Interim MD&A for the Three-Month Ended March 30, 2011

Overview

This MD&A has been prepared as of May 23, 2012 and the following information should be read in conjunction with the Issuer's audited financial statements for the fiscal years ended December 31, 2011 and December 31, 2010 together with the notes thereto. The Issuer's financial statements for the years ended December 31 2011, December 31, 2010 and 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.

Overall Performance

The Issuer will continue to operate virtually, outsourcing all non-core activities such as pre-clinical research and clinical trials and manufacturing.

Corporate Highlights

In the first three months of 2012 the Issuer accomplished the following milestones,

- 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 will eliminate 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.

Selected Financial Information

The financial information reported here has been prepared in accordance with IFRS. The Issuer uses the Canadian dollar (CDN) as its reporting currency. Selected un-audited financial data for interim operations of the Issuer for the three months ended March 31, 2012 and March 31, 2011 is presented below:

Selected Statement of Operations Data

Period ended	**Three Months ended March 31, 2012 [(1)]**	**Three Months ended March 31, 2011 [(1)]**
Total revenues	$Nil	$Nil
Net and Comprehensive loss	$(147,137)	$(83,845)
Basic loss per share	$(0.01)	$(0.01)
Diluted loss per share (Unaudited)	$(0.01)	$(0.01)
Weighted average shares	20,966,447	16,306,604

[(1)] Financial data for the quarter prepared using IFRS

The net loss and comprehensive loss from operations of $147,137 for the three months ended March 31, 2012 increased when compared to the loss and comprehensive loss from operations of $83,845 for the three months ended March 31, 2011. The increased loss is largely due to an increase in interest expense of $63,549 in the three month period ended March 31, 2012 as compared to the three month period ended March 31, 2011.

Selected Balance Sheet Data

Period ended	**March 31, 2012[(1)]**	**December 31, 2011**
Cash & Equivalents	$7,221	$6,094
Restricted Cash	$Nil	$300,000
Current assets	$23,927	$325,189
Property and equipment (net of depreciation)	$5,905	$6,358
Patents & Licenses (net of amortization)	89,673	$90,631
Total Assets	$119,505	$422,178
Current liabilities	411,387	$182,071
Non-Current liabilities	$Nil	$406,416
Total liabilities	$411,387	$588,487

Working Capital	$(291,882)	$143,188

(1) Financial data prepared using IFRS

Cash and equivalents increased in the first six months by $1,127 from $6,094 on December 31, 2011 to $7,221 as of March 31, 2012. Restricted cash decreased by $300,000 from $300,000 December 31, 2011 to $Nil on March 31, 2012. This restricted cash was held in escrow under the Irrevocable Subscription Agreements. The cash was returned to subscribers on January 31, 2012 when the Irrevocable Subscription Agreements were terminated.

Comparison of the Quarters ending March 31, 2012 and March 31, 2011

Results of Operations

As the focus of management during the first three months of 2012 was on completing the formulation of PTL-202 and initializing the clinical trials in India for PTL-202, no revenues were realized. During this period outstanding warrants were exercised for total gross proceeds of $9,999. The warrants had been issued as part of the irrevocable subscription agreements.

Revenues

The net loss and comprehensive loss from operations of $147,137 for the three months ended March 31, 2012 increased when compared to the loss and comprehensive loss from operations of $83,845 for the three months ended March 31, 2011. The increased loss is largely due to an increase in interest expense of $63,549 in the three month period ended March 31, 2012 as compared to the three month period ended March 31, 2011.

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 March 31, 2012. 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.

	Three Months ended March 31 , 2012	Three Months ended March 31, 2011
Research and Development Expenses		
Personnel, Consulting, and Stock-based Compensation	$10,441	$Nil
License Fees and Subcontract research	Nil	Nil
Facilities and Operations	Nil	Nil
Less: Government contributions	6,508	Nil
Total	$3,933	$Nil

The increase in R&D expenses is a reflection of the ssuer's contributions to the development and commercialization agreement with IntelGenx. The Issuer's R&D efforts in the first three months ended March 31, 2012 have been focused on completiong of the formulation of PTL-202 under thee IntelGenx Development and Commercialization Agreement. Since the signing of the Development and Commercialization Agreement, Intellgenx has been working on the formulation of PTL-202.

For the three months ended March 31, 2012 research and development costs were $3,933 and for the three months ended March 31, 2011 research and development costs were $Nil. The research and development costs for the three months ended March 31, 2012 were composed of $10,441 that was paid to Intelgex under the development and commercialization agreement. This expense was offset by a $6,508 government grant.

Additional research and development expenses of approximately $248,500 in 2011 are required to complete 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 this $248,500 the Issuer will incur expenses of approximately $67,000. The remaining expense of $181,500 will be paid by IntelGenx under the IntelGenx Development and Commercialization Agreement.

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 enroll 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.

During the three months ended March 31, 2012 total general and administrative costs were $68,737 as compared to the six months ended March 31, 2011 were the total general and administrative costs were $68,994.

During 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 expenses related to additional equipment 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.

Interest Expense/(Income)

The interest expense in the three months ended March 31, 2012 was $78,400 (March 31, 2011 – $14,851). The interest expense increase was due to $78,430 (March 31, 2011 - $14,851) interest accrued on the Irrevocable Subscription Agreements and the amortization of deemed discounts on Irrevocable Subscription Agreements and shareholder loans.

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 quarterly 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*".

Stock Based Compensation

For the three months ended March 31, 2012 stock based compensation was $11,564 (March 31, 2011 - $Nil). $6,542 of stock based compensation is attributable to 100,000 options issued March 1, 2012 which

vested immediately. $5,022 of stock based compensation is attributable to 75,000 previously issued options that vested on March 5, 2012.

Selected Quarterly Information

Period ended	**Three Months ended March 31, 2012 [1]**	**Three Months ended December 31, 2011[1]**	**Three Months ended September 30, 2011[1]**	**Three Months ended June 30, 2011 [1]**
Total revenues	$Nil	$Nil	$Nil	$Nil
Net and Comprehensive loss	$(147,137)	$(210,252)	$(115,111)	$(86,660)
Basic loss per share	$(0.01)	$(0.01)	$(0.01)	$(0.01)
Diluted loss per share (Unaudited)	$(0.01)	$(0.01)	$(0.01)	$(0.01)
Weighted average shares[2]	20,966,447	18,172,472	17,281,647	17,106,275
Cash	$7,221	$6,094	$4,720	$3,099
Restricted Cash	$Nil	$300,000	$375,000	$375,000
Total Assets	$119,505	$422,078	$495,078	$493,702
Non-Current Liabilities	$411,387	$406,416	$631,640	$593,360

Period ended	**Three Months ended March 31, 2011 [1]**	**Three Months ended December 31, 2010[1]**	**Three Months ended September 30, 2010[1]**	**Three Months ended June 30, 2010 [1]**
Total revenues	$Nil	$Nil	$Nil	$Nil
Net and Comprehensive loss	$(83,845)	(85,858)	$(84,248)	$(66,800)
Basic loss per share	$(0.01)	(0.01)	$(0.01)	$(0.00)
Diluted loss per share (Unaudited)	$(0.01)	$(0.01)	$(0.01)	$(0.00)
Weighted average shares[2]	16,306,604	16,350,054	15,917,011	15,834,452
Cash	$8,557	$30,457	$4,256	$16,442
Restricted Cash	$300,000	$Nil	$Nil	$Nil
Total Assets	$406,277	$119,918	$91,228	$107,992
Non-Current Liabilities	$483,944	$230,696	$224,179	$218,019

1. Financial data for the quarter prepared using IFRS
2. Weighted average shares reported on a post split basis to account the stock split on December 30, 2010

Liquidity and Capital Resources

At March 31, 2012, the Issuer had cash and cash equivalents of $7,221 (December 31, 2011 - $6,094) and a working capital deficiency of $(291,882) (December 31, 2011 – $143,188). Working capital is defined as cash and cash equivalents, amounts receivable and prepaid expenses less accounts payable, unearned revenue and security deposit as well as shareholders demand loan and amounts due under the Irrevocable Subscription Agreements within the current fiscal year. At March 31, 2012 the Issuer had restricted cash of $Nil available to it under the Irrevocable Subscription Agreements (March 31, 2011 - $300,000). The irrevocable subscription agreements were terminated on January 31, 2012.

The Issuer's cash inflows from financing activities comprised proceeds from issue of shares, exercise of warrants and shareholder short term loan during the first 3 months ended March 31, 2012 totalling $34,000 (March 31, 2011 – 85,067).

Cash utilized in operating activities during the three months ended March 31, 2012 was $147,137 (March 31, 2011 –$83,845). This difference was mostly due to an increase in amortization of deemed discounts on Irrevocable Subscription Agreements, and shareholder loans in the first three months of 2012 and interest incurred on the Irrevocable Subscription Agreements.

At March 31, 2012, share capital was $1,775,754 comprising 21,055,823 issued and outstanding Common Shares and $Nil issued and outstanding Series II Preferred Shares (December 31, 2011 – $1,765,754 comprising 20,989,157 issued and outstanding Common Shares and Nil issued and outstanding Class B Preferred Series II shares, and Nil Class B Series I preferred shares). The Issuer's shares were split at a ratio of 1.5 new shares for every 1 existing share on December 30, 2010.

Contributed Surplus at March 31, 2012, is $173,616 (December 31, 2011 – $162,052). An increase in contributed surplus of $6,542 of stock based compensation is attributable to 100,000 options issued March 1, 2012 which vested immediately. $5,022 of stock based compensation is attributable to 75,000 previously issued options that vested on March 5, 2012 also contributed to the increase in contributed surplus.

As a result of the net loss for the period ending March 31, 2012 of $147,137 (March 31, 2011 – 83,845), the deficit at March 31, 2012 increased to $2,241,252 from $2,094,115 as at December 31, 2011.

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. See *"Risk Factors"*.

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

There are currently no off balance sheet arrangements which could have an effect on current or future results or operations or the financial condition of the company.

Transactions with Related Parties

- Accounting fees were paid to Derick Sinclair the company's Chief Financial Officer and a shareholder of $4,500 during the 3 months ended March 31, 2011.
- Salaries, directors fees and other benefits paid during the first quarter of 2011 totaled $25,597.

Subsequent Events

There are no subsequent events.

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 discussed in the "Annual MD&A for the years ended December 31, 2010 - *Changes in Accounting Policies including Initial Adoption – International Financial Reporting Standards ("IFRS")"*

Financial Instruments and Other Instruments

The Issuer's financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, amounts due to shareholders, irrevocable subscriptions and Class B Series I Preferred Shares. 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. Amounts due to shareholders, irrevocable subscriptions and Class B Series I Preferred Shares are classified as financial liabilities and are carried at amortized cost. The fair value of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximates their carrying value due to their short-term maturity or capacity for prompt liquidation.

Disclosure of Outstanding Share Data

As at March 31, 2012, we had an unlimited number of authorized common shares with 21,055,823 common shares issued and outstanding.

As at March 31, 2012 the issuer had 1,525,000 options outstanding. Each option entitles the holder to purchase one additional common share at exercise prices ranging from $0.15 to $0.27 and expiry dates range from June 1, 2012 to March 5, 2015.

As at March 31, 2012 the Issuer had 3,735,556 warrants outstanding. The following table shows the details for the outstanding warrants.

Description of Warrant	Number of Warrants

(include exercise terms, including exercise price)	outstanding
2011 bonus warrants issued as an inducement for the Irrevocable Subscription Agreements, 1 whole warrant per unit exercisable at $0.15 up until January 31, 2013	2,333,334
2011 Unit warrants, 1 whole warrant per unit exercisable at $0.15 up until January 31, 2013	140,000
2011 Unit warrants, 1 whole warrant per unit exercisable at $0.15 up until February 28, 2013	60,000
2011 bonus warrants issued as an inducement for the Irrevocable Subscription Agreements, 1 whole warrant per unit exercisable at $0.15 up until May 16, 2013	600,000
Preferred shares series 2 warrants, 1 whole warrant per unit exercisable at $0.15 up until October 31, 2013	602,222