

BIOASIS TECHNOLOGIES INC.
CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

February 28, 2010

AUDITORS' REPORT

To the Shareholders of biOasis Technologies Inc.:

We have audited the consolidated balance sheets of biOasis Technologies Inc. as at February 28, 2010 and 2009 and the consolidated statements of comprehensive loss and deficit, and cash flows for the years then ended. These financial statements are the responsibility of the company's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at February 28, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

/s/ Lancaster & David

CHARTERED ACCOUNTANTS

Vancouver, BC
June 24, 2010

**BIOASIS TECHNOLOGIES INC.
CONSOLIDATED BALANCE SHEETS**

	February 28, 2010	February 28, 2009
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 1,693,257	\$ 877,330
Accounts receivable	37,925	29,896
Prepaid expenses	242,565	18,830
	1,973,747	926,056
Capital assets (Note 4)	4,959	4,508
Intangible assets (Note 5)	1,055,698	1,162,006
	\$ 3,034,404	\$ 2,092,570

LIABILITIES

CURRENT

Accounts payable and accrued liabilities (Note 7)	\$ 39,226	\$ 21,031
	39,226	21,031

SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 6)	5,109,205	2,377,817
CONTRIBUTED SURPLUS (Note 6)	1,389,579	979,638
DEFICIT	(3,503,606)	(1,285,916)
	2,995,178	2,071,539
	\$ 3,034,404	\$ 2,092,570

Nature and continuance of operations (Note 1)

Approved on behalf of the Board:

/s/ David J. Clark

David J. Clark, Director

/s/ Robin B. Hutchison

Robin B. Hutchison, Director

The accompanying notes are an integral part of these financial statements

BIOASIS TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS AND DEFICIT

	Year Ended February 28, 2010	Year Ended February 28, 2009
<hr/>		
EXPENSES		
Amortization	\$ 107,924	\$ 99,028
General and Administrative	633,929	280,636
Research and Development	619,174	148,584
Stock-based Compensation	863,198	644,083
	<hr/> 2,224,225	<hr/> 1,172,331
OTHER ITEMS		
Interest income	(6,535)	(22,546)
	<hr/>	<hr/>
NET AND COMPREHENSIVE LOSS FOR THE YEAR	2,217,690	1,149,785
DEFICIT, BEGINNING OF YEAR	<hr/> 1,285,916	<hr/> 136,131
DEFICIT, END OF YEAR	<hr/> <hr/> \$3,503,606	<hr/> <hr/> \$1,285,916
LOSS PER SHARE – Basic	\$ 0.08	\$ 0.07
Weighted average number of common shares outstanding (Note 2)	26,728,446	17,175,717

The accompanying notes are an integral part of these financial statements

**BIOASIS TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year Ended February 28, 2010	Year Ended February 28, 2009
CASH FLOWS PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Net loss for the year	\$ (2,217,690)	\$ (1,149,785)
Adjusted for items not affecting cash:		
Amortization	107,924	99,028
Stock based compensation	863,198	644,083
	(1,246,568)	(406,674)
Net changes in non-cash working capital item:		
GST receivable	(8,029)	(20,636)
Prepaid expenses	(223,736)	(3,698)
Accounts payable and accrued liabilities	18,198	(90,816)
Notes payable to related parties	-	(25,742)
	(1,460,135)	(547,566)
INVESTING ACTIVITIES		
Acquisition of capital assets	(2,069)	(3,152)
Deferred costs	-	60,773
Acquisition of biOasis Advanced, net of cash acquired of \$2,497	-	(153,784)
Short term investment	-	479,710
	(2,069)	383,547
FINANCING ACTIVITIES		
Proceeds from issuance of common shares	2,334,776	1,165,225
Share issue costs	(56,645)	(125,153)
	2,278,131	1,040,072
INCREASE IN CASH AND CASH EQUIVALENTS	815,927	876,053
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	877,330	1,277
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 1,693,257	\$ 877,330
Cash and cash equivalents consists of:		
Cash	\$ 493,257	\$ 236,872
Term deposits	\$ 1,200,000	\$ 640,458
	\$ 1,693,257	\$ 877,330
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

Supplemental disclosure with respect to cash flows (Note 8)

The accompanying notes are an integral part of these financial statements

BIOASIS TECHNOLOGIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2010

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the British Columbia Business Corporations Act on November 3, 2006.

The Company obtained a listing on the TSX Venture Exchange (the "Exchange") on July 24, 2007 as a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the Exchange. As a CPC, the Company's business objective was to identify and evaluate assets or businesses with a view to potential acquisition or participation by completing a Qualifying Transaction ("QT").

On March 27, 2008 the Company acquired 100% of the shares of biOasis Advanced Technologies Inc. (formerly biOasis Technologies Inc.) and changed its name to biOasis Technologies Inc. On March 31, 2008, the Company completed a private placement for gross proceeds of \$975,000. As a result, the Exchange notified the Company that it had completed its Qualifying Transaction and that effective April 3, 2008, the Company would no longer be considered a Capital Pool Company but would be classified as a "research and development" company and trade under its new symbol "BTI" (refer to Note 3).

The Company's business activity is now the research, development and commercialization of a protein substance named "p97" for use as a biomarker diagnostic for Alzheimer's and for other potential therapeutic uses, including investigation of p97 as a possible carrier of therapeutics across the blood brain barrier.

The ability of the Company to fund its future operations and commitments is dependent upon its ability to obtain additional financing to support research, development and commercialization of its products and operations, to obtain regulatory approvals for use of its products, and to license the use of its technology.

These consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a forced liquidation. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to pay dividends or enjoy earnings in the immediate or foreseeable future

2. SIGNIFICANT ACCOUNTING POLICIES

a) Use of Estimates, Assumptions and Measurement Uncertainty

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

b) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, biOasis Advanced Technologies Inc. ("biOasis Advanced"). All significant intercompany transactions and balances have been eliminated upon consolidation.

c) Financial Instruments

Financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. All financial instruments, including derivatives, are measured on the balance sheet at fair value except for those arising from certain loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and accounting for changes in fair value are dependent on the initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net income.

BIOASIS TECHNOLOGIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial Instruments (continued)

The Company has designated its cash and cash equivalents as held-for-trading, accounts receivable as loans and receivables and accounts payable and accrued liabilities and due to related parties as other financial liabilities.

d) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided using the declining-balance method at the rate of 20% per annum for office equipment and 30% per annum for computers.

e) Research and Development Costs

Research costs are expensed as incurred. Development costs that meet specific criteria related to technical, market and financial feasibility are capitalized. To date, all of the development costs have been expensed.

f) Intangible Assets

The costs of acquiring or licensing medical technology are capitalized. The cost of a group of assets acquired in a business combination in which the specified criteria for recognition apart from goodwill is met, is allocated to the individual assets acquired based on their relative fair values. The cost of the Company's patents, licenses and intellectual property are amortized on a straight-line basis over their estimated useful life as follows: 10 years, for the biomarker diagnostic for the Alzheimer's patents, licenses and intellectual property (the "UBC Patents") and 15 years, for the p97 therapeutic uses patents, licenses and intellectual property (the "Jefferies Patents").

g) Impairment of long-lived assets

Long-lived assets of the Company are reviewed when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the future projected cash flows from related operations (undiscounted and without interest charges). If impairment is deemed to exist, the assets will be written down to fair value. As at February 28, 2010, the Company performed an impairment test for its long-lived assets, and determined no write-down was necessary.

h) Foreign currency translation

Monetary assets and liabilities are translated at year-end exchange rates; non-monetary assets and liabilities have been translated at the rates prevailing at the date of transaction. Revenue and expense items, except for amortization, are translated at the average rate of exchange for the period. Amortization is converted using the rates prevailing at the dates of acquisition. Gains and losses from foreign currency translation are included in the consolidated statements of comprehensive loss and deficit.

i) Comprehensive Income

Comprehensive income (loss) is defined as the change in equity from transactions and other events from non owner sources. Other comprehensive income (loss) refers to items recognized in comprehensive income (loss) that are excluded from net income (loss) calculated in accordance with GAAP.

j) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

k) Deferred Costs

The Company defers costs directly attributable to the business combination or costs related to the issue of common shares from treasury until the business combination or share offering is completed. These costs will be added to the purchase price of a business combination or if related to a share offering, netted against gross proceeds received upon the issue of share capital. Costs relating to business combinations that are abandoned or share offerings that do not close are charged directly to operations.

BIOASIS TECHNOLOGIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Stock-based Compensation

The Company accounts for stock-based compensation expense using the fair value based method. The fair value of stock-based payments to non-employees that vest over a service period, are periodically re-measured until counterparty performance is completed, and any change therein is recognized over the service period. The cost of stock-based payments that are fully vested and non-forfeitable at the grant date is measured and recognized at that date. The Company uses the Black-Scholes option pricing model to determine fair value of options granted. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to share capital.

m) Income Taxes

The Company accounts for income taxes using the asset and liability method, whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against any future income tax assets unless it is more likely than not that the Company will realize the benefits of its future income tax assets. In assessing the realizability of future tax assets, management considers whether it is more likely than not that some portion or all of the future tax assets will not be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of future tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of the future tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period. A valuation allowance has been provided against all net future tax assets, as realization of such net assets is uncertain.

n) Loss per share

Basic loss per share figures are calculated using the weighted average monthly number of shares outstanding during the respective fiscal period. The weighted average number of common shares outstanding during the period is calculated net of contingently returnable shares. The shares issued prior to the IPO on July 20, 2007 were contingently returnable were excluded from the weighted average share calculation until March 27, 2008 when the qualified transaction was completed.

The Company uses the treasury stock method to calculate the dilutive effect of options, warrants and similar instruments. Under this method, the weighted average number of common shares outstanding used for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share purchase options and warrants are used to repurchase common shares at the average market price during the period. Diluted loss per share has not been presented as it would be anti-dilutive.

o) Recently Adopted Accounting Policies

Financial Statement Concepts

In February 2008, the CICA amended Section 1000, "Financial Statement Concepts", to clarify the criteria for recognition of an asset, reinforcing the distinction between costs that should be expensed and those that should be capitalized. The amendment applies to interim and annual financial statements for years beginning on or after October 1, 2008. The adoption of this standard did not have any material effect on the consolidated financial statements.

Financial Instruments

In June 2009, the CICA amended Section 3855, "Financial Instruments", to clarify that, upon reclassification of a financial instrument out of the trading category, an assessment must be completed to determine whether an embedded derivative is required to be bifurcated. In addition, the amendment prohibits the reclassification of a financial instrument out of trading when the derivative embedded in the financial instrument cannot be separately measured from the host contract. The amendment is applicable to all reclassifications occurring after July 1, 2009. The adoption of this standard did not have any material effect on the consolidated financial statements.

BIOASIS TECHNOLOGIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Recently Adopted Accounting Policies (continued)

Financial Instruments (continued)

In August 2009, the CICA issued further amendments to Section 3855. The amendments changed the definition of a loan such that certain debt securities may be classified as loans if they do not have a quoted price in an active market and the Company does not have the intent to sell the security immediately or in the near term. As a result, debt securities classified as loans will be assessed for impairment using the incurred credit loss model of Section 3025 to reduce the carrying value of a loan to its estimated realizable amount.

Loan impairment accounting requirements are also applied to held-to-maturity financial assets as a result of the amendments. Debt securities that are classified as available-for-sale continue to be written down to their fair value when the impairment is considered to be other than temporary. However, the impairment loss can be reversed if the fair value substantially increases and the increase can be objectively related to an event occurring after the impairment loss was recognized. The adoption of this standard did not have any material effect on the consolidated financial statements.

In June 2009, the CICA issued amendments to Section 3862 – “Financial Instruments – Disclosures” to expand the disclosures required in respect of fair value measurements recognized in financial statements. For the purpose of these expanded disclosures, a three-level hierarchy has been introduced as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – 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 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The adoption of the amendments to Section 3862 – “Financial Instruments – Disclosures” did not have a material effect on the consolidated financial statements as the Company does not have significant financial instruments requiring fair value measurements, other than cash and cash equivalents which are determined based on Level 1 inputs.

Goodwill and Intangible Assets

On March 1, 2009 the Company adopted CICA Handbook Section 3064, “Goodwill and Intangible Assets” (“CICA 3064”), which replaces CICA Handbook Section 3062, “Goodwill and Intangible Assets”, and CICA Handbook Section 3450, “Research and Development Costs”. CICA 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The adoption of this standard did not have a material impact on the consolidated financial statements.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

On March 1, 2009 the Company adopted the Emerging Issues Committee (“EIC”) of the Accounting Standards Board EIC-173 “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities” which was issued on January 20, 2009. Under EIC-173, an entity is required to take into account its own credit risk as well as the credit risk of the counterparty in determining the fair value of financial assets and financial liabilities. EIC-173 is applicable to interim and annual financial statements for periods ending after January 20, 2009. The adoption of EIC-173 did not have a material impact on the consolidated financial statements.

p) Recent Accounting Pronouncements

Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the CICA issued Section 1601, “Consolidated Financial Statements” and Section 1602, “Non-Controlling Interests”. These Sections replace Section 1600, “Consolidated Financial Statements”. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for the accounting of non-controlling interests in a subsidiary in the consolidated financial statements subsequent to a business combination. These Sections will apply to the Company’s financial statements beginning on January 1, 2011. The Company is currently evaluating the implications of these new Sections on the consolidated financial statements.

BIOASIS TECHNOLOGIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Recent Accounting Pronouncements (continued)

Business Combinations

In January 2009, the CICA issued Section 1582, "Business Combinations". This Section replaces Section 1581, "Business Combinations". Section 1582 establishes standards for the recognition of business combination. This Section will apply to financial statements relating to the Company beginning on January 1, 2011. The Company is currently evaluating the implications of this new Section on the consolidated financial statement.

International Financial Reporting Standards

In February 2008, the Accounting Standards Board ("AcSB") of the CICA confirmed that Canadian GAAP for publically accountable enterprises will be converged with International IFRS effective in the calendar year 2011, with appropriate comparative data from the prior year. The conversion to IFRS will be required, for the Company, for interim and annual financial statements beginning on March 1, 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. Under IFRS there is significantly more disclosure required. The Company is currently formulating and developing an implementation plan to comply with the new standards and its future reporting.

3. BUSINESS ACQUISITION

Effective March 27, 2008 the Company acquired all of the issued common shares of biOasis Advanced for equity consideration of 6,086,660 common shares of the Company, issued at a fair market value of \$0.15 per share. The acquisition has been accounted for using the purchase method, with the Company identified as the acquirer, and the assets and liabilities of biOasis Advanced recorded at their fair values. The results of operations of biOasis Advanced are included in these consolidated financial statements from March 27, 2008.

As management does not consider the resulting future income tax asset resulting from the allocation of the purchase price to be more likely than not to be recoverable, a valuation allowance has been provided for the full amount.

Fair values of net assets acquired:

Cash	\$ 2,497
Other current assets	1,967
Capital assets	2,935
Intangible assets	1,209,454
Accounts payable and accrued liabilities	(62,075)
Other current liabilities	(53,427)
Due to related parties	(32,071)
	\$ 1,069,280

Consideration paid:

Issuance of 6,086,660 common shares of biOasis Technologies Inc.	\$ 912,999
Transaction Costs	156,281
	\$ 1,069,280

4. CAPITAL ASSETS

		February 28, 2010	February 28, 2009
	Cost	Accumulated Amortization	Net Book Value
Computers	\$ 5,016	\$ 2,485	\$ 2,531
Office equipment	3,140	712	892
	\$ 8,156	\$ 3,197	\$ 4,959
			\$ 4,508

BIOASIS TECHNOLOGIES INC.
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5. INTANGIBLE ASSETS

	February 28, 2010		February 28, 2009	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
UBC Patents	\$669,845	\$ 128,417	\$ 541,428	\$ 608,429
Jefferies Patents	589,609	75,339	514,270	553,577
	\$ 1,259,454	\$ 203,756	\$ 1,055,698	\$ 1,162,006

The University of British Columbia (“UBC”) Patents comprise the biomarker diagnostic for Alzheimer’s disease patents, licenses and intellectual property. The Jefferies Patents comprise the therapeutic uses of p97 patents, licenses and intellectual property.

Upon completion of the acquisition described in Note 3, 200,000 options (the “UBC Options”) with a fair value of \$50,000 were issued to UBC and various other patent holders who had transferred their patents to biOasis Advanced.

6. SHARE CAPITAL

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

Issued:

	Number of Shares	Value	Contributed Surplus
Issued at February 29, 2008	5,401,674	571,901	138,400
Issued during the year:			
-for cash at \$0.15	6,751,500	1,012,725	-
-for cash at \$0.25	520,000	130,000	-
-for cash at \$0.30	75,000	22,500	-
Options exercised	-	39,050	(39,050)
Agents warrants exercised	-	18,545	(18,545)
Acquisition of biOasis Advanced Technologies Inc.	6,086,660	912,999	
Agent’s commission	-	(97,500)	-
Agent warrants	-	(204,750)	204,750
Share issue cost	-	(27,653)	-
UBC options	-	-	50,000
Stock-based compensation	-	-	644,083
Issued at February 28, 2009	18,834,834	\$ 2,377,817	\$ 979,638
Issued during the year:			
-for cash at \$0.15	1,878,507	281,776	-
-for cash at \$0.25	5,980,000	1,495,000	-
-for cash at \$0.30	100,000	30,000	-
-for cash at \$0.35	80,000	28,000	-
-for cash at \$0.50	1,000,000	500,000	-
Options exercised	-	215,052	(215,052)
Agents warrants exercised	-	238,205	(238,205)
Finders Fees	-	(50,000)	-
Share issue cost	-	(6,645)	-
Stock-based compensation	-	-	863,198
Issued at February 28, 2010	27,873,341	\$ 5,109,205	\$1,389,579

BIOASIS TECHNOLOGIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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6. SHARE CAPITAL (continued)

a) Private Placements

(i) On March 31, 2008 the Company completed a brokered and non-brokered private placement for 6,500,000 units at \$0.15 per unit for gross proceeds of \$975,000. Each unit consisted of one common share (a "Share") of the Company and one transferable common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one additional Share of the Company at a price of \$0.25 until March 31, 2009, subject to an exercise acceleration clause. The Agent received a cash payment of \$97,500 and 975,000 Agent's Warrants with a fair value of \$204,750, whereby each Agent's Warrant is exercisable into one common share of the Company at \$0.15 until March 31, 2009. The Agent was also paid an administration fee of \$5,000 and the Company incurred other share issue costs of \$22,653.

(ii) On May 29, 2009, the Company completed a private placement of 1,000,000 units at \$0.50 per unit for gross proceeds of \$500,000. Each unit consisted of one common share and one share purchase warrant entitling the investor to purchase an additional common share at a price of \$0.60 per share until May 29, 2010. The Company paid a finder's fee of 10% of gross proceeds and incurred other share issue costs of \$6,645 in connection with this financing.

b) Acquisition of biOasis Advanced Technologies Inc.

On March 27, 2008 the Company acquired 100% of the outstanding shares of biOasis Advanced Technologies Inc. in consideration for 6,086,660 common shares at a fair value of \$0.15 per share.

c) Exercise of Options

During the year ended February 28, 2010, the Company issued 600,007 (2009: 155,000) common shares at \$0.15 per share for proceeds of \$90,001 (2009: \$23,250), 100,000 (2009: 75,000) common shares at \$0.30 per share for proceeds of \$30,000 (2009: \$22,500) pursuant to the exercise of stock options, and 80,000 (2009: nil) common shares at \$0.35 per share for proceeds of \$28,000 (2009: \$nil) pursuant to the exercise of stock options.

d) Exercise of Warrants

During the year ended February 28, 2010, the Company issued 1,278,500 (2009: 96,500) common shares at \$0.15 per share for proceeds of \$191,775 (2009: \$14,475) and 5,980,000 (2009: 520,000) common shares at \$0.25 per share for proceeds of \$1,495,000 (2009: \$130,000) pursuant to the exercise of warrants.

e) Shares Held in Escrow

At February 28, 2010, 3,369,750 shares of the Company are subject to an Escrow Agreement pursuant to policies of the Exchange. Under the terms of the Escrow Agreement, 1,123,250 will be released on April 2, 2010; 1,123,250 on October 2, 2010; and 1,123,250 on April 2, 2011.

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6. SHARE CAPITAL (continued)

f) Stock Options

At the Company's 2009 Annual General and Special Meeting of Shareholders' held July 20, 2009 disinterested Shareholders approved a resolution to amend the Company's fixed stock option plan. Under the Amended Plan the number of common shares that could be reserved for issuance was increased from an aggregate of 3,597,667 to 5,442,967, representing 20% of the Corporation's issued and outstanding share capital as at that date of the Management Information Circular. The plan provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares.

In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for the issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares.

A summary of the status of the Company's stock option plan and "UBC Options" is presented below:

	February 28, 2010		February 28, 2009	
	Number of	Weighted	Number of	Weighted
	Options	Average	Options	Average
		Exercise		Exercise
		Price		Price
Outstanding, beginning balance	3,125,000	\$ 0.20	540,000	\$ 0.15
Granted	2,650,000	0.52	2,940,000	0.22
Exercised	(780,007)	0.19	(230,000)	0.20
Expired	-	-	-	-
Cancelled	(140,000)	0.31	(125,000)	0.30
Outstanding, ending balance	4,854,993	\$ 0.37	3,125,000	\$ 0.20
Exercisable, ending balance	3,732,493	\$ 0.30	2,887,500	\$ 0.20

- (i) On March 18, 2009, the Company granted 400,000 incentive stock options to a consultant exercisable at \$0.35 per share, expiring after five years, subject to vesting as follows: 100,000 options upon grant and 100,000 options each quarter thereafter. In addition the Company price reserved 450,000 incentive stock options at \$0.35, to be granted to the consultant upon receipt of shareholder approval, which was given on July 20, 2009. These options expire July 20, 2014 and are subject to vesting as follows: 112,500 options on July 20, 2009 and 112,500 options each quarter thereafter.
- (ii) On March 18, 2009, the Company cancelled 100,000 unvested incentive stock options to a consultant exercisable at \$0.30 per share expiring August 4, 2010.
- (iii) On March 26, 2009, the Company granted 200,000 incentive stock options to a consultant exercisable at \$0.35 per share, expiring after five years, subject to vesting as follows: 40,000 options upon grant and 40,000 each quarter thereafter. 57,333 of these options were subject to shareholder approval, which was given on July 20, 2009. In January 2010, 40,000 unvested options were cancelled.
- (iv) On April 24, 2009, the Company granted 250,000 incentive stock options to a consultant exercisable at \$0.64 per share, expiring after three years, subject to shareholder approval, which was given on July 20, 2009. These options subject to vesting as follows: 50,000 options upon grant and 50,000 options each quarter thereafter.
- (v) On April 24, 2009, the Company granted 200,000 incentive stock options to a consultant exercisable at \$0.64 per share, expiring after three years, subject to shareholder approval, which was given on July 20, 2009. These options subject to vesting as follows: 50,000 options one quarter after grant and 50,000 options each quarter thereafter.

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6. SHARE CAPITAL (continued)

- (vi) On August 12, 2009, the Company granted 150,000 incentive stock options to a consultant exercisable at \$0.63 per share, expiring after three years. These options subject to vesting as follows: 30,000 upon grant and 30,000 options each quarter thereafter.
- (vii) On August 24, 2009, the Company granted 150,000 incentive stock options to a consultant exercisable at \$0.58 per share, expiring after two years. These options subject to vesting as follows: 37,500 options one quarter after grant and 37,500 options each quarter thereafter.
- (viii) On October 23, 2009 the Company granted 100,000 incentive stock options to a consultant exercisable at \$0.55 per share expiring after two years, subject to vesting as follows: 25,000 options one quarter after grant and 25,000 options each quarter thereafter.
- (ix) On October 27, 2009 the Company granted 150,000 incentive stock options to a consultant exercisable at \$0.60 per share expiring after four years, subject to vesting as follows: 37,500 options one quarter after grant and 37,500 options each quarter thereafter.
- (x) On January 16, 2010, the Company granted 450,000 incentive stock options to certain directors, officers, and employees of the Company exercisable at \$0.68 per share expiring after five years, subject to vesting as follows: 12,500 options one month after grant and 12,500 options each month thereafter.
- (xi) On February 19, 2010, the Company granted 150,000 incentive stock options to certain directors, officers, and employees of the Company exercisable at \$0.64 per share expiring after five years, subject to vesting as follows: 37,500 options one quarter after grant and 16,071 options each quarter thereafter.

At February 28, 2010, 4,854,993 share purchase options were outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Options	Exercise Price	Expiry Date
99,993	0.15	27-Mar-10
110,000	0.58	21-May-10
100,000	0.50	9-Sep-10
1,480,000	0.15	2-Apr-11
150,000	0.58	24-Aug-11
250,000	0.64	24-Apr-12
200,000	0.64	24-Apr-11
385,000	0.15	24-Jul-12
150,000	0.63	12-Aug-12
150,000	0.36	28-Apr-13
400,000	0.35	18-Mar-14
80,000	0.35	26-Mar-14
450,000	0.35	20-Jul-14
100,000	0.55	23-Oct-11
150,000	0.60	27-Oct-13
450,000	0.68	16-Jan-15
150,000	0.64	19-Feb-15

The weighted average life of outstanding options is 3.71 years. The fair value of stock options granted pursuant to the incentive stock option plan was \$863,198 (2009: \$644,083) and the weighted average grant date fair value was \$0.21 (2009: \$0.25) per share. This has been determined using the Black-Scholes option pricing model with the following assumptions:

	February 28, 2010	February 28, 2009
Risk free interest rate	0.92% ~ 2.63%	1.16% ~ 3.31%
Dividend yield	0.00%	0.00%
Expected life	0.13 ~ 5 years	0.53 ~ 5 years
Expected volatility	66.70% ~ 149.64%	85% ~ 164%

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e) Warrants

A summary of the status of the Company's warrants is presented below:

		February 28, 2010		February 28, 2009
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning balance	7,258,500	\$ 0.23	400,000	\$ 0.15
Issued	1,000,000	0.60	7,475,000	0.24
Exercised	(7,258,500)	0.23	(616,500)	0.23
Outstanding, ending balance	1,000,000	\$ 0.60	7,258,500	\$ 0.23

At February 28, 2010, 1,000,000 share purchase warrants were outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Warrants	Exercise Price	Expiry Date
1,000,000	\$ 0.60	29-May-10

Option and warrant pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option and warrant grants.

Share Purchase Warrants

On May 29, 2009 the Company issued 1,000,000 share purchase warrants pursuant to a private placement whereby each warrant entitles the holder to purchase one additional common share at a price of \$0.60 per share until May 29, 2010. Subsequently, these warrants expired in full without exercise.

Agent's Warrants

On March 31, 2008 the Company issued 975,000 Agent's Warrants whereby each Agent's Warrant is exercisable into one common share of the Company at \$0.15 per share until March 31, 2009. The fair value of 975,000 agent warrants granted pursuant to the private placement was \$204,750. This has been determined using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate of 2.62%; expected life of 1 year; and expected volatility of 69%.

During the year ended February 28, 2010, the Company issued 1,278,500 (2009: 96,500) common shares at \$0.15 per share pursuant to the exercise of Agent Warrants for proceeds of \$191,775 (2009: \$14,475).

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7. RELATED PARTY TRANSACTIONS

- a) During the year ended February 28, 2010 the Company paid \$89,000 (2009: \$77,000), pursuant to a management contract, to a company controlled by a director and officer of the Company for consulting services in his capacity as President and Chief Executive Officer (“CEO”) . At February 28, 2010, the Company owed \$310 (2009: \$nil) to this director, which is unsecured, non-interest bearing and no repayment terms.
- b) During the year ended February 28, 2010 the Company paid \$72,000 (2009: \$66,000), pursuant to a management contract, to a director and officer of the Company for consulting services in his capacity as Chief Financial Officer.
- c) During the year ended February 28, 2010 the Company paid fees of \$110,500 (2009: \$75,000) pursuant to a management contract to a company controlled by Dr. Jefferies for consulting services in his capacity as Scientific Consultant of the Company.
- d) During the year ended February 28, 2010 the Company paid \$7,000 (2009:\$nil) to a director for research and development consulting services.
- e) During the year ended February 28, 2010 the Company incurred legal expense of \$3,177 (2009: \$6,225) and paid \$6,516 due to related party to a relative of the CEO of the Company.
- f) During the year ended February 28, 2010 the Company incurred legal expense of \$4,662 (2009: \$nil) to a law firm, a partner of whom is now a director of the Company, for legal work incurred since the partner became a director.
- g) During the year ended February 28, 2010 the Company granted 600,000 (2009: 1,330,000) stock options to directors to purchase a total of 600,000 (2009: 1,330,000) common shares of the Company at an average exercise price of \$0.67 (2009: \$0.15) per share expiring after five years from grant date.

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

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The comparative figures for the statements of cash flows for the year ended February 29, 2009 do not include the following non-cash transactions:

- a) The Company issued 975,000 agent warrants valued at \$204,750 as finder’s fees on a private placement.
- b) The Company issued 6,086,660 common shares at a fair value of \$0.15 per share for the acquisition of biOasis Advanced.
- c) The Company issued 200,000 options to UBC and various other patent holders who had transferred their patents to biOasis Advanced valued at \$50,000 pursuant to an Amending Agreement of the Technology Assignment Agreement between biOasis Advanced and UBC.

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9. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable. As at February 28, 2010 there are no significant differences between the carrying value of these amounts and their estimated market values. Unless otherwise noted it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk on its cash and cash equivalents and short-term investments in the event of non-performance by counterparties, but does not anticipate such non-performance. The maximum exposure to credit risk of the Company at the end of the period is the carrying value of its cash and cash equivalents.

The Company mitigates its exposure to credit risk by maintaining its primary operating and investment bank accounts with Schedule I banks in Canada.

As well the the Company mitigates its exposure to credit risk by restricting its investments to cash and cash equivalent and short term investments in Banker's Acceptance or General Investment Certificates of Schedule 1 banks in Canada and by monitoring the credit risk and credit standing of counterparties.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through its cash and cash equivalents and short-term investments. The Company mitigates this risk through its investment policy that only allows investment of its excess cash resources in Banker's Acceptance or General Investment Certificates of Schedule 1 banks in Canada while matching maturities with the Company's operational requirements.

Fluctuations in market rates of interest do not have a significant impact on the Company's results of operations due to the short term to maturity of the cash and equivalents held.

Currency risk

Currency risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has exposure to currency risk from its maintenance of a US dollar bank account and to future clinical trial work commitments contracted in foreign currency.

Balances in foreign currencies as at February 28, 2010 are as follows:

Cash and cash equivalents	US\$46,331
Accounts payable and accrued liabilities	US\$20,415

In addition the Company is committed to future clinical trial services in the amount of 77,397 British Pounds and US\$2,500. The British Pound contract price is capped such that if the Exchange rate moves more than 10% up or down from the contract set rate of 1.74 Canadian dollars to 1 British Pound then the contract is fixed at the Canadian equivalent price at the capped rate.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure as outlined in Note 10.

Accounts payable are all due within the current operating period.

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10. CAPITAL DISCLOSURES

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities with respect to research of its Alzheimer's biomarker diagnostic for Alzheimer's, including a new blood assay and a clinical trial, to commercialization of the technology through licensing the technology to third parties; to source partners to develop the use of p97 as a carrier for the delivery of therapeutic compounds across the blood-brain barrier; administrative costs; and intellectual property protection and expansion. The Company includes shareholders' equity, cash and short-term investments in the definition of capital. The Company does not have any debt other than trade accounts payable.

Since inception funding for the Company's plan has primarily been through the issuance of common shares. Management intends to regularly monitor capital markets to balance the timing of issuing additional equity with the Company's progress in testing and commercializing of its technology, general market conditions, and the availability of capital. There are no assurances that funds will be made available to the Company when required.

11. CONTRACTUAL COMMITMENTS

During fiscal 2009 the Company has entered into a contractual commitment for clinical work in the amount of US\$50,000. Remaining clinical work under this contract due to be completed in fiscal 2011 is US\$2,500.

During fiscal 2010 the Company has entered into contractual commitments in the amount of 118,130 British Pounds, \$190,375 and \$248,275 for pre clinical trial work. Remaining work under these contracts, due to be completed in fiscal 2011, are 77,397 British Pounds, \$94,461 (prepaid) and \$139,296 (prepaid) respectively.

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

13. INCOME TAXES

The provision for (recovery of) income taxes differs from the amount that would have resulted in applying Canadian federal and provincial statutory tax rates as follows:

	February 28, 2010	February 28, 2009
Loss before income taxes	\$ 2,217,690	\$ 1,149,785
Statutory tax rate	31.00%	31.00%
Expected income tax recovery at statutory rates	\$ 687,484	\$ 356,433
Effect of tax rate changes	-	3,579
Non-deductible stock-based compensation	(267,591)	(199,666)
Share issue costs not deducted	16,307	12,796
Other timing differences	(33,617)	(30,749)
Net change in valuation allowance	(402,583)	(142,393)
Future income tax recovery	\$ -	\$ -

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13. INCOME TAXES (continued)

The tax effects of temporary differences that give rise to future income tax assets and liabilities are as follows:

	February 28, 2010	February 28, 2009
Future income tax assets:		
Non-capital losses carried forward	\$ 565,428	\$ 162,845
Capital assets	991	489
Intangible assets	(35,744)	(67,399)
Share issue costs remaining	47,398	46,146
	<u>578,073</u>	<u>142,081</u>
Valuation allowance	(578,073)	(142,081)
	<u>\$ -</u>	<u>\$ -</u>

Estimated tax asset for the year is \$nil. Based upon the level of historical taxable income, it cannot be reasonably estimated at this time if it is more likely than not that the Company will realize the benefits from future income tax assets.

As at February 28, 2010, the Company has non-capital losses of approximately \$1,824,000 (2009: \$525,000) which may be carried forward to apply against future years income tax for Canadian income tax purposes, subject to final determination by taxation authorities and expiring as follows:

Fiscal years ending	2027	\$ 5,000
Fiscal years ending	2028	61,000
Fiscal years ending	2029	459,000
Fiscal years ending	2030	<u>1,299,000</u>
		<u>\$ 1,824,000</u>

14. SUBSEQUENT EVENTS

a) Stock Option Grants and Expiration

- (i) On March 18, 2010, the Company granted 50,000 incentive stock options to a consultant exercisable at \$0.60 per share expiring after four years, subject to vesting as follows: 12,500 options upon grant and 12,500 options each quarter thereafter.
- (ii) On March 27, 2010, 99,993 vested stock options exercisable at \$0.15 per share expired unexercised.
- (iii) On May 21, 2010, 110,000 vested stock options exercisable at \$0.58 per share expired unexercised.

b) Warrants Expiration

- (i) On May 29, 2010, 1,000,000 warrants exercisable at \$0.60 per share expired unexercised.