Management Discussion and Analysis of the Financial Condition and Results of Operations

Fiscal 2016 – First Quarter
for the three months ended July 31, 2015

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Overview

The following management discussion and analysis ("MD&A") is a review of the financial condition and results of operations of Critical Outcome Technologies Inc. ("COTI" or the "Company") for the quarter ended July 31, 2015. This MD&A is intended to assist in understanding the dynamics of the Company's business and the key factors underlying its financial results. The Audit Committee of the Company, as authorized by the Board of Directors, approved the content of this MD&A on September 28, 2015.

This analysis should be read in conjunction with the unaudited condensed interim financial statements ("Interim Financial Statements") and notes thereto for the quarter ended July 31, 2015. These Interim Financial Statements were prepared in accordance with International Financial Reporting Standards ("IFRS") and in particular with International Accounting Standard 34: Interim Financial Reporting.

All dollar amounts in this MD&A are expressed in Canadian dollars ("CAD") unless stated otherwise.

The Company's quarterly interim reports, Annual Financial Statements, and additional supplementary information concerning the Company can be found on SEDAR at www.sedar.com or on the Company's website at www.criticaloutcome.com.

Forward-looking Statements

This MD&A contains certain statements based upon forward-looking information (forward-looking statements or "FLS") concerning the Company's plans for its operations and other matters within the meaning of applicable Canadian provincial securities laws. FLS are necessarily based on estimates and assumptions that are inherently subject to significant business, economic, and competitive uncertainties and contingencies. All statements that address activities, events, or developments that the Company believes, expects or anticipates will or may occur in the future are FLS. FLS are subject to a variety of risks and uncertainties that may cause the actual events or results of the Company to differ materially from those discussed in the FLS, and even if such actual events or results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company.

Any statements that express or involve discussion with respect to predictions, expectations, beliefs, plans, projections, objectives, or assumptions of future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be FLS. The major FLS included in this MD&A are set out in Table 1.

The basis for the FLS is management's current expectations, estimates, projections, and assumptions. By their nature, they are not guarantees of future performance as they involve significant risks and uncertainties. The main assumptions used by management to develop the forward-looking information include the following:

- An ability to obtain sufficient financing to support working capital requirements and fund further research and development initiatives;
- An ability to further enhance and add features to the CHEMSAS® technology or incorporate advances in artificial intelligence for internal and collaborative purposes;
- Obtaining patent protection for the Company's compounds and other intellectual property; and,
- An ability to attract and retain skilled and experienced personnel and to establish preferred supplier relationships with reputable and reliable third party clinical research organizations.

Table 1: Forward-looking Statements

MD&A Section Heading	Nature of Forward-looking Information Disclosed
Our Business	• Plans to advance COTI-2 into a Phase 1 clinical trial in fiscal 2016 • Plans for future application of the CHEMSAS® technology on a collaboration basis • The Company's commercialization strategy for collaborations
Operational Progress and Outlook	• Need for funding and plans to obtain • Intent to move ahead with a Phase 1 clinical trial with MD Anderson in fiscal 2016 • Seeking new indications for COTI-2 beyond gynecological cancers • Potential for collaboration projects leading to revenue • Further development of COTI-219 as the clinical development successor to COTI-2 • Increased development of the ROSALIND technology
Liquidity and Cash Resources	• Plans to seek additional cash resources • Plans to raise capital in the U.S.
Foreign Exchange Exposure	• Expectation of an increase in exposure to currency fluctuations resulting from clinical trial costs being undertaken with a U.S. based investigator institution
Industry and Economic Risk Factors Affecting Performance	• The expectation of continued losses until a revenue transaction is secured • Plans to negotiate future licensing agreements • Plans to raise additional financing through different venues and mechanisms available to the Company
Changes in Accounting Policies	• The adoption in fiscal 2017 of new accounting standards issued by the International Accounting Standards Board

Management of COTI considers the assumptions on which the FLS are based to be reasonable. However, management cautions the reader that because of the many risk factors as set out in the Company's AIF, including those specifically described later in the MD&A, which are of particular importance to the assumptions above, actual results could differ materially from those expressed or implied in the FLS. These assumptions may prove to be incorrect, and as such, undue reliance should not be placed on any individual FLS.

The forward-looking information is provided as of the date of this MD&A and the Company does not undertake any obligation to publicly update or revise any forward-looking information, whether because of new information, future events, or otherwise, except as required by securities laws.

The Company

COTI is a London, Ontario, based company resulting from the amalgamation on October 13, 2006, of Aviator Petroleum Corp. ("Aviator"), a public company listed on the TSX Venture Exchange ("TSXV"), and Critical Outcome Technologies Inc., a private company under the provisions of the *Business Corporations Act* (Ontario). The amalgamation constituted the qualifying transaction for Aviator pursuant to the policies of the TSXV. The amalgamated company adopted the name Critical Outcome Technologies Inc. and its common shares were listed and posted for trading on the TSXV under the symbol COT on October 30, 2006.

On November 27, 2007, the Company completed an acquisition of all the outstanding common shares in 3015402 Ontario Inc. operating as DDP Therapeutics ("DDP"), in which the Company had, up to the date of the acquisition, a 10% ownership interest. DDP was formed in early 2005 to develop a library of small cell lung cancer molecules discovered by the Company using its drug discovery technology.

On May 1, 2008, the Company amalgamated with this wholly owned subsidiary under the laws of the Province of Ontario.

On June 16, 2014, the Company commenced trading in the United States on the OTC Markets OTCQB trading platform for venture companies under the symbol COTQF.

Our 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 that are projected to have 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.

Using CHEMSAS®, the Company has created a pipeline of novel, proprietary, small molecules for specific therapy targets with high morbidity and mortality rates, which currently have either poor or no effective therapies. The Company is currently developing a few of these molecules through the preclinical testing stage as commercial validation of the CHEMSAS® platform. Its most advanced oncology asset, COTI-2, has received its investigational new drug application grant from the United States Food and Drug Administration ("FDA") and will commence a Phase 1 clinical trial in gynecological cancers in fiscal 2016.

The Company also seeks to leverage CHEMSAS® to identify targeted lead candidates of commercial interest to pharmaceutical, biotechnology, research and academic organizations on a collaborative basis. The Company's commercialization strategy for collaborations involves an upfront fee and a shared risk/reward revenue model delivered through a series of milestone payments based on preclinical and clinical test results and a royalty on sales. This service offering provides prospective customers with an efficient and cost effective approach for generating targeted discovery stage compounds while enhancing value to COTI and its shareholders from the underlying CHEMSAS® technology.

Operational Progress & Outlook

a) Operations

The major highlight of the first quarter was the receipt on May 22, 2015, of the Investigational New Drug ("IND") grant from the FDA to proceed with the Company's lead oncology compound, COTI-2, in the proposed clinical investigation and treatment use for advanced and recurrent gynecologic malignancies.

With the grant of IND status, the Company was able to move ahead during the remainder of the quarter with the detailed planning of the Phase 1 clinical trial with the University of Texas, MD Anderson Cancer Center ("MD Anderson") in Houston, TX, and with obtaining the necessary internal board and committee approvals from the institution. At the end of the quarter, the Company had moved through the initial internal review board ("IRB") protocol review and dealt with their comments and suggestions and had made its submission to the Ethics Review Board ("ERB") following the IRB amendments. The ERB review was scheduled for early August following which the clinical trial agreement ("CTA") would be provided.

The CTA is the key legal agreement between the Company and MD Anderson and includes the financial budget and payment terms and the detailed clinical study protocol for the clinical investigators. Once the CTA is signed, the Phase 1 trial can officially begin with dosing of the first patients to follow several weeks later after patient pre-screening, enrolment and pre-dose testing is completed.

During the quarter, the Company continued its strategic efforts to broaden the number of oncology indications for which COTI-2 would be a valuable p53 mutational therapy. These efforts included further discussions with other major research institutions in using COTI-2 for the treatment of patients with recurrent head and neck squamous cell cancer ("HNSCC"), acute myelogenous leukemia ("AML"), pancreatic cancer, lung cancer, and Li Fraumeni syndrome; and additional preclinical animal studies with a number of parties in HNSCC and Li-Fraumeni.

The Company also continued preclinical testing on its next clinical drug development candidate, COTI-219. This testing focused on mechanism of action validation and in vivo studies. The Company looks forward to being able to share details on these tests and this promising candidate later in the year.

The Company attended and presented at a number of conferences during the quarter that enabled management to connect with many parties interested in the progress of COTI-2 and its potential for

licensing once human data is available. These discussions also included the potential for collaboration on combination therapy studies.

In addition to COTI-2, management continued to foster interest in the development of its ROSALIND technology targeted to provide personalized oncology drug treatment recommendations to physicians and patients based on the genetic profile of each individual patient's specific cancer. Key strategic issues are being addressed around scientific and commercial validation as well as the development of a business case to bring the technology to market. The Company plans to seek government support and research partners in moving this project through clinical and commercial validation.

b) Financing

The Company has a number of important objectives planned for the balance of fiscal 2016 to drive the business to revenue with the primary focus being the initial COTI-2 clinical trial. However, in order to realize its objectives, the Company will require additional funding. Successful funding efforts that raised approximately $1.97m during the first quarter are highlighted in the Liquidity and Cash Resources section. Additional funding sources through the balance of fiscal 2016 may include:

- the exercise of options/warrants that could occur with further increases in the stock price above the current in-the-money exercise prices;
- additional private placement equity financings with an emphasis on institutional investors and creating a U.S. base of investors;
- government funding; and,
- co-development project funding from interested partners.

Financial Review of First Quarter Results

Summary financial information for the comparative first quarter periods ended July 31, 2015 and 2014 is set out in Table 2.

Table 2 – Summary Financial Information – First Quarter Comparisons

	Q1-FYE'16	Q1-FYE'15	Change
Expenses (income):			
Research and product development	$ 298,722	$ 234,840	$ (63,882)
Sales and marketing	157,068	43,404	(113,664)
General and administration	455,054	718,774	263,720
Investment tax credits	(7,979)	(46,021)	(38,042)
	902,865	950,997	48,132
Loss before finance income (expense)	(902,865)	(950,997)	48,132
Finance income (expense):			
Interest income (expense), net	2,101	(18,486)	20,587
Change in fair value of warrant liability	(108,576)	-	(108,576)
Foreign exchange gain (loss)	24,220	(1,313)	25,533
	(82,255)	(19,799)	(62,456)
Loss and comprehensive loss	$ (985,120)	$ (970,796)	$ (14,324)
Weighted average shares outstanding	120,374,350	100,616,965	
Loss per common share	$ 0.01	$ 0.01	

Expenses

Expenses decreased from $950,997 in Q1-FYE'15 to $902,865 in Q1-FYE'16, a decrease of $48,132. This decrease occurred primarily in general and administration expense. Increases in sales and marketing, and research and product development expense, and a decrease in investment tax credits partially offset the decrease in general and administration expense.

a) Research and Product Development ("R&D") Expenses

R&D expenses decreased from the fourth quarter of fiscal 2015 as the Company filed its application for a Phase 1 study of its lead oncology compound, COTI-2, just before year-end on April 24, 2015, thus reducing requirements for third party testing of this compound during the first quarter of fiscal 2016. The focus in the first quarter moved to planning the Phase 1 clinical trial details with MD Anderson and the supporting contract research organizations. Table 3 provides a breakdown of R&D expenses by major expense types for the comparable three-month fiscal periods ended July 31.

Table 3: R&D Expenses – Comparative Three Month Periods Ended July 31

	Q1-FYE'16	Q1-FYE'15	Change
Synthesis and miscellaneous R&D expenses	$ 36,681	$ 26,492	$ (10,189)
In vivo/in vitro testing	44,450	80,991	36,541
	81,131	107,483	26,352
Salaries and benefits	133,218	85,756	(47,462)
Professional fees	61,527	28,973	(32,554)
Other	11,897	12,628	731
	287,773	234,840	(52,933)
Share-based compensation	10,949	-	(10,949)
Total	$ 298,722	$ 234,840	$ (63,882)

In vivo/in vitro testing for Q1-FYE'16 decreased $36,541 quarter over quarter primarily associated with a reduction in testing for COTI-2, the Company's lead oncology drug candidate. Q1-FYE'15 expense related primarily to the 28-day two-species toxicity testing, which was substantially completed in that quarter. These important test results were necessary for inclusion in the IND submission to the FDA for COTI-2 made in the fourth quarter of fiscal 2015.

The increase in Salaries and benefits of $47,462 primarily reflects an increase in head count with the addition of a Clinical Trials Manager in March 2015 to spearhead the Company's efforts in managing the planned Phase 1 clinical trial for COTI-2.

Professional fees increased during Q1-FYE'16, first, due to scientific consultants' costs in support of the Company's interactions with the FDA in its review of the COTI-2 IND submission made on April 24, 2015, and second, the engagement of a contract research organization to plan the data management, analysis and reporting for the Phase 1 trial.

b) General and Administration ("G&A") Expenses

Activities captured in G&A for Q1-FYE'16 were relatively consistent compared to the prior year, however, certain initiatives undertaken using consultants, particularly investor relations, were re-evaluated during fiscal 2015 and more cost effective approaches were identified resulting in better value being realized in Q1-FYE'16. In addition, the amortization of the COTI-2 molecule was reassessed following the settlement of contingent purchase consideration in May 2015 resulting in a change in period of amortization that has reduced this expense. Table 4 provides a breakdown of G&A expenses by major expense types for the comparable three month fiscal periods ended July 31. The decrease of $263,720 in G&A expenses quarter over quarter is primarily attributable to a significant decrease in Professional fees and Amortization expense with partial offset from Shared-based compensation.

Table 4: G&A Expenses – Comparative Three Month Periods Ended July 31

	Q1-FYE'16	Q1-FYE'15	Change
Professional fees	$ 137,455	$ 386,260	$ 248,805
Salaries and benefits	99,237	98,302	(935)
Amortization	81,995	133,117	51,122
Corporate governance	28,786	21,718	(7,068)
Promotion and travel	25,245	16,892	(8,353)
Insurance	14,391	14,423	32
Rent	10,200	9,915	(285)
Other	2,993	13,219	10,226
	400,302	693,846	293,544
Share-based compensation	54,752	24,928	(29,824)
Total	$ 455,054	$ 718,774	$ 263,720

The Professional fees in Q1-FYE'15 primarily related to engaging consultants in support of a number of initiatives that included strategic advice on raising awareness of the Company in the United States ("U.S."); strategic advice in pursuing financing in the U.S.; and support related to obtaining a listing on the OTCQB trading platform to provide improved market access for U.S. investors. These consulting fees included a non-cash payment through the issuance of 750,000 common share purchase warrants of the Company in each of May and June 2014. The warrants were valued at $260,250 using a Black-Scholes valuation model. Certain of these consulting engagements were terminated later in fiscal 2015 and are reflected in the lower consulting fees in Q1-FYE'16.

Amortization decreased in Q1-FYE'16 as management reassessed the period over which future economic benefits would be realized following the settlement in May 2015 of contingent purchase consideration in the amount of $250,502 that was recognized with an increase in the value of the molecules. The amortization period of the molecules had historically been 96 months commencing December 1, 2007, the month following the date of purchase of the molecules in accordance with the Company's amortization policy for intangible assets. This period was based upon the original purchase agreement wherein if the contingent purchase consideration for the molecules was not paid by November 27, 2015, the molecules were required to be returned to the seller. As a result of the settlement, the Company reviewed the useful life and the expected pattern of consumption of the future economic benefits of the molecules, and more specifically COTI-2 and the molecules covered under its patent. The Company determined that the future economic benefits of these molecules was reflected more appropriately in the period remaining to the date of expiry of the first patent granted for COTI-2. This patent expires on January 14, 2030, and the carrying value of COTI-2 is now being amortized over the remaining period of 176 months commencing June 1, 2015.

Share based compensation increased in Q1-FYE'16 relative to the comparable period primarily resulting from an award of share options to a new director in mid-May 2015 for their future services on the Board.

c) Sales and Marketing ("S&M") Expenses

The Company continued to increase its business development and marketing activities during the quarter and build on the efforts started in the latter half of fiscal 2015. Table 5 provides a breakdown of S&M expenses by major expense types for the comparable three month fiscal periods ended July 31 and highlights an increase across all expense categories.

Table 5: S&M Expenses – Comparative Three Month Periods Ended July 31

	Q1-FYE'16	Q1-FYE'15	Change
Professional fees	$ 96,782	$ 17,250	$ (79,532)
Marketing and travel	39,467	26,145	(13,322)
Salaries and benefits	8,137	-	(8,137)
Other	549	9	(540)
	144,935	43,404	(101,531)
Share-based compensation	12,133	-	(12,133)
Total	$ 157,068	$ 43,404	$ (113,664)

The increase in Professional fees of $79,532 relates to the engagement of two consultants on annual contracts dedicated to business development efforts across a number of commercial revenue initiatives with a primary focus on licensing efforts for COTI-2.

The Marketing and travel cost increase of $13,322 quarter over quarter, relates to an increase in attendance at various conferences in support of licensing and business development efforts.

The Company does not employ any staff directly in the S&M function preferring to use the expertise of external consultants for this activity, however, directors who provide consulting services beyond their normal director activities in this area are paid a daily stipend that is recognized in Salaries and benefits expense.

Share-based compensation increased based upon an award of share options to a business development consultant in June 2015 that vested upon grant.

d) Investment Tax Credits ("ITC")

The decrease in ITC income of $38,042 relates to three major factors. First, the Province of Quebec introduced an expenditures threshold for fiscal years beginning after December 4, 2014 such that the first $50,000 of eligible expenditures in a company's fiscal year are not eligible for an ITC. Second, there was an increase in scientific research and experimental development expenditures in jurisdictions for

which such expenses did not qualify for an ITC. Finally, there was an increase in R&D activities that did not qualify for ITCs as they were of an administrative or commercial nature rather than scientific technical studies.

e) Interest income (Expense)

The decrease in interest expense of $20,587 in Q1-FYE'16 relates primarily to the repayment upon its maturity in February 2015 of the $400,000 debenture issued in February 2014.

f) Change in Fair Value of Warrant Liability

The warrant liability recognized in fiscal 2015 for warrants issued with a USD exercise price is required to be re-measured at fair value in the Company's Statements of Financial Position at each reporting date. Accordingly, at the July 31 reporting date the warrant liability was increased by $108,576 for a change in fair value determined using a modified option valuation model, which uses appropriate assumptions as at the valuation date; primarily the estimated life of the warrants, the estimated volatility, and the impact of foreign exchange on the exercise price.

g) Foreign Exchange Gain

The Company closed a private placement financing in fiscal 2015 that was priced in USD as noted above. As a result, the Company held a portion of the proceeds in USD and the decline in the CAD exchange rate since year end (April 30, 2015, 1 USD = 1.2064 CAD, July 31, 2014, 1 USD = 1.3080 CAD), resulted in the Company having an unrealized foreign exchange gain from holding USD during the quarter.

Financial Results Quarterly Summary

Table 6 summarizes the financial results of the Company by quarter for the past two fiscal years.

Table 6: Summary of Quarterly Financial Results

FYE 2016	Q1 31-Jul	Q2 31-Oct	Q3 31-Jan	Q4 30-Apr	Year to Date
Revenue	$ -				$ -
Loss	$ (985,120)				(985,120)
Loss per common share	$ (0.01)				$ (0.01)

FYE 2015	Q1 31-Jul	Q2 31-Oct	Q3 31-Jan	Q4 30-Apr	Year to Date
Revenue	$ -	$ -	$ -	$ -	$ -
Loss	(970,796)	(946,204)	(949,503)	(946,683)	(3,813,186)
Loss per common share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.04)

FYE 2014	Q1 31-Jul	Q2 31-Oct	Q3 31-Jan	Q4 30-Apr	Full Year
Revenue	$ -	$ -	$ -	$ -	$ -
Loss	(500,052)	$ (598,220)	(671,386)	(1,226,521)	(2,996,179)
Loss per common share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.03)

Two functional expense categories; General and administration and Research and product development, as set out in Tables 7, 8 and 9, explain the majority of the variation by quarter across the two years and quarterly year over year.

G&A expense increased in the first quarter of FYE 2016 compared to the fourth quarter of FYE 2015 reflecting an increase in consulting expense. This continued the trend toward increasing G&A expense reflected in the trend line over the past two years. R&D expense declined in the first quarter of FYE 2016 reflecting the submission of the Company's IND application to the FDA for a clinical trial with COTI-2 thus reducing the use of third party CRO testing pending the start of the Phase 1 clinical trial. Share-based compensation increased in the first quarter compared to prior years related to additional human resource support that resulted in option awards to an employee, director, and consultant. The decline as a percentage of total expense from these three categories to 83.5% highlights the increase in S&M expense that occurred in the quarter.

Table 7: Selected Quarterly Expense Categories FYE 2016 [(1)]

FYE 2016	Q1 31-Jul	Q2 31-Oct	Q3 31-Jan	Q4 30-Apr	Year to Date
General and administration	$ 455,054				$ 455,054
Research and product development	298,722				298,722
Share-based compensation	77,834				77,834
Total of expense categories	831,610				831,610
Total expense for the quarter	$ 996,445				$ 996,445
Expense categories as a % of total expense	83.5%				83.5%

[(1)] The presentation noted in this table does not conform to the functional presentation in the Company's interim and annual financial statements. Share-based compensation included in the functional expense categories in the financial statements has been removed from the functional disclosure and shown separately in this table.

In FYE 2015, G&A expense peaked in the first quarter and declined through the year. The high level of G&A in the first quarter 2015 continued the trend from the fourth quarter of FYE 2014 and reflected the impact of consulting costs with a U.S. investment bank that were not incurred in the last three quarters of the year. R&D expense decreased sharply in the first quarter with the completion of the 28-day two-species toxicity testing for COTI-2 and then increased over the succeeding quarters as work continued on the completion of an IND filing for COTI-2. On a total expense basis, these two categories declined as a share of overall costs in the fourth quarter as S&M expense increased to support business development initiatives, and the financing costs associated with the warrant liability were also recognized.

Table 8: Selected Quarterly Expense Categories FYE 2015 [(1)]

FYE 2015	Q1 31-Jul	Q2 31-Oct	Q3 31-Jan	Q4 30-Apr	Year to Date
General and administration	$ 693,846	$ 512,570	$ 418,373	$ 434,705	$ 2,059,494
Research and product development	234,841	355,101	345,520	397,111	1,332,573
Share-based compensation	24,928	28,860	165,626	86,081	305,495
Total of expense categories	953,615	896,531	929,519	917,897	3,697,562
Total expense for the quarter	$ 1,018,907	$ 987,533	$ 980,702	$ 968,477	$ 3,955,619
Expense categories as a % of total expense	93.6%	90.8%	94.8%	94.8%	93.5%

[(1)] The presentation noted in this table does not conform to the functional presentation in the Company's interim and annual financial statements. Share-based compensation included in the functional expense categories in the financial statements has been removed from the functional disclosure and shown separately in this table.

The trend line for these two operating expenses in FYE 2014 shows a significant increase that was relatively flat for the first two quarters, ramped up in the third quarter, and significantly increased in the fourth quarter. This trend reflected the impact of financings closed in Q1-FYE'14 and Q2-FYE'14 that allowed the Company to increase its R&D efforts in advancing COTI-2 toward an IND filing and supported the Company's efforts at increasing its U.S. presence for licensing and financing purposes.

Table 9: Selected Quarterly Expense Categories FYE 2014 [(1)]

FYE 2014	Q1 31-Jul	Q2 31-Oct	Q3 31-Jan	Q4 30-Apr	Year to Date
General and administration	$ 351,377	$ 409,372	$ 418,587	$ 615,178	$ 1,794,514
Research and product development	133,144	124,050	183,411	593,812	1,034,417
Share-based compensation	19,940	36,189	61,531	46,012	163,672
Total of expense categories	504,461	569,611	663,529	1,255,002	2,992,603
Total expense for the quarter	$ 507,726	$ 613,955	$ 700,910	$ 1,297,249	$ 3,119,840
Expense categories as a % of total expense	99.4%	92.8%	94.7%	96.7%	95.9%

[(1)] The presentation noted in this table does not conform to the functional presentation in the Company's interim and annual financial statements. Share-based compensation included in the functional expense categories in the financial statements has been removed from the functional disclosure and shown separately in this table.

The variability in the comparable year over year quarters is primarily due to a higher level of spending in R&D activities throughout FYE 2015 and for G&A expenses in the first two quarters of FYE 2015 compared to FYE 2014. The increase in share-based compensation in the third quarter of each fiscal year reflects the timing of share option grants and does not correlate to the changes in the other expense categories during these years.

Liquidity and Cash Resources

Table 10 summarizes the changes in capital resources for Q1-FYE'16 and Q1-FYE'15. At the end of Q1-FYE'16, the Company had cash and cash equivalents of $2,816,540 compared to $868,707 in cash resources at Q1-FYE'15 reflecting an improvement in the Company's cash position between the comparable quarters of $1,947,833. As discussed below, the current cash position and the operating activities for the quarter were funded by approximately $1.97m in financing obtained during the quarter.

Table 10: Summary of Changes in Cash Resources (1)

	Q1-FYE'16	Q1-FYE'15
Used in:		
Operating activities	$ (916,105)	$ (845,127)
Investing activities	(16,844)	(34,384)
Decrease in cash resources before financing activities	(932,949)	(879,511)
Proceeds from issuance of common shares and warrants	1,965,617	1,013,562
Costs of issuing common shares and warrants	(86,413)	(68,048)
Costs of warrant amendments	-	(6,582)
Investment tax credit recoveries	-	-
Interest paid	(1,244)	(11,727)
Increase (decrease) in cash resources	945,011	47,694
Less: unrealized foreign exchange loss on capital resources	5,845	(9,262)
Cash resources - beginning of period	1,865,684	830,275
Cash resources - end of period	$ 2,816,540	$ 868,707

(1) See Use of Non-GAAP Financial Measures

Financing Activities

At the April 30, 2015 year-end, the Company advised that additional financing would be needed to fund operations and specifically support the completion of the Phase 1 clinical trial for COTI-2 that is expected to run until early 2017. In this regard, the Company obtained $1,965,617 in financing during the quarter, $1,286,560 from a private placement that closed in two tranches and $679,057 from warrant exercises. The details related to these sources of funds are set out below.

1. During Q1-FYE'16

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 2,144,266 common share purchase warrants issued are exercisable for one common share at an exercise price of $0.42 for a period of 24 months following the issue date. The Company paid cash costs for professional, legal and finders' fees of $85,888 in connection with the offering and issued 169,020 compensation warrants. 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.

The expiry date for the common share purchase warrants and the compensation warrants ("the Warrants") was set at the same date for each Warrant in each tranche. The expiry date for each Warrant 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.

b) Warrant exercises:

During the quarter ended July 31, 2015, warrant holders exercised common share purchase warrants and compensation warrants as summarized in Table 11.

Table 11: Summary of Warrant Exercises

Warrant description	Number of warrants exercised	Gross proceeds	Share issuance costs	Net proceeds
$0.26 USD compensation	20,015	$ 6,418	$ (103)	$ 6,315
$0.29 compensation	19,539	5,666	(38)	5,628
$0.26 common share	1,249,898	324,973	(154)	324,819
$0.30 common share	1,140,000	342,000	(67)	341,933
	2,429,452	$ 679,057	$ (362)	$ 678,695

2. Subsequent to Q1-FYE'16

Subsequent to July 31, 2015, the Company realized gross proceeds of $155,610 from the exercise of 598,500 common share purchase warrants that were due to expire on August 20, 2015, relating to a private placement that was completed on June 21, 2013. A total of 1,404,998 common share warrants expired on August 20, 2015.

Future Financing

The Company has warrants and share options expiring during fiscal 2016 as set out in Table 12 below that are a potential source of financing prior to the year-end. To the extent these are exercised will be a function of the market price of the Company's underlying common shares and investor perspectives on

the opportunity for shareholder value creation over the investment time horizon of each investor. Management believes that continued achievement of milestones, particularly in the development of COTI-2, will be supportive of an increase in shareholder value and provides the Company with an opportunity to realize funding from a portion of these outstanding warrants and options in fiscal 2016.

Table 12: Summary of Warrants and Share Options Expiring in Fiscal 2016

Security type	Expiry date	Number of securities	Exercise price	Potential Exercise Value
Warrants	Jan 29/16	3,569,458	$ 0.26	$ 928,059
	Mar 15/16	12,500,000	0.30	3,750,000
	Apr 29/16	3,356,250	0.28	939,750
	Apr 29/16	242,000	0.22	53,240
		19,667,708		5,671,049
Share options	Oct 27/15	697,675	$ 0.165	115,116
Total		20,365,383		$ 5,786,165

Working Capital

The Company had adjusted working capital at Q1-FYE'16 of $2,736,802 compared to $1,591,160 at FYE 2015 (see Table 15). The Company defines adjusted working capital as the standard working capital calculation adjusted for non-cash liabilities. This definition is a non-GAAP financial measure and does not have a prescribed meaning under IFRS and therefore may not be comparable to similarly described measures when presented by other issuers. Details concerning the calculation of this working capital measure can be found under the discussion concerning Use of Non-GAAP Financial Measures.

Cash equivalents are invested in money market instruments with maturities of three months or less. The short-term investment is a single guaranteed investment certificate maturing in December 2015 that can be cashed at any time after three months from the purchase date. Current assets increased to $3,276,203 at Q1-FYE'16 from $2,126,755 at FYE 2015 for an increase of $1,149,448 due primarily to an increase in cash resources. Current liabilities decreased $138,120 to $1,818,047 at Q1-FYE'16 from $1,956,167 at FYE 2015 primarily due to settlement of an accrued liability related to the molecule purchase contingency, offset by an increase in the fair value of the warrant liability at the quarter end reporting date. The Company's exposure to fluctuations in the recoverability of its financial assets is limited as cash not required for current purposes is held in interest bearing cash accounts. The short periods to maturity of these instruments and their capacity for prompt liquidation result in future settlement amounts that are consistent with carrying values. Given the nature of the Company's financial liabilities, there is also limited risk that future settlement amounts will differ from carrying values.

The Company has R&D contractual obligations of $204,959 existing at July 31, 2015 that are due for payment in fiscal 2016.

Going Concern Risk

The Company has formulated goals for the upcoming year to advance the testing for COTI-2 in enhancing its attractiveness to potential licensees and to move other revenue initiatives and development projects forward as resources permit. For COTI, the material uncertainties related to working capital and cash resources discussed above raise significant doubts about the ability of the Company to accomplish its goals. These conditions highlight that the Company has not yet established commercial operating revenues to fund its operations and accordingly operating cash flows continue to be negative.

In order to accomplish its goals and alleviate the going concern risk, the Company is taking steps to obtain additional cash resources. This includes actively seeking potential customers, partners and collaborators as a means of furthering molecule development and generating revenue streams, and pursuing sources of financing, including but not limited to, raising capital in the public market and securing government grants. As evidence of these efforts, subsequent to July 31, 2015, the Company realized gross proceeds of approximately $156k from the exercise of warrants outstanding at the year-end. Further, the Company has discretion with many of its expenditure activities and plans to manage these activities in FYE 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.

Off-Balance Sheet Arrangements

The Company has not historically utilized, nor is it currently utilizing any off-balance sheet instruments.

Foreign Exchange Exposure

The Company has historically had occasion to enter into R&D contracts denominated in foreign currencies. These contracts have primarily been in United States dollars (“USD”) but have also included Euros (“EUR”), British pound sterling (“GBP”) and Swiss Francs (“CHF”) and, as a result, the Company has exposure to fluctuations in exchange rates between the CAD and such currencies. These contracts have to date been individually valued at less than $150,000 CAD. 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.

The amount of this exposure increased during the first quarter with a foreign currency gain recorded of $24,220 resulting primarily from holding USD denominated investments during the quarter. The Company will be incurring USD denominated expenses related to the Phase 1 clinical trial to be conducted in the United States commencing later in fiscal 2016 as well as other USD expenses. The current USD cash position is expected to provide some hedge against these USD costs. In addition, the Company has warrants exercisable at USD prices that could generate additional USD. The amount and timing of such exercise is not presently determinable.

Related Party Transactions

Material transactions with related parties that occurred during Q1-FYE'16 were in the ordinary course of business and related to the following:

a) On May 13, 2015, 104,350 share options were awarded to a newly appointed director as retainer compensation for directorship responsibilities. The options have a five year life and an exercise price of $0.29 and were issued to vest equally on July 21 and October 21, 2015;

b) 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 certain development milestones be subsequently achieved by any molecule from the small cell lung cancer ("SCLC") library acquired under the purchase. One-half of this contingent share consideration was payable upon the first occasion any molecule achieved one of the following milestones:

   i. when the Company was given notification of acceptance of an IND and an IND acceptance number was received; or,
   ii. when either the United States or the European patent authorities issued the Company a final patent.

   The second half of this contingent share consideration was payable upon any molecule achieving both milestones.

   In 2012, the Company received a patent from the United States Patent and Trademark Office for a U.S. patent filing related to COTI-2. COTI-2 is a molecule from the SCLC library acquired under the purchase. Upon receipt of the patent, the Company issued 715,720 common shares to the former owners of the SCLC library (which includes the Company's current Chairman and the current President and CEO) representing one-half of the contingent consideration for meeting the milestone of the issuance of a final patent in either the U.S. or Europe. The fair market value of the share consideration issued was $164,616 as determined upon issuance.

   On May 22, 2015, the FDA advised the Company that it had completed its review of the Company's IND application for COTI-2, which had been submitted prior to April 30, 2015. The IND was granted and satisfied the second milestone for COTI-2, being notification of acceptance of an IND and issuance of an IND acceptance number. Accordingly, on May 26, 2015, the Company issued 715,720 common shares as final payment of the contingent purchase consideration that arose from 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;

c) On July 31, 2015, a director participated in the second tranche of a private placement acquiring 60,000 units consisting of 60,000 common shares and 30,000 warrants; and,

d) On July 31, 2015, 499,999 common share purchase warrants held, both directly and beneficially, by a director expired.

Outstanding Share Information

Outstanding share information at the close of business on September 28, 2015 is set out in Table 13.

Table 13: Outstanding Share Information

	Outstanding	Expiry Date
Common shares		
Authorized - unlimited		
Issued	126,467,723	
Diluted [(1)]	177,998,408	
Weighted average outstanding [(2)]	122,679,906	
Common share warrants		
$0.26 warrants	3,569,458	Jan 29/16
$0.30 warrants	12,500,000	Mar 15/16
$0.28 warrants	8,951,385	Apr 29/16 - Jun 2/16
$0.22 compensation warrants	461,110	Apr 29/16 - Jun 2/16
$0.42 half warrants	2,144,266	Jun 28/17 - Jul 30/17
$0.315 compensation warrants	169,020	Jun 28/17 - Jul 30/17
$0.26 warrants	769,230	Feb 4/19
$0.19 USD compensation warrants	3,000,000	Apr 11 - Jun 6/19
$0.34 USD warrants	10,177,760	Oct 16 - Nov 24/19
$0.26 USD compensation warrants	534,737	Oct 16 - Nov 24/19
$0.38 warrants	3,099,374	Dec 18/19 - Feb 16/20
$0.29 compensation warrants	162,811	Dec 18/19 - Feb 16/20
	45,539,151	
Common share stock options		
$0.14 - $0.25	3,407,670	Oct 27/15 - Mar 19/20
$0.26 - $0.35	2,583,864	Sep 26/16 - May 12/20
	5,991,534	

[(1)] Assumes conversion of all outstanding common share stock options and warrants.

[(2)] Weighted average shares outstanding calculated from May 1, 2015 to September 28, 2015.

Industry and Economic Risk Factors Affecting Performance

The biotechnology industry is regarded as high risk given the uncertain nature of developing drug candidates and limited access to capital. On the other hand, success in this industry can be highly rewarding. COTI operates primarily in the discovery and preclinical development stages of the drug development cycle but will move into the Phase 1 clinical stage during fiscal 2016 as it moves COTI-2 into the clinic. The realization of COTI's long-term potential is dependent upon the successful development and commercialization of molecules discovered using the Company's drug discovery technology either for its own account or in R&D collaboration agreements for others. The major industry and economic risk factors affecting realization of this potential were reviewed in the Company's 2014 Annual Information Form and are substantially unchanged at the end of Q1-YE'15.

The four risk categories having the greatest effect on the Company during Q1-FYE'16 and expected to affect the Company for the balance of the year are listed and discussed as follows:

1. uncertainties related to research
2. the lack of revenues;
3. securing licensing agreements; and,
4. access to capital.

Uncertainties Related to Research

Like other biotech and pharmaceutical companies, COTI's research programs are based on scientific hypotheses and experimental approaches that may not lead to desired results. In addition, the timeframe for obtaining test results may be considerably longer than originally anticipated, or may not be possible given time, resources, and financial, strategic, and scientific constraints. Success in one stage of testing is not necessarily an indication that a particular compound or program will succeed in later stages of testing and development. It is not possible to guarantee, based upon studies in in vitro models and in animals, whether any of the compounds made for a therapeutic program will prove to be safe, effective, and suitable for human use.

Each compound will require additional research and development, scale-up, formulation and extensive clinical testing in humans. Development of compounds may require further investigation into the mechanism of action ("MOA") where this is not fully understood as many compounds have multiple MOAs. The discovery of unexpected toxicities, lack of sufficient efficacy, poor physiochemical properties, unacceptable ADME properties, poor drug metabolism and pharmacokinetics, inability to increase the scale of manufacture, lack of market attractiveness, regulatory hurdles, as well as other factors, may make COTI's therapeutic targets, or product candidates unattractive or unsuitable for human use and COTI may abandon its commitment to that program, target, or product candidate. COTI believes its CHEMSAS® process serves to mitigate or reduce these risks compared to traditional historic

approaches or new computational approaches by virtue of profiling across many variables in identifying compounds with high probability of successfully becoming drugs, however, its predictions remain a probability only and failure can occur.

These uncertainties and attendant delays were experienced by COTI's lead compound, COTI-2, during the quarter. The IND grant to proceed with the clinical trial was received on May 22, 2015, however, the internal review and approval process for a clinical trial agreement with MD Anderson has proven to be a logistical challenge to work through resulting in delays and revised target dates for actually commencing to treat patients. Despite these delays, COTI-2 is poised to commence a Phase 1 clinical trial in the last quarter of calendar 2015. Success in this clinical trial will provide further support for the scientific validation of the CHEMSAS® technology platform's predictions but it is such delays that can affect the timing of achieving profitable operations and cause a continual need to seek financing.

Lack of Revenues

The revenue cycle for drug development is a long one; typically, 5 to 10 years depending upon the point along development that monetization of the asset occurs. Since its inception to July 31, 2015, COTI has worked to develop relationships with prospective customers, and strived to obtain licensing and collaboration agreements for its own products and therapeutic targets of interest to partners. The continued development of COTI-2 and the nurturing of relationships with licensees concerning the strong scientific test results for the compound are critical to achieving a revenue realization stage. Accordingly, operating losses are expected to be incurred until revenues from upfront licensing, milestone and royalty payments are sufficient to fund continuing operations. COTI is unable to predict with any certainty when it will become profitable, or the extent of any future losses or profits. Without generating revenues and positive cash flows, the Company will continually need to seek additional financing until profitable operations occur.

Securing Adequate Licensing Agreements

The Company's ability to commercialize its products successfully will depend on its ability to negotiate licensing agreements with biotech or Pharma companies for its compounds. This will require first meeting the scientific due diligence requirements of prospective customers. While continued positive developments occurred for COTI-2 during the first quarter and throughout the prior fiscal year, which generated positive feedback from potential licensees, these outcomes have not translated into a contractual agreement to date. Licensing discussions during fiscal 2015 continued to find interest in the compound but the novel nature of the compound and class has caused licensees to seek further proof of the mechanism of action through test results in humans.

While industry reviews of the productivity of pharmaceutical industry R&D spending in generating new compounds indicates major pharmaceutical company pipelines have dramatically underperformed in producing new drugs relative to the R&D dollars invested, there is no certainty that licensing deals can be negotiated for COTI-2 or COTI's other compounds. Major pharmaceutical companies are seeking

assets with as low a risk profile as possible hence a preference for later stage clinical compounds with lower risk profiles having successfully reached as far as, or through, Phase 3 clinical trials. While it may seem a reasonable strategy for a major pharmaceutical company to have a drug development pipeline across the entire development cycle there is no certainty that COTI can be a licensed provider of compounds to the preclinical or early clinical stage segment of such a pipeline. There is also no certainty that COTI can obtain licensing terms that are acceptable in indicating a commercially viable market for its products.

Access to Capital

The Company continually monitors its cash resources to support its R&D programs in an effort to move its compounds, particularly COTI-2, as rapidly as possible through development. These efforts were highlighted under Liquidity and Capital Resources where the Company noted the continuing need to raise financing to support project development until a revenue event can provide sustaining cash flows. If additional funding cannot be obtained, COTI may be required to delay, reduce, or eliminate one or more of its R&D programs or obtain funds through corporate partners or others who may require it to relinquish significant rights to its product candidates or obtain funds on less favourable terms than COTI would otherwise accept. Despite the Company's financing efforts, there can be no assurance additional funding can be obtained.

Use of Non-GAAP Financial Measures

Management has included two non-GAAP financial measures, first, Cash Resources and second, Adjusted Working Capital, to supplement information contained in this MD&A. These non-GAAP measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures when presented by other issuers.

1. Cash Resources

The Company looks at its available cash for operations based on all Cash Resources, which is defined by the Company as the sum of its cash, cash equivalents, and short-term investments. This differs from IFRS disclosure in the Company's financial statements where Cash is defined as cash and cash equivalents. The essential difference is the inclusion of short-term investments in the Company's view of cash available for operations. Under IFRS, an investment made with a maturity greater than 90 days at the date of purchase is considered a short-term investment and thus not included in cash and cash equivalents. The short-term investment at Q1-FYE'16 was a guaranteed investment certificate cashable at any time up to its maturity date in December 2015. With such high liquidity characteristics, management considers such an investment as a readily available source of cash for operations. The decision by management to earn some higher return on cash balances where the Company's cash flow projections determine such funds would not be needed in a shorter time frame is not viewed by management as a basis for exclusion in its view of cash. Accordingly, management believes the inclusion

of the short-term investment as part of Cash Resources provides more meaningful information with respect to the liquidity of the Company and the cash available for operations.

Table 14: Reconciliation to Cash Resources

	July 31, 2015		April 30, 2015	
	Cash per MD&A	Cash per Financial Statements	Cash per MD&A	Cash per Financial Statements
Cash and cash equivalents	$2,550,076	$2,550,076	$1,599,220	$1,599,220
Short-term investment	267,366	-	266,464	-
Cash resources	$2,817,442	$2,550,076	$1,865,684	$1,599,220

2. Adjusted Working Capital

The Company uses adjusted working capital in monitoring its cash required for operations. Adjusted working capital is defined as the standard working capital calculation (current assets minus current liabilities) adjusted for non-cash liabilities as set out in Table 15.

The standard working capital calculation results in a lower amount of working capital than what the Company measures as working capital. At both Q1-FYE'16 and FYE 2015, this resulted primarily from the accounting under IFRS that required the issuance of warrants with an exercise price denominated in USD to be accounted for as a warrant liability.

During fiscal 2015, the Company completed a private placement financing of units in three tranches consisting of one common share and one warrant. The 10,177,760 warrants issued have an exercise price of $0.34 USD. As this exercise price is not in the functional currency of the Company, the warrants were required to be presented as a "warrant liability" on initial recognition rather than equity if they had been issued in the functional currency of the Company. 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.

When such warrants are exercised by the warrant holders the warrant liability will be reduced and the related amount transferred to equity reflecting the accounting treatment were these warrants to have been issued with a CAD exercise price originally. If the warrants are not exercised by the expiry date, the remaining warrant value will be transferred to the Statements of Comprehensive Loss and recognized as a gain through the Change in Warrant Liability. For emphasis, this warrant liability represents warrants denominated with a USD exercise price which if exercised will bring in cash to the Company and accordingly represent a liability not settled in cash but rather with the issuance of shares.

In addition to the non-cash impact of the warrant liability, the Company also recorded an accrued liability for the fair value of common shares of the Company to be issued in settlement of contingent purchase consideration in the amount of $250,502 at the April 30, 2015 year-end.

Thus, the Company uses Adjusted Working Capital to reflect the reality of the Company's working capital position as it relates to liabilities where the Company has an actual legal obligation to issue cash in settlement.

Table 15: Adjusted Working Capital

	July 31, 2015	April 30, 2015
Amounts per financial statements:		
Current assets	$3,276,203	$2,126,755
Current liabilities	1,818,047	1,956,167
Working capital	1,458,156	170,588
Adjustment for non-cash items:		
Warrant liability	1,278,646	1,170,070
Accrued liability for contingency settlement	-	250,502
	$2,736,802	$1,591,160

Changes in Accounting Policies

Details regarding the adoption of new accounting pronouncements in FYE'16 and future accounting policy changes affecting FYE'17 based upon new accounting pronouncements are set out below.

a) Adoption of new accounting pronouncements:

The IASB issued new standards and amendments or interpretations to existing standards that were effective at the time of commencing the Company's fiscal year beginning May 1, 2015. The Company adopted these new standards as described below and there was no material impact on the financial statements from the implementation.

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

In December 2013, the IASB issued narrow-scope amendments to nine standards as part of its annual improvements process. The IASB uses the annual improvements process to make non-urgent but necessary amendments to IFRS. Not all amendments to the nine standards were applicable to the Company's business. The amendments which could affect the Company now or in the future, based upon the Company's current operations, and the clarifications to the respective standards are as follows:

- IFRS 2 Share-based payment:

This amendment clarifies the definition of "vesting conditions" by separately defining a "performance condition" and a "service condition". Service conditions require the counterparty to complete a specified period of service. Performance conditions require the counterparty to complete a specified period of service and specified performance targets to be met (such as a specified increase in the entity's profit over a specified period). A performance condition might include a market condition. The amendment also clarifies that any failure to complete a

specified service period, even due to termination of an employee, would be a failure to satisfy a service condition.

- IFRS 8 Operating Segments

This amendment requires entities to disclose those factors used to apply aggregation criteria for operating segments and the disclosures must include a brief description of the operating segments that have been aggregated and the economic indicators that have been used in determining that they share similar characteristics.

The Company is pre-revenue but is engaged in business activities from which it may earn revenues and incur expenses. The Company's products are targeted libraries of novel, optimized lead compounds for the treatment of human diseases for which current therapy is either lacking or ineffective discovered using its proprietary artificial intelligence platform, CHEMSAS®. At present, the Company makes no differentiation among these targeted libraries in its regular review by the chief operating decision makers as it relates to resources to be allocated to them accept to the extent that a single molecule is being advanced ahead of others to prove the commercial and scientific merits of the underlying CHEMSAS® technology and thus assess its performance. The Company's intent is to monetize these products from CHEMSAS® in collaboration with pharmaceutical, biotech, and academic partners as they are developed.

Accordingly, COTI is of the view it operates as one operating segment for reporting purposes as management of the Company does not regularly review discrete financial information on individual libraries or molecules as the stage of development of such libraries and resources to develop them makes such analysis premature and of limited material value.

- IFRS 13 Fair Value Measurement

This amendment clarifies that in issuing IFRS 13 and consequential amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 9 Financial Instruments, the IASB did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting if the effect of not discounting was immaterial. The Company did not previously apply a discounting approach to its short-term receivables and payables.

- IAS 38 Intangible Assets and IAS 16 Property Plant and Equipment

This amendment focuses on the requirements of the revaluation model in both IAS 38 and IAS 16 and clarifies that the restatement of the accumulated amortization is not always proportionate to the change in the gross carrying amount of the asset. Instead, the accumulated amortization at the date of revaluation is calculated as the difference between the gross and the net carrying amounts after restating the gross carrying amount in a manner consistent with the revaluation of the carrying amount. The Company has had no revaluations in the past.

b) Recent accounting pronouncements not yet adopted:

Certain pronouncements have been issued by the IASB or the International Financial Reporting Interpretations Committee that are mandatory for annual periods beginning subsequent to the April 30, 2016 year-end. The Company intends to adopt these amendments in its financial statements for the annual period beginning on May 1, 2016. The Company does not expect the amendments to have a material impact on the financial statements.

i. Amendments to IAS 1, Presentation of Financial Statements

On December 18, 2014, the IASB issued amendments to IAS 1 as part of its major initiative to improve presentation and disclosure in financial reports (the "Disclosure Initiative"). The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted. These amendments will not require any significant change to current practice, but should facilitate improved financial statement disclosures.