MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

This MD&A has been prepared as of April 16, 2012 and presents the operations of the Issuer for the fiscal years ended December 31, 2011, December 31, 2010 and December 31, 2009. The following information should be read in conjunction with the Issuer's audited financial statements for the fiscal years ended December 31, 2011, December 31, 2010 and December 31, 2009 together with the notes thereto. The Issuer's financial statements for the years ended December 31, 2011, December 31, 2010 and the opening balance sheet as at January 1, 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS). This discussion contains forward-looking statements that involve certain risks and uncertainties.

Business Overview and Strategy

The Issuer is a development stage specialty pharmaceutical company. The Issuer is focused on developing late stage clinical therapies and in-licensed novel compounds for Fibrosis indications. The Issuer's lead compound PTL-202 is a combination of already approved drugs with a well established safety profile. The Issuer's pipeline includes PTL-303, a novel drug for the treatment of Liver Cirrhosis. PTL-303 has shown efficacy in cellular assays.

The Issuer will continue to operate virtually, outsourcing all non-core activities such as pre-clinical research and clinical trials and manufacturing. The Issuer will continue to build core skills in managing clinical development of therapies, licensing and commercialization. The Issuer will use its skills, taking in-licensed approved and late stage drug candidates through final human clinical trials for rare fibrosis indications including Idiopathic Pulmonary Fibrosis, Liver Cirrhosis, Scleroderma Associated Pulmonary Fibrosis, Lung Transplant Rejection and others. The Issuer's strategy is to sell or out-license its product candidates and technologies after completing Phase 2 clinical trial proof of principal studies. At this stage of development the value of product candidates has been maximized in relation to the capital spent to develop them.

Corporate Highlights

In 2011 the issuer accomplished the following milestones:

- January 15, 2011, the Company repriced 4,800,000 Class A common shares, consisting of 4,500,000 Class A common shares originally issued for proceeds of $0.0133 per share to $0.02 per share, for which total proceeds of $30,000 was received, as a result of the repricing an additional 300,000 Class A common shares originally issued for proceeds of $0.0007 per share to $0.02 per share, the Company received total proceeds of $5,800
- January 31, 2011, the Company completed a private placement of 140,000 units at $0.15 per unit. Each unit comprises of one common share and one warrant to purchase one common share at $0.25 per share exercisable for a period of two years
- January 31, 2011, 300,000 common share purchase warrants were exercised, and 300,000 common shares were issued, for total proceeds of $30,000
- January 26, 2011, the Company received $275,000 of subscription funds under the terms of the Company's Irrevocable Subscription Agreements, which was placed in trust. The release of the

invested funds is governed by the terms of the Irrevocable Subscription Agreements and Escrow Agreement. As a bonus for placing the subscription funds in trust, the Company issued 550,000 Class A common shares based on 20% of the principal value of the subscription and a deemed price per share of $0.15. The Company also issued 2,200,000 common share purchase warrants with an exercise price of $0.15 per warrant and a term of two years. The shares and warrants were issued as of the effective date of the Irrevocable Subscription Agreements and Escrow Agreement, January 31, 2011

- February 2, 2011, the Company received a further $25,000 in subscription funds under the terms of the Irrevocable Subscription Agreements which was placed in trust. The release of the invested funds is governed by the terms of the Irrevocable Subscription Agreements and Escrow Agreement between the Company and the investors and the trustee with an effective date of January 31, 2011. As a bonus for placing the subscription funds in trust, the Company issued 50,000 Class A common shares based on 20% of the principal value of the subscription and a deemed price per share of $0.15. The Company also issued 200,000 common share purchase warrants with an exercise price of $0.15 per warrant and a term of two years. The shares and warrants were issued as of the effective date of the Irrevocable Subscription Agreements and Escrow Agreement, January 31, 2011

- February 28, 2011, 300,000 Class A common shares controlled by a company owned by the Company's CEO were re-priced from the post split subscription price of $0.0007 per share to $0.02 per share for total proceeds of $5,800

- February 28, 2011, the Company completed a private placement of 60,000 units at $0.15 per unit. Each unit comprises of one common share and one warrant to purchase one common share at $0.25 per share exercisable for a period of two years

- February 28, 2011, the Company entered into the IntelGenx Development and Commercialization Agreement. This agreement supersedes the letter of intent between the companies. The agreement calls for the companies to collaborate in the formulation and bio-equivalency testing of PTL-202. The completion of this work will be a significant milestone for PTL-202 as it will include data from human testing. This data may provide the information required to decide to move PTL-202 in to further clinical testing

- May 16, 2011, the Company received $75,000 in subscription funds under the terms of the Irrevocable Subscription Agreements which was placed in trust. The release of the invested funds is governed by the terms of the Irrevocable Subscription Agreements and Escrow Agreement. As a bonus for placing the subscription funds in trust, the Company issued 150,000 Class A common shares based on 20% of the principal value of the subscription and a deemed price per share of $0.15. The Company also issued 600,000 common share purchase warrants with an exercise price of $0.15 per warrant and a term of two years. The shares and warrants were issued as of the effective date of May 16, 2011

- July 21, 2011, the Company's CEO subscribed for 50,000 common shares at $0.15 per share for total proceeds of $7,500

- July 27, 2011, the Company settled $16,500 of accounts payable to service providers by issuing 110,000 shares at a deemed value of $0.15 per share

- Under the terms of the Dalhousie License Agreement, the Company was required to a) secure $2,000,000 in capital or debt financing by December 31, 2010, b) complete enrolment of a first patient in a Phase II clinical study and c) expend $200,000 per year in research and development

related activities. As at December 31, 2010, the Company had not met any of the requirements of the agreement outlined above. During 2011 the Company received a waiver from Dalhousie for the requirement (a) and (b) above, and requirement (c) was amended to also include a requirement that a first human subject being dosed by December 31, 2012 and initiation of a Phase II study by December 12, 2015

- October 14, 2011, the Issuer's prospectus was receipted by the British Columbia Securities Commission making the Issuer a reporting company in BC

- November 16, 2011, the Issuer's outstanding Class B Series I and Series II preferred shares were converted to 3,291,563 common shares and 602,222 warrants to purchase common shares

- November 16, 2011, the Issuers shares began trading on The Canadian National Stock Exchange ("CNSX")

- During December the Issuer's patent covering the technology in PTL-202 was published

- December 13, 2011 the Issuer closed a private placement of $49,999 by way of a draw down on the irrevocable subscription agreements

In 2010 the Issuer accomplished the following milestones:

Corporate Highlights

- January 1, 2010, the Issuer's effective date of transition to IFRS
- January 25, 2010, the Issuer amended the Dalhousie License Agreement
- August 20, 2010, closed financing by way of offering memorandum increasing the public shareholder base above the 150 shareholders needed to list the Issuer's shares on the Canadian National Stock Exchange ("CNSX")
- During the year the Issuer issued 404,000 pre-split Common Shares (606,000 post-split Common Shares) for a total of $95,500
- During the year, in order to meet CNSX listing requirements, the founders of the Issuer re-priced 3,000,000 Common Shares of the Issuer with an initial subscription price of $0.001 per share to $0.02 per share for total proceeds of $57,000
- December 30, 2010, the Issuer split its equity to 1.5 new shares for each existing share. A total of 5,310,150 additional common shares were issued

PTL-202

- January 2010, engaged Biopharmaceutical Research Inc. to develop assay for Pentoxifylline and N-Acetylcysteine
- April 2010, entered into national phase of patent prosecution for PTL-202
- June 18, 2010, signed letter of intent to out-license the United State rights to PTL-202
- November 2010, entered into letter of intent with IntelGenx Corp. for the development and commercialization of PTL-202

PTL-303

- There has been no advancement of PTL-303 due to a lack of working capital

Selected Annual Information

The financial information reported here has been prepared in accordance with International Financial Reporting Standards (IFRS), unless otherwise noted. The Issuer uses the Canadian dollar (CDN) as its reporting currency. Selected audited financial data for annual operations of the Issuer during the fiscal years ended December 31, 2011, December 31, 2010 and December 31, 2009 are presented below:

Selected Statement of Comprehensive Loss Data

Period ended	**FYE 2011 (IFRS)**	**FYE 2010 (IFRS)**	**FYE 2009 (Canadian GAAP)(1)**
Total revenues	$Nil	$Nil	$Nil
Net loss	$(463,768)	$(318,100)	$(227,782)
Basic and diluted loss per share	($0.03)	$ (0.02)	$ (0.02)
Weighted average shares	18,172,472	16,350,054	13,700,410

(1) The December 31, 2009 statement of loss and deficit is dated before the Company's effective date of transition to IFRS of January 1, 2010, and therefore was prepared in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP")

The net loss in FYE 2011 increased compared to FYE 2010 due to costs associated with becoming a reporting company and listing the company's shares on the Canadian National Stock Exchange. Increases in interest expense also contributed to the increased loss in 2011.

The loss from operations increased in FYE 2010 compared to FYE 2009 due to a lack of offsetting research and development funding from granting agencies associated with the development of PTL-202 which was recognized in FYE 2009, an increase in interest costs, and the addition of directors and officers insurance. These increases in expenses in FYE 2010 as compared to FYE 2009 were offset by a decrease in rent and occupancy costs as a portion of the Issuer's offices were sublet in 2010. The Issuer will continue to sublet a portion of its office space.

Selected Statement of Financial Position Data

Period ended	**FYE 2011 (IFRS)**	**FYE 2010 (IFRS)**	**FYE 2009 (Canadian GAAP)***
Cash	$6,094	$30,457	$85,587
Restricted Cash	300,000	Nil	Nil
Current assets	$325,189	$40,211	$111,012
Property and equipment	6,358	8,168	10,612
Intangible Assets	90,631	71,540	43,934
Total assets	**$422,178**	**$119,919**	**$165,558**
Current liabilities	182,071	184,273	93,816
Total long-term liabilities	406,416	230,696	300,000
Total liabilities	**$588,487**	**$414,969**	**$393,816**
Working Capital	**$143,118**	**$(144,062)**	**$17,196**

Selected Statement of Comprehensive Loss Data

Total revenues	$Nil	$Nil	$Nil
Net loss	(463,768)	(318,100)	(227,782)
Basic and diluted loss per share	$(0.03)	$(0.02)	$(0.02)
Weighted average shares	18,172,472	16,350,054	13,700,410

* Amounts from the statement of loss and deficit for the year ended December 31, 2009, are presented in accordance with pre-changeover Canadian Generally Accepted Accounting Principles (" pre-change over GAAP") whereas balance sheet amounts as at December 31, 2009 are presented in accordance with International Financial Reporting Standards ("IFRS") due to the requirement to present the January 1, 2010 opening balance sheet in accordance with IFRS.

Cash decreased by $24,363 to $6,094 in 2011 and by $55,130 to $30,457 in 2010 from $85,587 in 2009. Current Assets increased by $284,978 to $325,189 in 2011 and decreased by $70,801 to $40,211 in 2010 from $111,012 in 2009. Current liabilities decreased by $2,202 to $182,071 in 2011 and increased by $90,457 to $184,273 in 2010 from $93,816 in 2009. The overall decrease in Cash, increase in Current Assets and decrease in Current Liabilities contributed to an increase in working capital of $125,922, from $17,196 in 2009 to $143,118 in 2011. These changes were mainly due to financing activities over the course of 2010 and 2011.

Summary of Quarterly Results

	December 31, 2011 $	**September 31, 2011 $**	**June 30, 2011 $**	**March 31, 2011 $**	**December 31, 2010 $**	**September 31, 2010 $**	**June 30, 2010 $**	**March 31, 2010 $**
Total Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	(190,392)	(115,111)	(86,660)	(71,605)	(80,446)	(84,248)	(66,800)	(86,606)
Loss per Share basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)
Cash	6,094	4,720	3,099	8,557	30,457	4,256	16,442	18,410
Restricted Cash	300,000	375,000	375,000	300,000	Nil	Nil	Nil	Nil
Total Assets	422,178	495,078	493,702	406,277	119,919	91,228	107,992	141,139
Non-Current Liabilities	406,416	631,640	593,360	483,944	230,696	224,179	218,019	87,271

Results of Operations

	2011 $	**2010 $**	**Change $**	**Change %**
Revenue	Nil	Nil	0	N/A
Research and Development*	Nil	15,469	(15,469)	(100%)
Wages and Benefits	121,297	159,709	38,412	(24%)
Professional Fees	112,809	67,444	45,365	67%
General and Administrative	32,909	19,672	13,237	67%
Insurance	14,628	14,701	(73)	0%
Rent and Occupancy Cost	16,273	14,556	1,717	12%
Interest Expense (Income)	122,503	26,549	95,954	361%
Other Expense	43,349	Nil	N/A	N/A
Net Loss	**(463,768)**	**(318,100)**	**(145,668)**	**(46%)**

* The Research and Development expense for 2011 is Nil because all research and development during the year was carried out by our partner on the development of PTL-202, IntelGenx Corp.

The Issuer's net loss for the year ended December 31, 2011, totalled $463,768 or $0.03 per share (FYE 2010 - $318,100 or $0.02 per share; FYE 2009 – $227,782 or $0.02 per share). The main contributor to this increased loss in 2011 is the increase in Interest Expense. This increase in interest expense is primarily attributable to the Irrevocable Subscription Agreements as well as the accretion of the deemed discount on the ISAs, which is also charged to interest expense.

Revenues

The Issuer has no drug therapies approved or for sale and has not generated any revenue from the sale of drug therapies. The Issuer has not recognized any revenue since inception through December 31, 2011. The Issuer does not expect to receive any revenues until after the completion of the Phase 2 trial of PTL-202. The Issuer expects to complete this trial by the end of 2015.

The Issuer's revenues will be earned through upfront payments from licenses, milestone payments included in-licenses and royalty income from licenses. The Issuer's revenues will depend on out licensing the Issuer's drug candidates to suitable development and commercialization partners and its partners' abilities to successfully complete clinical trials and commercialize the Issuer's drug candidates worldwide.

Research & Development Expense

Research and development expense consists primarily of salaries for management of research contracts and research contracts for pre-clinical studies, clinical studies and assay development as well as the development of clinical trial protocols and application to government agencies to conduct clinical trials, including consulting services fees related to regulatory issues and business development expenses related to the identification and evaluation of new drug candidates. Research and development costs are expensed as they are incurred.

From inception through to December 31, 2011, the Issuer incurred total expenses in the development of its intellectual property of $1,410,503, which includes $507,264 of research and development expenses (research and development expenses on the financial statements have been offset by $53,277 in IRAP funding and $187,427 in SR&ED tax credits), $226,746 of professional fees and $676,493 of wages and benefits.

	Year ended December 31, 2011	**Year ended December 31, 2010**	**Year ended December 31, 2009**
Research and Development Expenses			
Personnel, Consulting, and Stock-based Compensation	$Nil	$15,461	$11,809
License Fees and Subcontract research	Nil	8	(386)
Facilities and Operations	Nil	Nil	Nil
Less: Government contributions	Nil	Nil	(75,326)
Total	**$Nil**	**$15,469**	**$(63,903)**

There is no research and development expense for 2011 as all research and development is being conducted by IntelGenx Corp. under the agreement the Issuer has with them.

The increase in R&D expenses in FYE 2010 as compared to FYE 2009 is a reflection of the development of the bio-analytical assay for Pentoxifylline and NAC and the decrease in government contributions. In FYE 2010 the R&D expense for personnel, consulting and stock based compensation was offset by $10,000 that was received from a potential development partner on the signing of a letter of intent for the development of PTL-202.

Research and development expenses of approximately $248,500 are required for the formulation of PTL-202 and a pilot study of bioequivalence and drug/drug interaction. The results of this work will provide the information required to move PTL-202 to the next step of its development. Of the $248,500 cost for

the above work, the Issuer will incur expenses of approximately $67,000. The remaining expense of $181,500 will be paid by IntelGenx under the development and commercialization agreement.

In cooperation with IntelGenx, the Issuer will complete the formulation of PTL-202 and test its bio-equivalency in humans. Additional financing will be required to complete the development and commercialize PTL-202. There is no assurance that such financing will be available or that the Issuer will have the capital to complete this proposed development and commercialization.

The Issuer anticipates completing the formulation, drug/drug interaction study of PTL-202, analyzing the blood samples and analyzing the data in 2012; however, the Issuer may not be able to do so on schedule. The Issuer's clinical development studies and regulatory considerations relating to PTL-202 are subject to risks and uncertainties that may significantly impact its expense estimates and development schedules, including:

- the scope, rate of progress and cost of the development of PTL-202;
- uncertainties as to future results of the drug/drug interaction study of PTL-202;
- uncertainties as to future results of the formulation development and pilot study of PTL-202;
- the issuers ability to enrol subjects in clinical trials for current and future studies;
- the Issuer's ability to raise additional capital; and
- the expense and timing of the receipt of regulatory approvals.

In addition to the formulation and clinical development plans for PTL-202 the Issuer may begin development of PTL-303 for the treatment of Liver Cirrhosis. The Issuer will only be able to begin development of PTL-303 if additional funds are available. There is no guarantee that these funds will be available to the Issuer and, if they are available, they may not be available on acceptable terms. Development of PTL-303 may significantly impact the Issuer's expense projections and development timelines.

General and Administrative Expenses

General and administrative costs consist primarily of personnel related costs, non-intellectual property related legal costs, accounting costs and other professional and administrative costs associated with general corporate activities.

From 2012 and beyond, as PTL-202 begins clinical development and as operations are developed to move PTL-202 and other drug candidates through the clinical trial process, general and administrative expenses will increase. Increases in personnel costs, professional fees and contract services will make up a significant portion of these planned expenditures.

Intellectual Property and Intangible Assets

All license and option fees paid to licensors for intellectual property licenses are accrued to intangible assets on the Issuer's financial statements. In addition, any expenses for intellectual property protection including patent lawyers services fees and any filing fees with government agencies or the WIPO are accrued to intangible assets. This cost will decrease in the twelve months following the date of this prospectus as no new filings are anticipated.

Interest Income

Interest income consists of interest earned on the Issuers cash and cash equivalents. There was interest income in 2011 of $Nil (2010 - $Nil, 2009 – $179)

Profits

At this time, the Issuer is not anticipating profit from operations. Until such time as the Issuer is able to realize profits from the out licensing of products under development, the Issuer will report an annual deficit and will rely on its ability to obtain equity/or debt financing to fund on-going operations. For information concerning the business of the Issuer, please see "*Business Overview and Strategy"*.

Liquidity and Capital Resources and Outlook

The Issuer is a development stage company and therefore has no regular cash inflows. Selected financial data pertaining to liquidity and capital resources the fiscal years ended December 31, 2011 and December 31, 2010, is presented below.

Period ended	**2011 $**	**2010 $**	**$ Change between two periods**	**%Change between two periods**
Cash and Cash Equivalents	$6,094	$30,457	$(24,363)	(80%)
Current Assets	$325,189	$40,211	$284,978	709%
Current Liabilities	$182,071	$184,273	$2,202	(1%)
Working Capital	$143,118	$(144,063)	$287,181	199%
Accumulated deficit	$(2,094,115)	$(1,564,296)	$529,819	34%
Cash used in operations	$(463,768)	$(318,100)	$145,668	46%
Cash flows from financing Activities	$282,578	$244,940	$37,638	15%
Interest Income	Nil	Nil	Nil	0%

At December 31, 2011, the Issuer had cash and cash equivalents of $6,094 (FYE 2010 - $30,457, FYE 2009 - $85,587) and working capital of $143,118 (FYE 2010 – ($144,063), FYE 2009 – $17,197). Working capital is defined as cash, HST receivable prepaid expenses and restricted cash, less accounts payable, unearned revenue, security deposit and amounts due to shareholders within the current fiscal year.

Cash and cash equivalents decreased by $24,363 between FYE 2011 and FYE 2010 due to an increase operating loss which was offset by an increase in financing during the period.

Working Capital increased by $287,181 between FYE 2011 and FYE 2010 due to the increase in restricted cash from the irrevocable subscription agreements. The Issuer's cash inflows from financing activities comprised proceeds from common share issuances, warrant exercises, re-pricing of shares for cash and cash subscriptions received under the terms of the irrevocable subscription agreements during FYE 2011 totalling $282,578 (FYE 2010 - $224,940, FYE 2009 – $294,010). Cash from financing activities increased by $37,638 between FYE 2011 and FYE 2010 and decreased by $69,070 between FYE 2009 and FYE 2010.

As part of the CNSX listing requirements no more than 20% of the issued and outstanding shares of a company listed on the exchange may be "Builders Shares". Builders Shares include any share issued at a price of less than $0.02 per share. In order to meet this listing requirement the founders of the Issuer

contributed $41,600 to re-price common shares to $0.02 per share during 2011. The founders originally purchased the shares for $0.001 per share. This $41,600 (2010 – $57,000, Nil, 2009 - $Nil) is included in the Issuer's Financing Activities in its financial statements. No shares were re-priced during FYE 2009.

Cash utilized in operating activities during FYE 2011 was $284,361 (FYE 2010 - $249,357, FYE 2009 – $193,818). The increase in cash utilized in operations during 2011 as compared to 2010 was due to an increase in professional fees related to the company becoming a reporting issuer. This increase was offset by reductions in wages and benefits, travel, research and development, as well as computer expenses. The decrease in cash utilized in operating activities during FYE 2009 as compared to FYE 2008 or FYE 2010 was mainly due to an offset in research and development expense from government contributions.

Interest income during the FYE 2011 was $Nil (FYE 2010 - $Nil, FYE 2009 – $179). The interest was earned in 2009 on cash and cash equivalents held.

At December 31, 2011, share capital was $1,765,754 comprising 20,989,157 issued and outstanding Common Shares (FYE 2010 - $1,133,136 comprising 15,930,452 issued and outstanding Common Shares and 203,250 issued and outstanding Preferred Shares, FYE 2009 – $999,456 comprising 10,216,302 issued and outstanding Common Shares and 135,500 issued and outstanding Preferred Shares). The Issuer's shares were split on 1.5 new shares for every 1 existing share on December 30, 2010. The Issuer intends to issue additional shares increasing its share capital to fund future research and development and operations.

Contributed Surplus, which arises from the recognition of the estimated fair value of stock options and warrants, was $162,052 for FYE 2011 (FYE 2010 - $136,110, FYE 2009 – $18,482).

As a result of the net loss for the FYE 2011 of $463,768 (FYE 2010 - $318,100, FYE 2009 – $227,782), the deficit at December 31, 2011 increased to $2,094,115 from $1,564,296 at December 31, 2010 which was an increase from $1,529,819 at January 1, 2010.

During the FYE 2011, the Issuer's net cash provided by financing activities increased to $282,578 (FYE 2010 - $224,940, FYE 2009 – $294,010).

At present, the Issuer's operations do not generate cash inflows and its financial success after 2011 is dependent on management's ability to continue to obtain sufficient funding to sustain operations through the development stage and successfully bring the Issuer's technologies to the point that they may be out licensed so that the Issuer achieves profitable operations. The research and development process can take many years and is subject to factors that are beyond the Issuer's control.

In order to finance the Issuer's future research and development and to cover administrative and overhead expenses in the coming years the Issuer may raise money through equity sales. Many factors influence the Issuer's ability to raise funds, including the Issuer's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of research activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control. Should those risks fully materialize, it may not be able to raise adequate funds to continue its operations.

Off Balance Sheet Arrangements

The Issuer is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Issuer's financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

Transactions with Related Parties

Transactions with related parties are in the normal course of operations and are measured at the exchange amount, which is the consideration agreed to by the parties. During the years ended December 31, 2011, December 31, 2010, December 31, 2009, the Issuer entered into the following transactions with related parties:

- During the year ended December 31, 2011, the Company received $7,500 from the CEO to purchase 50,000 Common Shares at $0.15 per share [FYE 2010 – Nil, FYE 2009 – 224,000];
- During the year ended December 31, 2011 the Company received $30,000 from two founders to re-price 4,500,000 Common Shares to $0.02 per share [FYE 2010 - $57,000, FYE 2009 - $Nil);
- During the year ended December 31, 2011, a company controlled by the CEO of the Company paid $11,600 and re-priced 600,000 Common Shares owned by it to $0.02 per share [FYE 2010 – $Nil, FYE 2009 - $Nil];
- Of the $300,000 in subscription proceeds from the Irrevocable Subscription Agreements received by the Company with an Irrevocable Subscription Agreement dated January 31, 2011, $75,000 was received from directors and officers of the Company [FYE 2010 -$Nil, FYE 2009 - $Nil];
- The Issuer incurred fees payable to officers and directors for activities related to research and development and professional fees in the amount of $Nil [FYE 2010 -$Nil, 2009 - $15,888].
- The Issuer received in the year ended December 31, 2011, $Nil [FYE 2010 - $10,000, FYE 2009 – $Nil] from a company controlled by a former director, a shareholder of the Issuer as an initial fee under a letter of intent for a licensing agreement;
- The Issuer received in the year ended December 31, 2011, $21,903 [FYE 2010 - $31,200, FYE 2009 – Nil] for sublease revenues from a company controlled by a former director of the Issuer;
- The Issuer incurred accounting fees for the year ended December 31, 2011, to a company controlled by its CFO, in the amount of $21,000 [FYE 2010 - $36,000, FYE 2009 – $36,000];
- Finders fees of $2,275 relating to equity investments in the Issuer were paid to the CFO. in the period ended December 31, 2009;
- A relative of the Issuer's CEO was paid finder's fees of $7,350 relating to equity investments in the Issuer in the year ended December 31, 2009;
- A relative of a former director was paid $280 in 2011 (FYE 2010 – $4,382, FYE 2009 – $Nil) for designing the Issuer's website and for website hosting fees;
- A listing requirement of the CNSX is that no more than 20% of the outstanding shares may have an issue price of less than $0.02. In order to meet this listing requirement, a former director and the Issuer's CEO and a company controlled by the Issuer's CEO during the year ended December 31, 2011, paid $41,600 [FYE 2010 - $57,000, FYE 2009 – Nil] to re-price 3,200,000 pre split common shares (FYE 2010 3,000,000, 2009 – Nil) from $0.001 per share to $0.02 per share;
- No options to purchase shares of the Issuer were granted in the year ended December 31, 2011, [FYE 2010 – Nil]. Options to purchase 100,000 common shares at an exercise price of $0.30 were issued by the Issuer to a director of the Issuer during the year ended 2009;
- The Issuer incurred legal fees from a consultant and director of the Issuer in the amount of $7,934 [FYE 2010 – $5,684, FYE 2009 – $4,068];
- The Issuer incurred salaries, directors fees and other benefits relating to directors of the company in the amount of $115,433 [FYE 2010 – $159,709, FYE 2009 – $159,221].

There are no amounts due to the Issuer from companies that have directors in common with the Issuer or have a partner who is a director of the Issuer.

There were no amounts due to the Issuer from shareholders in either fiscal year.

Fourth Quarter

The table below sets out the unaudited quarterly results for the fourth quarter ending December 31, 2011, December 31, 2010 and December 31, 2009.

(unaudited)	**2011 Q4**	**2010 Q4**	**2009 Q4**
Total Expenses	$190,392	$80,446	$128,521
Research and Development	$0	$0	$11,810
Net Loss	$(190,392)	$(80,446)	$(128,521)
Loss per share	$(0.01)	$(0.01)	$(0.01)

The net loss in the fourth quarter of 2011, $190,392 increased compared to the fourth quarter 2010, $80,446, and decreased from $128,521 in the fourth quarter of 2009. The increase in the net loss between the 2010 and 2011 fiscal years was principally caused by an increase in interest expense.

Research and development expenditures are expected to increase in the 2012 fiscal year and beyond.

The Issuer does not anticipate earning any revenue in the foreseeable future.

Net loss, quarter over quarter is influenced by a number of factors including the scope and stage of clinical development and research. Consequently, expenses may vary from quarter to quarter. General and administrative expenses are dependent on the infrastructure required to support the clinical and business development activities of the Issuer. A material decrease in general and administrative costs is anticipated over the short term as the Issuer has taken steps to reduce salaries, professional fees and consulting costs in 2012.

During the fourth quarter the Issuer, issued 357,142 common shares for total proceeds of $49,999.

Proposed Transactions

As at the date of this MD&A, there are no business or asset acquisitions or dispositions proposed other than those in the ordinary course of business before the Board for consideration.

Critical Accounting Estimates

The Issuer's accounting policies are presented in Note 2 of the December 31, 2011 audited financial statements. The preparation of financial statements in accordance with IFRS requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the financial statements. Actual amounts could differ materially from the estimates used and, accordingly, affect the results of the operations. These include:

- the assumptions used for the determinations of the timing of future income tax events
- the carrying values of Intangible assets, technology license and patents, other long lived assets
- the valuation of stock-based compensation expense

Changes in Accounting Policies including Initial Adoption

The Issuer has adopted IFRS, as of January 1, 2010, as discussed in Notes 2 and 18 of the December 31, 2011 Financial Statements.

Financial Instruments

The Issuer's financial instruments consist of cash and cash equivalents, HST receivable, accounts payable and accrued liabilities, amounts due to shareholders, and irrevocable subscriptions. Unless otherwise noted, it is management's opinion that the Issuer is not exposed to significant interest, currency or credit risks arising from financial instruments. Cash and cash equivalents amounts are classified as loans and receivables and due to shareholders and irrevocable subscriptions are classified as financial liabilities and are carried at amortized cost. The fair value of cash and cash equivalents, HST receivable and accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity or capacity for prompt liquidation.

Foreign exchange risk is the risk arising from changes in foreign currency fluctuations. The Issuer does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency rates. It is the opinion of management that the foreign exchange risk to which the Issuer is exposed is minimal.

Limitations of Controls and Procedures

The Issuer's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Issuer have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Other MD&A Requirements

Additional Information in Relation to the Issuer

Additional information relating to the Issuer may be found in the Issuer's audited financial statements for the fiscal years ended December 31, 2011, December 31, 2010 and December 31, 2009.

Additional Disclosure for Venture Issuers

The following table sets forth certain financial information for the Issuer, which has been derived from the Issuer's financial statements for the years ended December 31, 2011, December 31, 2010, and December 31, 2009. This summary should be read in conjunction with the Issuer's financial statements, including the notes thereto.

The following table details the Issuer's expenditures for the fiscal years ended December 31, 2011, December 31, 2010 and December 31, 2009:

Expenditures	Year ended December 31, 2011	Year ended December 31, 2010	Year ended December 31, 2009
Net research costs expensed	$Nil	$15,469	$(63,903)
Professional Fees	112,809	67,444	68,360
Wages and benefits	121,297	159,709	159,221
Corporate costs	58,511	43,376	59,205
Depreciation and amortization	5,299	5,553	5,078
Interest expense (income)	122,503	26,549	(179)
Loss on conversion of series I Preferred Shares	43,349	Nil	Nil
Stock based compensation	Nil	Nil	Nil
Recovery of future income taxes	Nil	Nil	Nil
Net Loss	**463,768**	**$318,100**	**$227,782**

Additional Disclosure for Venture Issuers Without Significant Revenue

Expensed Research and Development Costs

	Year ended December 31, 2011	Year ended December 31, 2010
Research and Development Expenses		
Personnel, Consulting, and Stock-based Compensation	$Nil	$15,461
License Fees and Subcontract research	$Nil	$8
Facilities and Operations	$Nil	Nil
Less: Government contributions	$Nil	Nil
Total	**$Nil**	**$15,469**

Subsequent Events

On January 31, 2012, The Company terminated the irrevocable subscription agreements entered into by the Issuer on January 31, 2011 and May 16, 2011. Termination of these agreements eliminated 3,000,000 shares that are reserved for Issue, improving the Issuer's capital structure. The termination also eliminates the 1% per month interest expense on the money that is held in trust as well as transaction costs associated with issuing shares associated with the draw downs.

On January 31, 2012, an officer and director of the Company exercised 66,666 warrants @ $0.15 per share for net proceeds of $9,999.90

On March 14, 2012, subject to CNSX Exchange approval, the Company granted 100,000 options pursuant to the Company's stock option plan. The options may be exercised up until March 1, 2014 at an exercise price of $0.15.

Proposed Transactions

As at the date of this prospectus there are no transactions currently contemplated by the Issuer.

Changes in Accounting Policies including Initial Adoption

The Issuer has adopted IFRS, as of January 1, 2010, as discussed in Notes 2 and 18 of the December 31, 2011 Financial Statements.

Disclosure of Outstanding Share Data

The table below provides information concerning the designation and number of each class of equity securities for which there are securities outstanding as of the dates noted below:

Type of Security	**Year ended December 31, 2011 (1)**	**Year ended December 31, 2010 (1)**	**Year ended December 31, 2009**
Common Shares	20,989,157	15,930,452	10,216,302
Preferred Shares Series I (2)	Nil	1,500,000	1,000,000
Preferred Shares Series II (3)(4)	Nil	203,250	135,500
Options	1,650,000	1,875,000	1,350,000
Outstanding Warrants	3,830,422	1,009,267	961,480
Total	**26,469,579**	**20,517,969**	**13,663,282**

(1) These share amounts include a 1.5 to 1 forward split of the Issuer's equity as of December 30, 2010. Includes 600,000 bonus common shares issued on January 31, 2011 as an inducement for investors to enter into the Irrevocable Subscription Agreement. Includes 300,000 common shares issued on January 31, 2011 on the exercise of warrants. Includes 200,000 common shares issued as a part of a unit on January 31 and February 28, 2011. Includes 150,000 bonus common shares issued on May 16, 2011 as an inducement for investors to enter into the Irrevocable Subscription Agreements.

(2) The Class B Preferred Shares Series I automatically converted to Common Shares on a 1–to–1 basis upon listing of the Common Shares on the Canadian National Stock Exchange on November 16, 2011.

(3) The Class B Preferred Shares Series II automatically converted to Common Shares upon listing of the Common Shares on the Canadian National Stock Exchange. On November 16, 2011 each Series II Preferred Share converted into Common Shares at a 25% discount to the last share issue price $0.15/share. In addition for each common share issued on the conversion of each Series II

Preferred Share, one-half of one warrant was issued.

(4) The Class B Preferred Shares Series II converted to common shares upon listing of the common shares on the CNSX. The number of common shares issued on conversion assumed the initial listing price of the Common Shares was $0.15. Upon conversion the Company issued 1,791,563 Common Shares.

/s/ ***"Doug Unwin"***

Douglas H. Unwin
Director, CEO and President

April 16, 2012