and financing (expense), net:

Year ended April 30	FYE 2015	FYE 2014
Interest income	$ 12,768	$ 5,549
Finance costs:		
Interest expense	(62,609)	(18,880)
Bank charges	(1,613)	(1,270)
Unit issuance expenses allocated to warrant liability	(167,634)	-
	(231,856)	(20,150)
	$ (219,088)	$ (14,601)

16. Loss per share:

Both the basic and diluted loss per share were computed using the loss attributable to the common shareholders. The issuance of contingent shares, and the exercise of outstanding options and warrants are anti-dilutive in the calculation of diluted loss per share because of the current and prior year loss and accordingly they are not included in the computation of diluted loss per share below.

Year ended April 30	2015	2014
Loss	$ (3,813,186)	$ (2,996,179)
Weighted average number of common shares	108,691,326	89,195,621
Loss per share - basic and diluted	$ (0.04)	$ (0.03)

(All amounts in Canadian dollars)

17. Functional expense breakdown:

The major expenses by functional area are summarized for the respective years below.

April 30, 2015	Research and product development	Sales and marketing	General and administration	Total
Professional fees	$ 47,452	$ 135,250	$ 757,198	$ 939,900
Salaries, meeting fees, and short-term benefits	420,876	9,136	393,338	823,350
Amortization	-	-	536,459	536,459
Office expenses	38,893	1,178	259,375	299,446
Synthesis and miscellaneous R&D expenses	324,777	-	-	324,777
Share-based compensation	22,935	-	282,560	305,495
Marketing expenses	22,004	140,365	113,124	275,493
Drug Development Consulting	274,288	-	-	274,288
In vitro/In vivo testing	204,283	-	-	204,283
	$ 1,355,508	$ 285,929	$ 2,342,054	$ 3,983,491

April 30, 2014	Research and product development	Sales and marketing	General and administration	Total
Professional fees	$ 38,387	$ 55,250	$ 694,440	$ 788,077
Salaries, meeting fees, and short-term benefits	367,772	-	364,866	732,638
Amortization	-	-	534,811	534,811
Office expenses	23,570	427	158,632	182,629
Synthesis and miscellaneous R&D expenses	80,456	-	-	80,456
Share-based compensation	-	-	163,672	163,672
Marketing expenses	5,634	49,540	41,764	96,938
Drug Development Consulting	6,211	-	-	6,211
In vitro/In vivo testing	543,739	-	-	543,739
R&D cost recoveries - government grant	(31,353)	-	-	(31,353)
	$ 1,034,416	$ 105,217	$ 1,958,185	$ 3,097,818

18. Financial instruments and risk management:

The Company is exposed to credit risk, liquidity risk, foreign exchange risk and interest rate risk from its financial assets and liabilities. Risk management strategies are designed to ensure the Company's risks and related exposures are consistent with its business objectives and risk tolerance.

(a) Risk management framework:

The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit Committee is responsible for assisting in developing and monitoring the Company's risk management policies. The Audit Committee reports regularly to the Board.

(b) Financial assets and liabilities

(i) Fair values:

The Company has determined that the carrying values of its financial assets and liabilities, being cash and cash equivalents, short-term investment, other receivables and accounts payable and accrued liabilities, approximate their fair values because of the relatively short periods to maturity of these instruments.

The warrant liability is recorded at fair value at each reporting period. Its fair value is estimated using a modified option valuation model incorporating expected life, currency and price volatility, and the discount rate (notes 9 and 11(a) ii).

(ii) Fair value hierarchy:

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The warrant liability is classified as Level 2 in the fair value hierarchy.

There were no transfers between the hierarchy levels during the year.

(c) Credit risk:

Credit risk is the risk of financial loss that may occur from the failure of another party to perform according to the terms of a contract. The Company regularly monitors its credit risk exposure and takes steps to mitigate the likelihood that these exposures will result in an actual loss. The Company has limited exposure to credit risk on its cash balances as all cash was maintained in liquid investments with major Canadian financial institutions as governed by the Company's formal investment policy. There has been no material change to the Company's credit risk exposure or processes related to the financial assets during the year.

(d) Liquidity risk:

Liquidity risk is the risk of the Company having difficulty in meeting the obligations associated with its financial liabilities in delivering cash or another financial asset. The Company monitors and manages its actual cash and projected cash flows with the primary objective of maintaining liquidity and its ability to meet its financial obligations.

The contractual maturities of the Company's financial liabilities, being accounts payable and accrued liabilities and debenture, including interest payments on financial liabilities, on an undiscounted cash flow basis, mature within one year. The Company has determined it has, or will have, sufficient working capital to manage its maturing financial liabilities as they come due based on its ability to raise funds through private placements as demonstrated in prior years and subsequent to the reporting date (note 23 (a) and note 3). The Company has excluded the warrant liability from the liquidity risk analysis as the obligation is non-cash and will be settled in shares.

(e) Market risk:

Market risk is the risk that changes in market prices, such as foreign currency rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing return.

(i) Foreign currency risk:

The Company has historically entered contracts denominated in currencies other than the Canadian dollar (CAD). As a result, the Company may be exposed to risk from fluctuations in exchange rates between the CAD and these currencies. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As a result, variations in foreign exchange rates could cause fluctuations in the Company's operating results and cash flows. During the year, the Company's foreign exchange exposure was primarily related to the USD.

The Company's exposure to foreign currency risk expressed in CAD at the year-end is set out below. Excluding the currency impact of the warrant liability, which is a liability not settled in cash, a 5% strengthening of the CAD against the USD at April 30, 2015 would have increased the Company's loss by approximately $19,000 (2014 – $500). A 5% weakening of the CAD against the USD at those dates would have had the equal but opposite effect assuming all other variables remain constant.

(All amounts in Canadian dollars)

As at April 30, 2015	CAD	USD	Other	Total
Cash and cash equivalents	$ 1,116,007	$ 483,076	$ 137	$ 1,599,220
Short-term investments	266,464	-	-	266,464
Other receivables	6,535	-	-	6,535
Accounts payable and accrued liabilities	(644,561)	(87,941)	(24,350)	(756,852)
Warrant liability	-	(1,170,070)	-	(1,170,070)
	$ 744,445	$ (774,935)	$ (24,213)	$ (54,703)

As at April 30, 2014	CAD	USD	Other	Total
Cash and cash equivalents	$ 760,491	$ 69,547	$ 237	$ 830,275
Other receivables	615	-	-	615
Accounts payable and accrued liabilities	(604,453)	(60,664)	(9,203)	(674,320)
Debenture	(346,666)	-	-	(346,666)
	$ (190,013)	$ 8,883	$ (8,966)	$ (190,096)

(ii) Interest rate risk:

Interest rate risk arises from fluctuations in the interest rates applied to financial assets and liabilities. The financial asset exposure to interest rate risk is concentrated in the cash equivalents and short-term investment as the interest rates obtained will fluctuate with market pricing. The Company regularly monitors the rates available with the selection of investments restricted to those with high credit ratings in accordance with the Company's investment policy.

The Company has limited financial liability exposure to interest rate risk as its exposure is limited to changes in interest rates on overdue accounts payable only. There have been no changes to the Company's interest rate risk exposure or processes related to this risk during the year. The amount of such exposure is not considered significant to the financial statements.

19. Supplementary cash flow information:

As at April 30	2015	2014
Change in non-cash working capital:		
Other receivables	$ (37,410)	$ 12,361
Prepaid expenses and deposits	(10,953)	6,813
Accounts payable and accrued liabilities	(148,300)	305,381
	$ (196,663)	$ 324,555

(All amounts in Canadian dollars)

The Company also engaged in certain investing and financing transactions that did not involve the use of cash as set out below:

As at April 30	2015	2014
Warrants amended to extend the time to expiry (note 11 (f))	$ 1,477,853	$ 1,717,166
Warrants issued in payment of consulting fees (note 11 (e))	257,870	214,351
Warrants issued as compensation in private placements (note 11 (a))	121,018	69,606
	$ 1,856,741	$ 2,001,123

20. Commitments:

The Company has research and development contract commitments to pay $165,758 in fiscal 2016 for the completion of work under specific research and development contracts existing at the year-end.

21. Related party transactions:

(a) Transactions with key personnel – compensation:

Key personnel includes the Company's C-level executive team ("Executives") and its directors. In addition to their salaries, the Company also provides non-cash benefits to the Executives. The Executives and the Company directors also participate in the Company's SOP (note 12). For both 2015 and 2014, Executives' compensation, excluding share-based compensation which is all recorded in General and administration expense, is recognized in salaries and meeting fees by functional area as applicable to each Executive. Directors compensation is recognized in salaries and meeting fees in General and administration expense (note 17).

Compensation provided to key personnel is summarized as follows:

For the year ended April 30, 2015	Executives	Directors	Total
Salaries and meeting fees	$ 329,880	$ 59,172	$ 389,052
Short-term benefits	17,766	4,296	22,062
Share-based compensation	46,891	224,826	271,717
Total compensation	$ 394,537	$ 288,294	$ 682,831

For the year ended April 30, 2014	Executives	Directors	Total
Salaries and meeting fees	$ 300,171	$ 50,500	$ 350,671
Short-term benefits	17,201	5,318	22,519
Share-based compensation	11,390	104,492	115,882
Total compensation	$ 328,762	$ 160,310	$ 489,072

At April 30, 2015, there were directors' fees payable of $1,422 (2014 – $26,250) and accrued salaries, benefits, and outstanding vacation pay owing to Executives of $84,807 (2014 – $76,671).

(b) Transactions with key personnel – share and warrant transactions:

i. During the year ended April 30, 2015, key personnel who were also warrant holders had the terms of warrants, which were nearing their expiry date, amended to extend their life consistent with the modifications provided to other warrant holders (note 11 (f) ii).

ii. Also during the year, key personnel participated, directly and beneficially, in three tranches of the private placement that closed on October 17, November 6, and November 25, 2014, respectively (note 11 (a) ii). The aggregate investment was approximately $97,395 CAD to acquire 373,610 units priced at USD $0.23 per unit and representing approximately 3.7% of the total gross proceeds.

22. Capital management:

The Company's capital is defined as common shares and warrants, contributed surplus, and deficit, which are presented in the Statements of Financial Position under the heading Shareholders' equity and further detailed in the Statements of Changes in Shareholders' Equity. The Company's objectives when managing capital are:

(a) To maintain strong liquidity to meet current obligations and continue as a going concern;
(b) To limit dilution of shareholders' investment to the extent necessary to finance operations;
(c) To ensure financial capacity to execute strategic plans; and,
(d) To provide the Company's shareholders with a return on their investment.

The Company sets the amount of capital in proportion to its spending plans and consequently its need for operating funds. The Company regularly monitors risks that could threaten its ability to meet its capital management objectives and seeks to make adjustments based on changes in economic conditions and its funding requirements to deal with such risks.

The Company is not subject to any externally imposed capital requirements that subjects the Company to the maintenance of liquidity levels or target ratios. The Company does not currently pay nor contemplate paying dividends.

23. Subsequent events:

(a) Private placement:

The Company completed a non-brokered private placement in two tranches on June 29 and July 31, 2015. The Company issued 4,288,533 units consisting of one common share and one-half of a warrant at $0.30 per unit for gross proceeds of $1,286,560. The Company paid finders' fees in connection with the offering of $50,806 in cash and issued 169,020 compensation warrants. Each whole common share purchase warrant is exercisable for one common share at an exercise price of $0.42 and each compensation warrant is exercisable for one common share at an exercise price of $0.315 for a period of 24 months from the date of issue.

(b) Warrant exercise:

Subsequent to April 30, 2015, the Company realized gross proceeds of $834,668 from the exercise of 2,988,398 common share purchase warrants and 39,554 compensation warrants.

(c) Warrant expiries:

A total of 7,522,499 common share warrants exercisable at a price of $0.30 relating to a private placement that was completed in two tranches in April 2012 expired as follows: 5,625,000 warrants on May 9, 2015 and 735,000 warrants on May 26, 2015.

An additional 2,567,497 common share warrants exercisable at a price of $0.26 relating to a private placement that was completed in two tranches on May 31 and June 21, 2013 expired on July 31 and August 20, 2015 respectively.