

**biOasis Technologies Inc.**  
**Management's Discussion and Analysis**  
**For the Year Ended February 28, 2009**

The following Management's Discussion and Analysis ("MD&A") is dated as of June 15, 2009 and provides a detailed analysis of the results and financial condition of biOasis Technologies Inc. (the "Company") for the year ended February 28, 2009. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended February 28 2009, together with the related notes therein which were prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). The reporting currency is in Canadian dollars.

**CAUTION REGARDING FORWARD LOOKING STATEMENTS**

This Management's Discussion and Analysis contains forward looking statements that reflect the current view of the management with respect to future events and financial performance. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements.

When used in this document, words such as 'estimate', 'expect', 'anticipate', 'believe', 'may', 'plan', 'intend' and similar expressions are intended to identify forward looking statements. Such statements are used to describe management's future plans, objects and goals for biOasis and therefore involve inherent risks and uncertainties. Such factors include, among others, our stage of development, lack of any product revenues, general economic conditions, additional capital requirements, risk associated with the completion of clinical trials and obtaining regulatory approval to market our products, the ability to protect our intellectual property, dependence on collaborative partners and the prospects for negotiating additional corporate collaborations or licensing arrangements and their timing. Specifically, certain risks and uncertainties that could cause such actual events or results expressed or implied by such forward-looking statements and information to differ materially from any future events or results expressed or implied by such statements and information include, but are not limited to, the risks and uncertainties that: we may not be able to successfully develop and obtain regulatory approval for p97 as a Physician's Aid to Diagnose Alzheimer's disease, or future products in our targeted corporate objectives; our future operating results are uncertain and likely to fluctuate; we may not be able to raise additional capital; we may not be successful in establishing additional corporate collaborations or licensing arrangements; we may not be able to establish marketing and the costs of launching our products may be greater than anticipated; we have no experience in commercial manufacturing; we may face unknown risks related to intellectual property matters; we face increased competition from pharmaceutical and biotechnology companies; failure of third parties and sub-contractors; and other factors as described in detail in our filings with the Canadian securities regulatory authorities at [www.sedar.com](http://www.sedar.com)

All forward-looking statements and information made herein are based on our current expectations and we undertake no obligation to revise or update such forward-looking statements and information to reflect subsequent events or circumstances, except as required by law or regulation. Readers are cautioned against placing undue reliance on forward looking statements.

**OVERVIEW**

The Company was listed for trading on the TSX Venture Exchange (the "Exchange") July 24, 2007 as a Capital Pool Company ("CPC"). As a CPC the Company's business objective was to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction (the "QT").

The Company completed its QT effective April 3, 2008 as a result of its acquisition of biOasis Advanced Technologies Inc. (formerly biOasis Technologies Inc.) ("biOasis Advanced"); its name change to biOasis Technologies Inc.; its symbol change to "BTI"; and completion of a private placement for gross proceeds of \$975,000 (see Completion of Qualifying Transaction - Acquisition of biOasis Advanced Technologies Inc).

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

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**KEY ACHIEVEMENTS AND MILESTONES**

During fiscal 2009 the Company raised cash proceeds of \$1,040,072 from the issuance of common shares including \$849,847 from the equity private placement completed as part of its QT. As at February 28, 2009 the Company had working capital of \$905,025 compared to \$446,407 as at February 29, 2008. Subsequent to February 28, 2009 the Company received cash proceeds of \$1,705,000 from the exercise of share purchase and Agent's warrants and incentive stock options exercised, and \$443,355 proceeds from completion of a unit private placement on May 29, 2009. These funds, together with funds on hand as at February 28, 2009, are expected to fund remaining clinical work and the regulatory filing process in respect of the potential use of a p97 as a biomarker diagnostic for Alzheimer's disease, exploratory research on the BBB technology in the form of a Collaborative Research Agreement with The University of British Columbia, and for general operations through December 31, 2010.

On March 27, 2008 Mr. Rob Hutchison and Dr. Terry Pearson joined the Board of Directors and Dr. Wilf Jefferies became Scientific Consultant and Chairman of the Scientific Advisory Board. Mr. Hutchison was appointed President and Chief Executive Officer (CEO) of the Company and Mr. David Clark CA, former President and CEO, assumed the role of Chief Financial Officer ("CFO") and remained a director, along with Mr. George Sanders. Mr. Jens Biertumpel resigned as a director.

Mr. Hutchison was the founder of several companies including eCharge Corporation ("eCharge") of Seattle, Washington, which specializes in alternative payment methods for the internet. Prior to co-founding eCharge, Mr. Hutchison was the President of Canada-based SNI Corporation, which specializes in the integration of SUN Microsystems UNIX-based systems with the Internet and computer firewall security.

Dr. Pearson is a professor in the Department of Biochemistry and Microbiology at the University of Victoria ("UVIC") where he is involved in research on tropical diseases and the use of monoclonal antibodies and mass spectrometry for protein detection in a variety of applications and a Senior Scientific Advisor to the Plasma Proteome Institute, Washington, DC. Dr. Pearson received his B.Sc. and Ph.D. degrees in microbiology and immunology from The University of British Columbia ("UBC"), has served on the board of Genemax Corp, as a Trustee of the Terry Fox Medical Research Foundation and as a Director of the Science Council of British Columbia. Dr. Pearson has published more than 150 scientific articles. He is also a member of the Company's Scientific Advisory Board.

Dr. Wilf Jefferies is a Professor in the Michael Smith Laboratories and the Biomedical Research Centre at UBC. He previously founded Synapse Technologies Inc., which was subsequently acquired by BioMarin Pharmaceuticals Inc. An expert in identifying Biomarkers of Alzheimer's disease and the delivery of drugs across the BBB, Dr. Jefferies is the lead inventor of biOasis Advanced's scientific technologies. Dr. Jefferies holds a Bachelor of Science degree in biochemistry from UVIC and a Doctor of Philosophy degree from the Sir William Dunn School of Pathology at the University of Oxford.

On May 2, 2008, Dr. Leigh Anderson was appointed to the Scientific Advisory Board. Dr Anderson is the founder and CEO of the Plasma Proteome Institute ("PPI"), Washington DC ([www.plasmaproteome.org](http://www.plasmaproteome.org)). The Institute aims to foster a comprehensive exploration of the proteins of human blood plasma (the plasma proteome) and the application of novel protein measurements in clinical diagnostics. Previously Dr. Anderson served on the Board of Directors of Dade-Behring Holdings, a global diagnostics company recently purchased by Siemens Healthcare Diagnostics. Dr. Anderson holds a bachelors degree (Hons Physics) from Yale University and a PhD (Molecular Biology) from Cambridge University, England.

On May 27, 2008 Mr. John McKay was appointed as a member of the Company's Advisory Board. Mr. McKay has worked over 35 years in the pharmaceutical industry including with Smith Kline Beecham and Lambert Warner / Parker Davies in senior international management positions responsible for product pipeline, product development and marketing.

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**KEY ACHIEVEMENTS (continued)**

On June 2, 2008 the Company announced it had been granted Canadian Patent # 2,230,372. The patent secures intellectual property regarding the use of p97 as a biomarker for diagnosing and monitoring Alzheimer's disease.

On June 26, 2008, Dr. Jefferies and his team published a Manuscript in the PLoS ONE on-line Peer Reviewed Journal. The significance of this Manuscript was that it was the first time that a naturally occurring protein (p97) was proven to deliver chemotherapeutic agents (drugs) across the BBB with efficacy (strength) of up to ten times that of the non-carrier delivered drugs. In addition, drug delivery by p97 virtually eliminated the deposit of the drug in other organs, such as the heart, thereby significantly reducing the risk of cardiotoxicity. This scientific finding potentially opens a new realm for treatment of conditions such as inoperable brain cancer. The findings showed that the animals treated with the drugs carried by p97 lived up to 77% longer and had little to no build up of the drugs in other organs. Significantly, in 20% of the treated animals, the tumors were completely eradicated. In those animals treated with the drugs without being carried by p97, a minimal amount of the drugs was found in the brain cells while a significant amount was found in bystander tissue, for example, the heart muscle. This study shows that there is a possibility that using p97 as a carrier for drug delivery may increase the effectiveness of delivered drug, allowing an increase in the number of the doses while minimizing side effects such as cardiotoxicity.

In November, 2008 the Company entered into a contract with Anderson Forchung for clinical services to develop new Isotope Standards and Capture by Anti-Peptide Antibodies ("SISCAPA") Assays to measure the levels of p97 in human blood samples. This new immunoproteomics platform allows the accurate quantification and thus subsequent qualification of biomarkers.

SISCAPA is a technique that was developed to measure the levels of proteins in human plasma and is based on immunoaffinity enrichment of peptide surrogates of biomarker proteins and their identification by mass spectrometry. The technique offers several improvements over standard immunoassays: first, the analytes are unambiguously identified by the mass spectrometer; second the assay detects peptide surrogates of the protein targets (rather than the intact proteins) and thus is less subject to variability due to sample degradation; third, SISCAPA is less subject to interference due to autoantibodies that may bind the analyte since these antibodies are destroyed during the SISCAPA sample preparation step. SISCAPA will be used as a second, independent method for quantification of p97 in human plasma in parallel with a sandwich immunoassay, thus adding additional confidence for qualification of p97 as a biomarker for Alzheimer's disease.

On February 22, 2009 the Company announced that it had appointed Mahesh Kamat as lead blogger for the Company to help build a resource of focused, timely informational blogs, where investors, stakeholders and the greater biotech community can get unbiased information on what is going on in research and therapy development for Alzheimer's and other Neurological Diseases. Mahesh has worked on the development and commercialization of biomarker-based assays for retinal disease treatments and has a Masters in Biomedical Engineering from Drexel University, Pennsylvania and an MBA in international Business from Seattle University, Washington.

On March 20, 2009 the Company announced that Mr. Mark Godsy had joined the Company to assist in formulating the overall strategy of the Company, including helping to secure additional biotech industry executives to the Company's Board of Directors, and Scientific and Business Advisory Boards; formulation and execution of a comprehensive business plan; securing strategic alliances; and assistance in sourcing additional financing. Mr. Godsy is a successful and experienced entrepreneur working in the area of corporate development and venture capital who co-founded two Canadian biotechnology companies; ID Biomedical and Angiotech Pharmaceuticals. Mr. Godsy is a graduate of UBC and received his law degree from McGill University.

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**KEY ACHIEVEMENTS (continued)**

On March 26, 2009 the Company announced that it had appointed Crescent Communications a Market Research and Investor Relations firm based in Westport, Connecticut, U.S.A. specializing in emerging market companies, for its U.S. Investor Relations services, to increase awareness of the Company with U.S. private investors, brokers, funds, institutional investors, analysts and corporate finance.

On April 24, 2009 the Company announced it had appointed Michael Edward Shannon, M.A., M.Sc., M.D. as Senior Medical Advisor and a member of the Scientific Advisory Board of the Company. Michael Shannon, M.A., M.Sc., M.D. has extensive experience in managing or consulting on clinical drug trial programs in the former positions of Vice-President Medical Affairs for Vasogen Inc. from 2004 to 2008 and as Vice-President, Medical Sciences for Hemosol Inc. from 2001-2003. Prior to that Dr. Shannon was Director General of the Canadian Laboratory Centres for Disease Control, Director General of the Canadian Blood Secretariat and Deputy Surgeon General for the Canadian Forces.

On April 24, 2009 the Company also announced the appointment of Stirling Mercantile Capital, an experienced corporate finance firm as consultants to the Company.

On May 19 and June 2, 2009 the Company announced it had entered into Collaborative Research Agreements ("CRAs") with UBC. Each CRA is for one year in duration. Under each CRA biOasis will employ a dedicated full time research technician, a post doctoral fellow and a part time project administrator. The work is to be conducted at the Michael Smith Laboratories at UBC.

UBC ELISA Assay CRA: the primary purpose of this CRA is to develop a standard Enzyme-Linked ImmunoSorbent Assay ("ELISA") with which to detect levels of the protein "p97" in blood for the purpose of making a submission to the Regulatory Bodies for p97 as a Biomarker for Alzheimer's disease and as a Physician's Aid To Diagnose Alzheimer's disease, as well as to develop Standard Operating Procedures for the assay.

UBC BBB work CRA: the primary purpose of this CRA is to perform additional research on the use of p97 as a delivery system to shuttle compounds across the blood-brain barrier (BBB). This new initiative will build on the preclinical Proof-of-Concept that demonstrated that p97 can shuttle anti-cancer drugs into the brain that are efficacious in the treatment of malignant brain tumours.

In its corporate update dated May 22, 2009 the Company announced that it had entered into a Materials Transfer Agreement with a major U.S. biotech Company whereby several of the Company's patented, proprietary technologies and reagents for delivery of therapeutics across the BBB will be provided to them for testing.

**FUTURE OUTLOOK**

If the ELISA and SISCAPA assays and clinical trials are successful the Company expects to submit its regulatory applications for use of p97 as a biomarker diagnostic and as a Physicians Aid to diagnose Alzheimer's disease by approximately fiscal Q4 2010. If approved the Company expects to secure licenses for its Alzheimer's diagnostic technology, with license payments and royalties.

The Company is also seeking to secure collaboration agreements for the development of the potential therapeutic uses of p97. The Company has recently entered into a Material Transfer Agreement with one major US biotech Company with respect to their testing of several of the Company's patented, proprietary technologies and reagents for delivery of therapeutics across the BBB.

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**FUTURE OUTLOOK (continued)**

The Company has no source of revenue other than interest income earned on cash and cash equivalents and short term investments. The Company has raised additional cash resources, principally through the sale of its common stock, in the form of private placement financings and the exercise of warrants and of options. The Company will need to continue this in the future as well as securing milestone payments and royalty revenues through the sale of licenses and partnerships to fund its research, business plans, and operations beyond December 31, 2010. A substantial risk is that current market conditions remain unfavorable for junior research and development companies wishing to raise additional funding. Future funding, licenses and partnerships are also dependent on clinical success and regulatory approvals.

**COMPLETION OF QUALIFYING TRANSACTION – ACQUISITION OF BIOASIS  
ADVANCED TECHNOLOGIES INC. (“biOasis Advanced”)**

On March 27, 2008, the Company acquired 100% of the shares of biOasis Advanced for equity consideration of 6,086,660 common shares of the Company issued at market value of \$0.15. As a result biOasis Advanced became a wholly owned subsidiary of the Company.

Transaction costs of \$156,281 which are added to the purchase price comprise legal fees of \$93,786, accounting fees of \$14,600, sponsorship fee of \$25,000, TSX Exchange filing fees of \$14,364 and valuation and other due diligence fees of \$8,531.

On March 31, 2008 the Company completed a private placement for 6,500,000 units at \$0.15 for gross proceeds of \$975,000. Each unit consisted of one common share (“Shares”) of the Company and one transferable Share purchase warrant entitling 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.

biOasis Advanced was formed to commercialize a number of patents and patent applications that surround serum melanotransferrin, a protein called p97. These patents were filed by the University of British Columbia and Dr. Wilfred Jefferies’ team. Dr. Jefferies and his team made the discovery that elevated levels of p97 in human blood may be a very accurate indicator of a subject entering the early stages of a disease known as Alzheimer’s. Dr. Jefferies’ results were confirmed by independent third party studies conducted by researchers at a Korean University and recently by a team at the University of Alabama.

Dr. Jefferies and his team are also working on technologies dealing with the therapeutic aspects of the protein, where p97 may be able to penetrate the Blood Brain Barrier and may be used to deliver a therapeutic across the Blood-Brain Barrier to retard or arrest the onset of Alzheimer’s disease and other neurological diseases.

The acquisition has been accounted for using the purchase method, with the Company as the acquirer, and the assets and liabilities acquired recorded at their fair values.

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**COMPLETION OF QUALIFYING TRANSACTION – ACQUISITION OF BIOASIS  
ADVANCED TECHNOLOGIES INC. (continued)**

A summary of the purchase price allocation of the consideration given to the net assets of biOasis Advanced is as follows:

<b>Acquisition of biOasis Advanced: Allocation of Purchase Price to the Fair Value of biOasis Advanced's Net Assets</b>	
Capital Assets	\$2,935
Intangible Assets: Patents, Licenses and Intellectual Property	
"UBC Patents"	619,845
"Jefferies Patents"	<u>589,609</u>
Total Patents Licenses and Intellectual Property	1,209,454
<b>Fair Value of Assets Acquired</b>	<b>1,212,389</b>
Net Current Liabilities	<u>(143,109)</u>
<b>Purchase Price</b>	<b>\$1,069,280</b>

<b>Acquisition of biOasis Advanced: Consideration given:</b>		
6,086,660 common shares from treasury at \$0.15 per share	\$912,999	85%
Transaction Costs	156,281	15%
<b>Purchase Price</b>	<b>\$ 1,069,280</b>	<b>100%</b>

**SELECTED ANNUAL FINANCIAL INFORMATION**

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

Fiscal Year	Feb 28, 2009	Feb 29, 2008	Feb 28, 2007
	\$	\$	\$
Loss	(1,149,785)	(131,131)	(5,000)
Loss per share-basic and diluted	(0.07)	(0.04)	(0.22)
Total Assets	2,092,570	631,175	90,001
Total Liabilities	21,031	57,005	5,000

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**SUMMARY OF QUARTERLY RESULTS**

The following are the results for the Company's past eight quarterly reporting periods:

Fiscal Year	2009	2009	2009	2009	2008	2008	2008	2008
Quarter	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-	-	-	-
Expenses	188,271	158,558	155,346	670,156	4,066	1,081	106,290	31,777
Other Items:								
Interest Income	(3,172)	(5,926)	(6,805)	(6,643)	(11,820)	(223)	(40)	-
Net income (loss)	(185,099)	(152,632)	(148,541)	(663,513)	7,754	(858)	(106,250)	(31,777)
Basic income (loss) per share	(0.01)	(0.01)	(0.01)	(0.05)	0.00	(0.00)	(0.03)	(0.02)

The Company was incorporated on November 3, 2006 as a private company with minimal expense. Q1 2008 and Q2 2008 expenses principally comprise professional fees and transfer agent, regulatory filing and news service fees incurred with respect to the Company's listing on the TSX Venture Exchange on July 24, 2007. Q2 2008 also includes \$86,400 of stock-based compensation expense. Q3 2008 and Q4 2008 expenses were minimal as the Company operated as a CPC and expenditures incurred directly with respect to the acquisition of biOasis Advanced were added to the purchase price of biOasis Advanced. Other interest income of \$11,820 in Q4 2008 includes pick up of all unpaid interest income on the Company's short term investment GIC from original investment date. The Company acquired biOasis Advanced on March 27, 2008 and became a research and development company. On April 1, 2008 the Company entered into consulting contracts for the services of the CEO, CFO and Scientific Consultant at a full quarter cost of \$54,000 before bonus; the Scientific Consultant received bonuses of \$5,000 in Q2 2009 and \$15,000 in Q4 of 2009. The Company's communications consultant charged web set up fees of \$5,000 in Q1 2009 and contract fees of \$7,500 in Q2 2009, \$2,500 in Q3 2009 and \$7,500 in Q4 2009. Other significant ongoing new expenditures include maintenance of patents and filing fees of \$8,754 in Q1 2009, \$18,098 in Q2 2009, \$8,198 in Q3 2009 and \$9,990 in Q4 2009; amortization of patents and capital assets of \$18,387 in Q1 2009, \$27,577 in Q2 2009, \$27,576 in Q3 2009 and \$25,488 in Q4 2009; ; clinical trial expenses of \$12,772 in Q3 2009 and \$15,772 in Q4 2009; and blogger consultant fees of \$10,981 in Q4 2009. Stock based compensation significantly negatively impacts quarterly loss as follows: \$86,400 in Q2 2008; \$570,363 in Q1 2009; \$22,062 in Q2 2009; \$25,563 in Q3 2009; and \$26,095 in Q4 2009.

**RESULTS OF OPERATIONS**

The Company incurred a net loss of \$1,149,785 for the year ended February 28, 2009 ("YTD 2009"), including \$644,083 of non-cash stock-based compensation expense and \$99,028 of non-cash amortization of patents and capital assets.

**For the three months ("Q4 2009) and twelve months ("fiscal 2009") ended February 28, 2009 as compared to the three months ("Q4 2008) and twelve months ("fiscal 2008") ended February 29, 2008.**

The results of operations of biOasis Advanced are included in the consolidated financial statements for the year ended February 28, 2009 from March 27, 2008. Comparative figures for the consolidated balance sheets presented as at February 29, 2008 and the comparative figures for the statements of comprehensive loss and deficit and cash flows for the three and twelve months ended February 29, 2008 do not include biOasis Advanced.

Prior to the acquisition of biOasis Advanced the Company was a CPC whose business activities and expenditures were limited to identifying and completing a Qualifying Transaction. Transactions costs incurred directly in respect of the acquisition of biOasis Advanced were added to the purchase price of biOasis Advanced.

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**RESULTS OF OPERATIONS (continued)**

**Amortization**

The following table identifies the composition and changes in Amortization expense:

Amortization Expense	"Q4 2009"	"Q4 2008"	Increase (decrease)	"YTD 2009"	"YTD 2008"	Increase (decrease)
	\$	\$	\$	\$	\$	\$
Patents and intellectual property	25,059	-	25,059	97,449	-	97,449
Capital assets	429	-	429	1,579	-	1,579
Total amortization expense	25,488	-	25,488	99,028	-	99,028

Patent and intellectual property amortization expense comprises the amortization of the "UBC patents" and "Jefferies patents" acquired in the acquisition of biOasis Advanced over their estimated useful economic lives of 10 and 15 years respectively.

**General and Administration Expense**

The following table identifies the composition and changes in General and Administration ("G&A") expense:

General and Administrative Expense	"Q4 2009"	"Q4 2008"	Increase (decrease)	"YTD 2009"	"YTD 2008"	Increase (decrease)
	\$	\$	\$	\$	\$	\$
Accounting & audit	(1,075)	2,001	(3,076)	21,873	9,501	12,372
Advertising and promotion	11,838	-	11,838	11,838	-	11,838
Consulting	46,400	-	46,400	160,500	-	160,500
Insurance	2,808	-	2,808	8,424	-	8,424
Legal & other professional fees	10,215	-	10,215	19,949	26,197	(6,248)
Office, telephone & miscellaneous	2,449	-	2,449	21,560	1,024	20,536
Transfer agent, regulatory filing and news service	6,151	2,065	4,086	29,177	20,092	9,085
Travel	2,140	-	2,140	7,315	-	7,315
Total General and Administrative Expense	80,926	4,066	76,860	280,636	56,814	223,822

G&A expenses are significantly lower in Q4 and fiscal 2008 due to the Company's CPC status and limited operations at that time. The \$12,372 increase in accounting and audit fees in fiscal 2009 is due to a \$7,500 increase in audit fee less a \$2,500 decline in audit fees related to the Company's Initial Public Offering and an increase in accounting consulting fees due to the set up of biOasis Advanced on-going consolidation and increased transaction activity; Q4 2009 expense is a \$1,075 credit due to a reversal of a \$2,000 fiscal 2008 consultant expense. Fiscal 2009 advertising fees and promotion principally comprise blogger consultant fees of \$10,983. Fiscal 2009 consulting fees comprise \$77,000 expense in respect of the services of the CEO, \$66,000 in respect of the services of the CFO and \$17,500 in respect of services of a communication's consultant. Insurance expense comprises directors' and officers' liability insurance, effective from June 3, 2008 onwards. Legal & other professional fees declined \$6,248 as fiscal 2008 included legal fees in respect of the Company's Initial Public Offering. Fiscal 2009 office, telephone and miscellaneous expense includes web site set-up of \$5,000 and reflects increased operations. Transfer agent, regulatory filing and news service fees for Q4 2009 include \$3,373 of TSX Exchange fees with respect to filing of the option plan and \$1,500 of transfer agent expense with respect to set-up of escrow agreements in addition to normal fees and filing expense; fiscal 2008 expense includes TSX Exchange listing fees of \$9,891 and additional fees to the British Columbia Securities Commission ("BCSC") fees of \$1,900.

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**RESULTS OF OPERATIONS (continued)**

**Research and Development Expense**

The following table identifies the composition and changes in research and development expense:

Research and Development Expense	"Q4 2009"	"Q4 2008"	Increase (decrease)	"YTD 2009"	"YTD 2008"	Increase (decrease)
	\$	\$	\$	\$	\$	\$
Clinical trial expense	15,772	-	15,772	28,544	-	28,544
Consulting fees	30,000	-	30,000	75,000	-	75,000
Patent maintenance & filing fees	9,990	-	9,990	45,040	-	45,040
Total Research and Development Expense	55,762	-	55,762	148,584	-	148,584

The Company's research and development activity commenced with the acquisition of biOasis Advanced on March 27, 2008. Clinical trial fees comprise the portion of contract expense based on estimated percentage of contract completed in the period for the development of a new SISCAPA Assay to measure the levels of p97 in human blood samples. Consultant fees comprise fees for the services of the Company's Scientific Consultant Dr' Wilf Jefferies for April 1, 2008 on. Patent maintenance and filing fees are legal fees and patent office filing fees incurred with respect to maintaining, expanding, and defending the Company's patents and intellectual property.

**Stock-based Compensation Expense**

The following table identifies the composition and changes in stock-based compensation expense:

Stock-based Compensation Expense	"Q4 2009"	"Q4 2008"	Increase (decrease)	"YTD 2009"	"YTD 2008"	Increase (decrease)
	\$	\$	\$	\$	\$	\$
Stock-based compensation expense	26,095	-	26,095	644,083	86,400	557,683

Stock based compensation is accounted for in accordance with Section 3870 of the CICA Handbook. An estimate of the fair value of stock options calculated using the Black-Scholes Options Pricing Model. The application of this model requires management to estimate several variables, including the period for which the option is expected to be outstanding, price volatility of the Company's stock or a relevant comparable company stock if the Company does not have sufficient trading history over the relevant timeframe and the determination of the Company's risk free interest rate and an assumption regarding the Company's future rate policy.

Upon completion of the acquisition of biOasis Advanced, 1,330,000 incentive stock options were granted to existing and newly appointed directors and officers of the Company and 650,000 to Dr. Wilfred Jefferies, Scientific Consultant and Chairman of the Scientific Advisory Board. During fiscal 2009 an additional 250,000 incentive stock options were granted to new appointees to the Company's Business Advisory and Scientific Advisory Boards and 500,000 incentive stock options (of which 225,000 were cancelled prior to vesting) to third party consultants acting in finance and marketing capacities and 10,000 incentive stock options to the Company's communications consultant.

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**RESULTS OF OPERATIONS (continued)**

**Other Items - Interest Income**

The Company earned interest income of on its cash and cash equivalents and short term investments of \$3,172 for Q4 2009 and \$22,546 for fiscal 2009 compared to \$11,820 for Q4 2008 and \$12,083 for fiscal 2008. Yields on the Company's cash and equivalents and short term investments which have short term maturities by definition have declined significantly.

**Net Loss**

Net loss for fiscal 2009 increased by \$1,018,654 to \$1,149,785 or a loss per share of \$0.07 compared to a net loss of \$136,131- or a \$0.04 loss per share for fiscal 2008. Net loss for Q4 2009 increased \$177,970 to \$185,099, or a \$0.01 loss per share compared to net income of \$7,754 or \$0.00 earnings per share for Q4 2008.

**LIQUIDITY, CAPITAL RESOURCES AND CAPITAL EXPENDITURES**

**Financial Condition**

As at February 28, 2009 the Company had working capital of \$905,025, an increase of \$458,618 over February 29, 2008. The increase in working capital is principally a result of the sale of common shares for cash proceeds of \$1,040,072, including \$849,847 from the private placement completed as part of the Company's QT, less operating loss of \$1,149,785, adjusted for non-cash stock based compensation and amortization operating items of \$743,111, increased use in non-cash working capital items of \$123,807, and net cash used in respect of the acquisition of biOasis Advanced of \$93,011.

Working capital includes cash and cash equivalents of \$877,330 comprised of cash at Canadian chartered banks, Canadian chartered bank's Bankers Acceptance and General Investment Certificates.

Subsequent to February 28, 2009 the Company received \$1,495,000 from the exercise of 5,980,000 warrants at \$0.25; \$135,000 from the exercise of 900,000 agent's warrants at \$0.15; and \$75,000 from the exercise of 500,000 incentive stock options at \$0.15.

In addition on May 29, 2009, the Company closed a private placement announced by issuing a total of 1,000,000 units (the "Units") at a price of \$0.50 per Unit for net proceeds of \$443,355.

The Company also entered into two CRA's with UBC in May 2009 and prepaid upfront the estimated cost of those twelve month contracts of \$190,375 and \$248,375 respectively.

Prior to the acquisition of biOasis Advance the Company was a CPC devoting its resources to finding and completing a QT. Since completion of the acquisition the Company has devoted its resources to the research and development and commercialization of its p97 biomarker diagnostic test for Alzheimer's, to seeking partners for its p97 therapeutics technologies and to funding its public company operations.

The Company does not currently derive any revenues from operations. Since its inception, the Company's activities have been funded through the sale of common equity, including the exercise of stock warrants and stock options, and through interest earned on its cash and cash equivalents and short-term investments. The Company is dependent on securing such additional funding sources in the future however there can be no assurance that it will be successful in its efforts to do so, particularly in the context of current difficult market conditions. If such funds are not available or other sources of financing cannot be obtained, then the Company will be forced to curtail its activities to a level for which funding is available and can be obtained.

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**LIQUIDITY, CAPITAL RESOURCES AND CAPITAL EXPENDITURES (continued)**  
**Financial Condition (continued)**

Management estimates working capital on hand as of the date of this report is sufficient to fund remaining research expenditures and regulatory filings on its p97 diagnostic for Alzheimer's and for its operations through December 31, 2010

**Cash flow**

For Q4 2009 compared to Q4 2008

Net cash used by operating activities was \$116,359 in Q4 2009 compared to \$28,582 cash provided in Q4 2008, an increase in use of \$144,941, principally due to an increase in net loss after adjustment for items not affecting cash of \$141,270.

There was no investing activity in Q4 2009. Q4 2008 comprised \$60,773 deferred acquisition costs, and \$20,325 advance for acquisition of biOasis Advanced. Short term investment provided cash of \$8,518 in Q4 2008.

Financing activity in Q4 2009 comprised \$134,999 of warrants and options exercised compared to \$44,944 cash provided in Q4 2008 in respect of deferred acquisition costs.

For fiscal 2009 compared to fiscal 2008

Net cash used by operating activities was \$547,566 in fiscal 2009 compared to \$61,816 for fiscal 2008, an increase in use of \$485,750 due to an increase in net loss after adjustment for items not affecting cash of \$361,943 and an increase in use in net changes in non-cash working capital items of \$123,807 principally increased use in repayment of accounts payable of \$96,343. Due to related parties provision of \$187 non-cash working capital is after repayment of \$6,329 due to related party acquired with the acquisition of biOasis Advanced and repayment of \$25,742 of notes payable also acquired with the acquisition of biOasis Advanced.

Investing activities provided cash of \$383,547 fiscal 2009 compared to use of cash of \$560,808. Short term investments provided cash of \$479,710 in fiscal 2009 compared with an investment in the short term investment GIC of 479,710 in fiscal 2008. The acquisition of biOasis Advanced net of \$2,497 cash acquired in fiscal 2009 was \$153,784 of which \$60,773 in deferred cash costs had been expended prior to February 29, 2008.

Financing activity for fiscal 2009 was \$1,040,072, an increase of \$506,172 over fiscal 2008. Fiscal 2009 financing activities include \$849,847 of net proceeds from the private placement issued in conjunction with the QT. YTD 2008 financing activity of \$533,900 included \$518,775 net proceeds from the Company's Initial Public Offering.

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**OUTSTANDING SHARE DATA**

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

<b>Outstanding Share Data</b>	<b>Number of Common Shares</b>	<b>Exercise Price per Common Share</b>	<b>Expiry Dates</b>
Issued and outstanding as at June 15, 2009	27,214,834 <sup>(1)</sup>		
Incentive stock options	3,375,000 <sup>(2)</sup>	\$0.15-\$0.64	09/09/09 – 26/03/14
UBC options	200,000	\$0.15	27/03/10 <sup>(3)</sup>
Warrants	1,000,000	\$0.60	01/06/10
Agent warrants	378,500	\$0.15	24/7/09
Fully diluted as at June 15, 2009	32,168,334		

(1) Of which 4,493,000 common shares of the Company are subject to an Escrow Agreement pursuant to policies of the TSX Venture Exchange. Under the terms of the Escrow Agreement, 1,123,250 will be released on October 2, 2009; 1,123,250 on April 2, 2010; 1,123,250 on October 2, 2010; and 1,123,250 on April 2, 2011.

(2) Of which 507,333 options are subject to shareholder approval

(3) Subject to options exercise acceleration clause if after March 27, 2009 the weighted average price of the shares of the Company trade above \$0.49 for 20 consecutive days.

**RELATED PARTY TRANSACTIONS**

The Company entered into related party contracts effective April 1, 2008, each renewed April 1, 2009 for one year, with a company controlled by the President, CEO and director of the Company for consulting services in his capacity as the President and CEO; with a director and officer of the Company for consulting services in his capacity as CFO; and with a Company controlled by Dr. Wilfred Jefferies for consulting services in respect of his capacity as Scientific Consultant. Cash compensation is \$7,000, \$6,000 and \$5,000 respectively (with Dr. Jefferies cash compensation increased to \$10,000 per month effective May 1, 2009), plus bonus and incentive stock options as determined by the Board of Directors. Dr. Jefferies received a bonus of \$20,000 in fiscal 2009. Each of the contracts is terminable by the Company at any time for a lump sum payment of six months cash compensation.

During fiscal 2009 the Company granted 1,330,000 stock options to directors and officers of the Company and 650,000 stock options to Dr. Wilfred Jefferies, Scientific Consultant and Chairman of the Scientific Advisory Board at an exercise price of \$0.15 per share exercisable until April 2, 2011.

During YTD 2009 the Company repaid \$6,329 to related parties and \$25,742 notes payable to related parties acquired with the acquisition of BiOasis Advanced. These amounts were unsecured and non-interest bearing.

During the period ended February 28, 2009 the Company incurred legal expenses of \$6,225 payable to a relative of the President and CEO of the Company. This transaction was recorded at the exchange amounts, which is the consideration agreed upon between the related parties

All these transactions were in the normal course of operations

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**CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The accounting policies used in the preparation of the audited consolidated financial statements for the year ended February 28, 2009 are described in Note 2 of those financial statements. In preparing those statements, in conformity with Canadian GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenses during the reported period. Actual results could differ from those estimates.

**Principles of Consolidation**

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

**Research and Development Costs**

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

**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").

**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.

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**CRITICAL ACCOUNTING POLICIES AND ESTIMATES (continued)**

**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.

**Initial adoption of new accounting policies**

The Company has adopted the following Canadian Institute of Chartered Accountants guidelines effective for the Company's first interim period commencing March 1, 2008:

**Financial Instruments**

On March 1, 2008 the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3862, Financial Instruments – Disclosures, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks.

On March 1, 2008 the Company adopted the new recommendations of the CICA Handbook Section 3863, Financial Instruments – Presentation, which is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. Adoption of this standard has no impact on the Company's financial instrument related presentation disclosures.

**Capital Disclosures**

On March 1, 2008 the Company adopted the new recommendations CICA Handbook Section 1535, "Capital Disclosures", which establishes standards for disclosing information about an entity's capital and how it is managed.

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**CRITICAL ACCOUNTING POLICIES AND ESTIMATES (continued)**

**Recent accounting pronouncements**

Goodwill and Intangible Assets

In February 2008, the Accounting Standards Board issued Canadian Institute of Chartered Accountant ("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. This new standard is effective for the Company's interim and annual consolidated financial statements commencing March 1, 2009. The Company does not expect that the adoption of this standard will have a material impact on its financial statements.

International Financial Reporting Standards

On February 13, 2008 the Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") will be required for fiscal years beginning on or after January 1, 2011 for publicly accountable profit-orientated enterprises. After that date IFRS will replace Canadian GAAP for those enterprises. While IFRS is based on a conceptual framework similar to Canadian GAAP, there are significant differences with respect to recognition, measurement and disclosures. The Company is currently assessing the impact of these standards and has not yet determined the impact on these financial statements.

**FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

Subsequent to initial recognition, financial assets and liabilities classified as held-for-trading are measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as held-for trading are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized as other comprehensive income until realized, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income.

Held-for-trading financial assets are financial assets that are purchased and incurred with the intention of generating profits in the near term.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale, or financial assets that are not classified as loans and receivables or as held-to-maturity assets.

Held-to-maturity financial assets are financial assets that have a fixed maturity date and for which the Company has the intention and ability to hold to maturity.

The Company classified its cash and short term investments as held-for-trading and advance was classified as loans and receivables. The Company classified its accounts payable and amounts due to related parties as other financial liabilities.

The carrying amounts of cash, short term investments, GST receivable, deposit and accounts payable approximate their fair values due to their short term nature. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Adoption of this new standard has had no effect on the amounts disclosed in the financial statements.