

BIOASIS TECHNOLOGIES INC.
INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

May 31, 2010

(UNAUDITED)

(The accompanying interim consolidated financial statements have been prepared by management and have not been reviewed by the Company's auditors)

The accompanying notes are an integral part of these financial statements

BIOASIS TECHNOLOGIES INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited-Prepared by Management)

| | May 31, 2010 | February 28, 2010 |
|---|-----------------|----------------------|
| ASSETS | | |
| CURRENT | | |
| Cash and cash equivalents | \$ 1,389,272 | \$ 1,693,257 |
| Accounts receivable | 44,408 | 37,925 |
| Prepaid expenses | 173,619 | 242,565 |
| | 1,607,299 | 1,973,747 |
| Capital assets (Note 3) | 4,648 | 4,959 |
| Intangible assets (Note 4) | 1,029,121 | 1,055,698 |
| | \$ 2,641,068 | \$ 3,034,404 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities (Note 6) | \$ 126,963 | \$ 39,226 |
| | 126,963 | 39,226 |
| SHAREHOLDERS' EQUITY | | |
| SHARE CAPITAL (Note 5) | 5,109,205 | 5,109,205 |
| CONTRIBUTED SURPLUS (Note 5) | 1,522,342 | 1,389,579 |
| DEFICIT | (4,117,442) | (3,503,606) |
| | 2,514,105 | 2,995,178 |
| | \$ 2,641,068 | \$ 3,034,404 |

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
(Unaudited-Prepared by Management)

| | Three Months Ended May 31, 2010 | Three Months Ended May 31, 2009 |
|---|--|--|
| <hr/> | | |
| EXPENSES | | |
| Amortization | \$ 26,888 | \$ 26,937 |
| General and Administrative | 194,671 | 161,245 |
| Research and Development | 260,908 | 48,614 |
| Stock-based Compensation | 132,763 | 209,480 |
| | <hr/> 615,230 | <hr/> 446,276 |
| OTHER ITEMS | | |
| Interest income | (1,394) | (1,190) |
| | <hr/> 613,836 | <hr/> 445,086 |
| NET AND COMPREHENSIVE LOSS FOR THE PERIOD | | |
| DEFICIT, BEGINNING OF PERIOD | <hr/> 3,503,606 | <hr/> 1,285,916 |
| DEFICIT, END OF PERIOD | <hr/> <hr/> \$4,117,442 | <hr/> <hr/> \$1,731,002 |
| | | |
| LOSS PER SHARE – Basic | \$ 0.02 | \$ 0.02 |
| Weighted average number of common shares outstanding | 27,873,341 | 23,959,095 |

The accompanying notes are an integral part of these financial statements

BIOASIS TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited-Prepared by Management)

| | Three Months Ended May 31, 2010 | Three Months Ended May 31, 2009 |
|---|--|--|
| CASH FLOWS PROVIDED BY (USED FOR): | | |
| OPERATING ACTIVITIES | | |
| Net loss for the year | \$ (613,836) | \$ (445,086) |
| Adjusted for items not affecting cash: | | |
| Amortization | 26,888 | 26,937 |
| Stock based compensation | 132,763 | 209,480 |
| | (454,185) | (208,669) |
| Net changes in non-cash working capital item: | | |
| Accounts receivable | (6,483) | 9,682 |
| Prepaid expenses | 68,947 | (437,600) |
| Accounts payable and accrued liabilities | 87,736 | 85,529 |
| | (303,985) | (551,058) |
| INVESTING ACTIVITIES | | |
| Acquisition of capital assets | - | (2,069) |
| | - | (2,069) |
| FINANCING ACTIVITIES | | |
| Proceeds from issuance of common shares | - | 2,205,000 |
| Share issue costs | - | (56,645) |
| | - | 2,148,355 |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (303,985) | 1,595,228 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD | 1,693,257 | 877,330 |
| CASH AND CASH EQUIVALENTS, END OF THE PERIOD | \$ 1,389,272 | \$ 2,472,558 |
| Cash and cash equivalents consists of: | | |
| Cash | \$ 389,272 | \$ 1,022,149 |
| Term deposits | 1,000,000 | 1,450,409 |
| | \$ 1,389,272 | \$ 2,472,558 |
| Cash paid for interest | \$ - | \$ - |
| Cash paid for income taxes | \$ - | \$ - |

The accompanying notes are an integral part of these financial statements

BIOASIS TECHNOLOGIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 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 called melanotransferin ("p97") through development of an in vitro diagnostic named Cognitest™ to measure circulating levels of p97 in patients suspected or known to suffer from Alzheimer's disease and through the Company's Transcend™ program which is to identify candidate therapeutic agents for conjugation with p97 for delivery 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) Basis of Presentation:

These interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The notes presented in these interim consolidated financial statements include only significant events and transactions occurring since the Company's fiscal year end and are not fully inclusive of all matters required to be disclosed in the Company's annual audited financial statements. Accordingly these interim consolidated financial statements should be read in conjunction with the Company's most recent annual audited financial statements as at and for the year ended February 28, 2010.

The accounting policies used in the preparation of these interim consolidated financial statements conform to those used in our most recent audited annual financial statements, except as disclosed below.

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

b) Future Changes in Accounting Policies

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)

b) Future Changes in Accounting Policies (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. CAPITAL ASSETS

| | | | May 31,, 2010 | February 28, 2010 |
|------------------|----------|-----------------------------|-------------------|----------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Computers | \$ 5,016 | \$ 2,675 | \$ 2,341 | \$ 2,531 |
| Office equipment | 3,140 | 833 | 2,307 | 2,428 |
| | \$ 8,156 | \$ 3,508 | \$ 4,648 | \$ 4,959 |

4. INTANGIBLE ASSETS

| | | May 31, 2010 | | February 28, 2010 |
|-------------------|--------------|-----------------------------|-------------------|-------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| UBC Patents | \$669,845 | \$ 145,167 | \$ 524,678 | \$ 541,428 |
| Jefferies Patents | 589,609 | 85,166 | 504,443 | 514,270 |
| | \$ 1,259,454 | \$ 230,333 | \$ 1,029,121 | \$ 1,055,698 |

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.

BIOASIS TECHNOLOGIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2010

5. 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 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 |
| Stock-based compensation | | | 132,763 |
| Issued at May 31, 2010 | 27,873,341 | \$ 5,109,205 | \$1,522,342 |

a) Shares Held in Escrow

At May 31, 2010, 2,246,500 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 October 2, 2010; and 1,123,250 on April 2, 2011.

b) Stock Options

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

| | May 31, 2010 | | February 28, 2010 | |
|------------------------------------|----------------------|--|----------------------|--|
| | Number of Options | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| Outstanding, beginning balance | 4,854,993 | \$ 0.37 | 3,125,000 | \$ 0.20 |
| Granted | 50,000 | 0.60 | 2,650,000 | 0.52 |
| Exercised | - | - | (780,007) | 0.19 |
| Expired | (209,993) | 0.38 | - | - |
| Cancelled | - | - | (140,000) | 0.31 |
| Outstanding, ending balance | 4,695,000 | \$ 0.37 | 4,854,993 | \$ 0.37 |
| Exercisable, ending balance | 3,952,500 | \$ 0.32 | 3,732,493 | \$ 0.30 |

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5. SHARE CAPITAL (continued)

b) Stock Options (continued)

- (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.

At May 31, 2010, 4,695,000 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 |
|-----------|----------------|-------------|
| 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 |
| 50,000 | 0.60 | 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 3.75 years. The fair value of stock options granted pursuant to the incentive stock option plan was \$132,763 (2010: \$863,198) and the weighted average grant date fair value was \$0.16 (2010: \$0.21) per share. This has been determined using the Black-Scholes option pricing model with the following assumptions:

| | May 31, 2010 | February 28, 2010 |
|-------------------------|-------------------|----------------------|
| Risk free interest rate | 1.51% ~ 2.88% | 0.92% ~ 2.63% |
| Dividend yield | 0.00% | 0.00% |
| Expected life | 0.12 ~ 4.25 years | 0.13 ~ 5 years |
| Expected volatility | 36.01% ~ 122.54% | 66.70% ~ 149.64% |

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5. SHARE CAPITAL (continued)

c) Warrants

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

| | | May 31, 2010 | | February 28, 2010 |
|--------------------------------|-----------------------|--|-----------------------|--|
| | Number of Warrants | Weighted Average Exercise Price | Number of Warrants | Weighted Average Exercise Price |
| Outstanding, beginning balance | 1,000,000 | \$ 0.23 | 7,258,500 | \$ 0.23 |
| Issued | - | 0.60 | 1,000,000 | 0.60 |
| Exercised | - | 0.23 | (7,258,500) | 0.23 |
| Expired | (1,000,000) | 0.60 | - | - |
| Outstanding, ending balance | - | - | 1,000,000 | \$ 0.60 |

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.

6. RELATED PARTY TRANSACTIONS

- a) During the period ended May 31, 2010 the Company paid \$36,000 (May 31 2009: \$21,000), 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").
- b) During the period ended May 31, 2010 the Company paid \$18,000 (May 31, 2009: \$18,000), 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 period ended May 31, 2010 the Company paid \$nil (May 31 2009:\$5,000) to a director for research and development consulting services.
- d) As at May 31, 2009 the Company owed \$7,113(May 31,2010: \$nil) to a law firm, a partner of whom is a relative of the CEO of the Company, which is unsecured and non-interest bearing and no repayment terms.

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

BIOASIS TECHNOLOGIES INC.
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7. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable. As at May 31, 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 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 May 31, 2010 are as follows:

| | |
|---------------------------|--|
| Cash and cash equivalents | US\$85,212 |
| Accrued liabilities | US\$19,884 and Great British Pounds (GBP) 41,785 |

The Company has additional future contractual commitments denominated in foreign currency as follows:

Pre-clinical trial services in the amount of GBP 39,785 and US\$2,500.

The accrued liabilities and future contractual commitments denominated in GBP are subject to an exchange contract price cap such that if the Canadian dollar to the GBP exchange rate moves by more than 10% up or down from the contract set rate of 1.74 C\$ to 1 GBP, then the contract is fixed at the Canadian equivalent price using 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 8.

Accounts payable are all due within the current operating period.

BIOASIS TECHNOLOGIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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8. CAPITAL DISCLOSURES

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities with respect to: (i) the Company's CognitestTM research program comprising completion of an in vitro diagnostic to measure circulating levels of p97 in patients suspected or known to suffer from Alzheimer's disease, additional clinical trials, and regulatory approvals to commercialization of the technology through licensing to third parties; (ii) the Company's TranscendTM program which is to identify candidate therapeutic agents for conjugation with p97 for delivery across the blood brain barrier and then to source joint venture partners to conduct further clinical research on those agents (iii) protect and expand the Company's intellectual property; (iv) and for up to twelve months of working capital for corporate operations.

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. The Company intends to conduct an equity financing in the near future to meet its capital objectives. Management is regularly monitoring the 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 but there are no assurances that funds will be made available to the Company.