Interim Financial Statements of
(Unaudited)

ACASTI PHARMA INC.

Three-month and nine-month periods ended November 30, 2014 and 2013

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Financial Statements

Notice:

These interim financial statements have not been reviewed by the Corporation's auditors.

ACASTI PHARMA INC.

Interim Statements of Financial Position
(Unaudited)

As of November 30, 2014 and February 28, 2014

	November 30, 2014	February 28, 2014
Assets		
Current assets:		
Cash	$ 1,829,235	$ 675,490
Short-term investments	17,793,026	23,025,951
Trade and other receivables	303,191	919,371
Receivable from corporation under common control	49,658	49,658
Receivable from parent corporation	–	47,140
Tax credits receivable	227,727	134,120
Inventories	270,990	261,431
Prepaid expenses	390,398	703,497
	20,864,225	25,816,658
Equipment	70,850	38,941
Intangible assets	18,068,830	19,776,204
Total assets	$ 39,003,905	$ 45,631,803
Liabilities and Equity		
Current liabilities:		
Trade and other payables	$ 1,254,754	$ 1,170,828
Payable to parent corporation (note 7 (b))	713,441	–
	1,968,195	1,170,828
Derivative warrant liabilities (note 9)	1,654,115	11,181,475
Total liabilities	3,622,310	12,352,303
Equity:		
Share capital (note 4 (a))	61,362,668	61,027,307
Warrants (note 4 (b))	406,687	406,687
Contributed surplus	4,612,397	3,501,587
Deficit	(31,000,157)	(31,656,081)
Total equity	35,381,595	33,279,500
Commitments and contingencies (note 6)		
Total liabilities and equity	$ 39,003,905	$ 45,631,803

See accompanying notes to unaudited interim financial statements.

ACASTI PHARMA INC.

Interim Statements of Earnings and Comprehensive Earnings
(Unaudited)

Three-month and nine-month periods ended November 30, 2014 and 2013

	Three-month periods ended November 30,		Nine-month periods ended November 30,	
	2014	2013	2014	2013
Revenue from sales	$ 28,816	$ 28,347	$ 92,428	$ 300,886
Cost of sales	(23,209)	(16,123)	(53,751)	(169,332)
Gross profit	5,607	12,224	38,677	131,554
General and administrative expenses	(1,220,909)	(2,046,765)	(4,658,093)	(5,098,078)
Research and development expenses, net of tax credits of $15,590 and $72,005 (2013 - $32,939 and $151,446)	(1,749,228)	(1,279,367)	(4,771,120)	(3,583,559)
Results from operating activities	(2,964,530)	(3,313,908)	(9,390,536)	(8,550,083)
Finance income (note 9)	5,230,210	7,026	9,600,804	24,925
Finance costs	(944)	(551,578)	(2,850)	(553,104)
Foreign exchange gain	746,942	2,366	448,506	18,856
Net finance income (costs)	5,976,208	(542,186)	10,046,460	(509,323)
Net earnings (loss) and total comprehensive earnings (loss) for the period	$ 3,011,678	$ (3,856,094)	$ 655,924	$ (9,059,406)
Basic and diluted earnings (loss) per share	$ 0.03	$ (0.05)	$ 0.01	$ (0.12)
Weighted average number of shares outstanding – basic	106,260,178	83,957,811	106,118,411	78,002,113
Weighted average number of shares outstanding – diluted	107,118,380	83,957,811	107,066,368	78,002,113

See accompanying notes to unaudited interim financial statements.

ACASTI PHARMA INC.

Interim Statements of Changes in Equity
(Unaudited)

Nine-month periods ended November 30, 2014 and 2013

	Share capital			Contributed		
	Number	Dollar	Warrants	surplus	Deficit	Total
Balance, February 28, 2014	105,862,179	$ 61,027,307	$ 406,687	$ 3,501,587	$ (31,656,081)	$ 33,279,500
Net earnings and total comprehensive earnings for the period	–	–	–	–	655,924	655,924
	105,862,179	61,027,307	406,687	3,501,587	(31,000,157)	33,935,424
Transactions with owners, recorded directly in equity						
Contributions by and distribution to owners						
Share-based payment transactions (note 5)	–	–	–	1,396,171	–	1,396,171
Share options exercised (note 5)	200,000	50,000	–	–	–	50,000
RSUs released (note 5)	197,999	285,361	–	(285,361)	–	–
Total contributions by and distribution to owners	397,999	335,361	–	1,110,810	–	1,446,171
Balance at November 30, 2014	106,260,178	$ 61,362,668	$ 406,687	$ 4,612,397	$ (31,000,157)	$ 35,381,595
Balance, February 28, 2013	73,107,538	$ 28,922,710	$ 406,687	$ 438,711	$ (20,044,432)	$ 9,723,676
Net loss and total comprehensive loss for the period	–	–	–	–	(9,059,406)	(9,059,406)
	73,107,538	28,922,710	406,687	438,711	(29,103,838)	664,270
Transactions with owners, recorded directly in equity						
Contributions by and distribution to owners						
Issuance of shares (note 4)	6,750,000	15,496,000	–	–	–	15,496,000
Share-based payment transactions (note 5)	–	–	–	2,603,466	–	2,603,466
Warrants exercised	5,432,350	1,358,088	–	–	–	1,358,088
Share options exercised (note 5)	296,500	626,666	–	(219,140)	–	407,526
Total contributions by and distribution to owners	12,478,850	17,480,754	–	2,384,326	–	19,865,080
Balance at November 30, 2013	85,586,388	$ 46,403,464	$ 406,687	$ 2,823,037	$ (29,103,838)	$ 20,529,350

See accompanying notes to unaudited interim financial statements.

ACASTI PHARMA INC.

Interim Statements of Cash Flows
(Unaudited)

Three-month and nine-month periods ended November 30, 2014 and 2013

	Three-month periods ended November 30,		Nine-month periods ended November 30,	
	2014	2013	2014	2013
Cash flows from operating activities:				
Net earnings (loss) for the period	$ 3,011,678	$ (3,856,094)	$ 655,924	$ (9,059,406)
Adjustments:				
Depreciation of equipment	914	1,258	2,741	4,079
Amortization of intangible assets	582,892	669,737	1,748,677	1,335,205
Stock-based compensation	280,990	1,069,271	1,396,171	2,603,466
Net finance (income) costs	(5,976,208)	542,186	(10,046,460)	509,323
Realized foreign exchange gain (loss)	8,067	(2,490)	(2,949)	(880)
	(2,091,667)	(1,576,132)	(6,245,896)	(4,608,213)
Changes in non-cash operating working capital items:				
Trade and other receivables	337,194	(153,347)	616,180	(21,714)
Tax credits receivable	(37,192)	(32,939)	(93,607)	(151,446)
Inventories	16,128	(312,940)	(9,559)	(158,153)
Prepaid expenses	(78,935)	(120,883)	313,099	(309,465)
Receivable from parent corporation	–	–	47,140	–
Trade and other payables	(159,932)	242,043	83,926	891,614
Payable to parent corporation	(215,725)	1,089,177	713,441	2,072,936
Royalties payable to parent corporation	–	–	–	203,234
	(138,462)	711,111	1,670,620	2,527,006
Net cash used in operating activities	(2,230,129)	(865,021)	(4,575,276)	(2,081,207)
Cash flows from investing activities:				
Interest received	304	–	31,179	96,455
Acquisition of equipment	–	–	(34,650)	–
Acquisition of intangible assets	(19,337)	(51,312)	(41,303)	(90,964)
Acquisition of short-term investments	–	–	(14,478,186)	(3,000,000)
Maturity of short-term investments	4,093,077	2,000,000	20,149,888	5,750,000
Net cash from investing activities	4,074,044	1,948,688	5,626,928	2,755,491
Cash flows from financing activities:				
Proceeds from exercise of warrants and options	–	538,088	50,000	972,177
Share issue costs	–	–	–	(29,000)
Interest paid	(901)	(1,578)	(2,850)	(3,104)
Net cash (used in) from financing activities	(901)	536,510	47,150	940,073
Foreign exchange gain on cash held in foreign currencies	52,395	4,856	54,943	19,735
Net increase in cash	1,895,409	1,625,033	1,153,745	1,634,092
(Bank indebtedness) cash, beginning of period	(66,174)	1,205,627	675,490	1,196,568
Cash, end of period	$ 1,829,235	$ 2,830,660	$ 1,829,235	$ 2,830,660
Supplemental cash flow disclosure:				
Non-cash transaction:				
Issuance of common shares (note 4)	$ –	$ –	$ –	$ 15,525,000
Royalties settled through issuance of shares (note 4)	–	–	–	395,068
Acquisition of intangible asset (note 4)	–	–	–	15,129,932
Exercise of warrants by Neptune applied against payable	–	793,437	–	793,437
Finance costs included in accounts payable and accrued liabilities	–	550,000	–	550,000

See accompanying notes to unaudited interim financial statements.

1. Reporting entity

Acasti Pharma Inc. (the "Corporation") is incorporated under the *Business Corporations Act* (Québec) (formerly Part 1A of the *Companies Act* (Québec)). The Corporation is domiciled in Canada and its registered office is located at 545 Promenade du Centropolis, Laval, Québec, H7T 0A3. The Corporation is a subsidiary of Neptune Technologies and Bioressources Inc. ("Neptune") (the Corporation, the parent and NeuroBioPharm Inc., a sister corporation, collectively referred to as the "group").

On August 7, 2008, the Corporation commenced operations after having acquired from Neptune an exclusive worldwide license to use its intellectual property to develop, clinically study and market new pharmaceutical products to treat human cardiovascular conditions. Neptune's intellectual property is related to the extraction of particular ingredients from marine biomasses, such as krill. The eventual products are aimed at applications in the over-the-counter medicine, medical foods and prescription drug markets.

Operations essentially consist in the development of new products and the conduct of clinical research studies on animals and humans. Almost all research and development, administration and capital expenditures incurred by the Corporation since the start of the operations are associated with the project described above.

The Corporation is subject to a number of risks associated with the successful development of new products and their marketing, the conduct of its clinical studies and their results, the meeting of development objectives set by Neptune in its license agreement, and the establishment of strategic alliances. The Corporation has incurred significant operating losses and negative cash flows from operations since inception. To date, the Corporation has financed its operations through public offering and private placement of common shares, funds from its parent corporation, proceeds from exercises of warrants, rights and options and research tax credits. To achieve the objectives of its business plan, the Corporation plans to establish strategic alliances, raise the necessary capital and make sales. It is anticipated that the products developed by the Corporation will require approval from the U.S Food and Drug Administration and equivalent organizations in other countries before their sale can be authorized. The ability of the Corporation to ultimately achieve profitable operations is dependent on a number of factors outside of the Corporation's control.

2. Basis of preparation

(a) Statement of compliance:

These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board (IASB), on a basis consistent with those accounting policies followed by the Corporation in the most recent audited annual financial statements. Certain information, in particular the accompanying notes, normally included in the annual financial statements prepared in accordance with IFRS has been omitted or condensed. Accordingly the condensed interim financial statements do not include all of the information required for full annual financial statements, and therefore, should be read in conjunction with the audited financial statements and the notes thereto for the year ended February 28, 2014.

The financial statements were authorized for issue by the Board of Directors on January 13, 2015.

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis, except for:

- Stock-based compensation which is measured pursuant to IFRS 2, *Share-based payments* (note 5); and,
- Derivative warrant liabilities measured at fair value on a recurring basis (notes 4 (b) and 9).

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

(d) Use of estimates and judgments:

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates are based on management's best knowledge of current events and actions that the Corporation may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2. Basis of preparation (continued):

(d) Use of estimates and judgments (continued):

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the following:

- Identification of triggering events indicating that intangible assets might be impaired.
- The use of the going concern basis of preparation of the financial statements. At each reporting period, management assesses the basis of preparation of the financial statements. These financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that the Corporation will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year include the following:

- Measurement of derivative warrant liabilities (notes 4 and 9) and stock-based compensation (note 5);
- Allocation of shared costs amongst the Neptune group companies (note 7).

Also, management uses judgment to determine which research and development ("R&D") expenses qualify for R&D tax credits and in what amounts. The Corporation recognizes the tax credits once it has reasonable assurance that they will be realized. Recorded tax credits are subject to review and approval by tax authorities and therefore, could be different from the amounts recorded.

3. Significant accounting policies:

The accounting policies and basis of measurement applied in these interim financial statements are the same as those applied by the Corporation in its financial statements for the year ended February 28, 2014.

New standards and interpretations not yet adopted:

Financial instruments:

IFRS 9, *Financial Instruments*, was issued in November 2009. It addresses classification and measurement of financial assets and financial liabilities. In November 2013, the IASB issued a new general hedge accounting standard, which forms part of IFRS 9 *Financial Instruments* (2013). The new standard removes the January 1, 2015 prior effective date of IFRS 9. The new mandatory effective date will be determined once the classification and measurement and impairment phases of IFRS 9 are finalized. The mandatory effective date is not yet determined; however, early adoption of the new standard is still permitted. In February 2014, a tentative decision established the mandatory effective application for annual periods beginning on or after January 1, 2018. The Corporation has not yet assessed the impact of adoption of IFRS 9 and does not intend to early adopt IFRS 9 in its financial statements.

Revenue:

On May 28, 2014 the IASB issued IFRS 15, *Revenue from Contracts with Customers.* IFRS 15 will replace IAS 18, *Revenue,* among other standards. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. The new standard is effective for fiscal years ending on or after December 31, 2017, and is available for early adoption. The Corporation has not yet assessed the impact of adoption of IFRS 15, and does not intend to early adopt IFRS 15 in its financial statements.

4. Capital and other components of equity:

(a) Share capital:

Issued and outstanding:

	Class A shares (classified as equity)	
	Number outstanding	Amount
Balance November 30, 2014	106,260,178	$ 61,362,668
Balance February 28, 2014	105,862,179	61,027,307

On July 12, 2013, the Corporation issued 6,750,000 Class A shares, at a price of $2.30 per share to Neptune to pay in advance all of the future royalties' payable under the intellectual property license it had with Neptune.

The value of the prepayment, determined with the assistance of outside valuations specialists, using the pre-established formula set forth in the license agreement (adjusted to reflect the royalties of $395,068 accrued from December 4, 2012, the date at which the Corporation entered into the prepayment agreement to July 12, 2013, the date of issuance of the shares) totalling $15,129,932, was recognized as an intangible asset. The shares issued in consideration for this transaction were recorded an increase in share capital of $15,525,000, net of $29,000 of share issue costs. The Corporation no longer has royalty payment commitment under the License Agreement.

(b) Warrants:

The warrants of the Corporation are composed of the following as at November 30, 2014 and February 28, 2014:

		November 30, 2014		February 28, 2014
	Number outstanding	Amount	Number outstanding	Amount
Liability				
Series 8 Public offering warrants 2014 (note 9)	18,400,000	$ 1,654,115	18,400,000	$11,181,475
	18,400,000	1,654,115	18,400,000	11,181,475
Equity				
Private placement warrants				
Series 9 Private placement warrants 2014	1,616,542	–	1,616,542	–
Series 6 warrants	375,000	306,288	375,000	306,288
Series 7 warrants	375,000	100,399	375,000	100,399
	2,366,542	$ 406,687	2,366,542	$ 406,687

4. Capital and other components of equity (continued):

(b) Warrants (continued):

- Series 8 Public offering warrants entitle the holder to purchase one Class A share for US$1.50, subject to adjustment, until December 3, 2018. The warrants are derivative liabilities for accounting purposes due to the currency of the exercise price being different from the Corporation's functional currency.
- Series 9 Private placement warrants entitle the holder to purchase one Class A share for $1.60, subject to adjustment, until December 3, 2018.
- Series 6 entitles the holder to purchase one Class A share for $1.50 per share until February 10, 2015.
- Series 7 entitles the holder to purchase one Class A share for $1.50 per share until February 10, 2015 subject to the achievement of certain agreed upon and predefined milestones. Series 7 warrants are subject to vesting in equal installments over four semesters, subject to continued service and attainment of market (187,500 warrants) and non-market performance conditions (187,500 warrants). The Corporation recognized an expense of nil for this grant for the periods ended November 30, 2014 and 2013.

5. Share-based payment:

At November 30, 2014 the Corporation has the following share-based payment arrangements:

(a) Corporation stock option plan:

The Corporation has established a stock option plan for directors, officers, employees and consultants of the Corporation. The exercise price of the stock options granted under the plan is not lower than the closing price of the Acasti Class A shares listed on the TSX Venture Exchange on the eve of the grant. The terms and conditions for acquiring and exercising options are set by the Board of Directors, as well as the term of the options which, however, cannot be more than ten years or any shorter period as specified by the Board of Directors, according to the provisions of the plan. The Corporation's stock option plan allows the Corporation to issue a number of stock options not in excess of 10% of the number of Acasti Class A shares issued and outstanding from time to time. The total number of stock options issuable to a single person cannot exceed amongst other 5% of the Corporation's total issued and outstanding Acasti Class A shares at the time of the grant, with the maximum being 2% for any one consultant. Every stock option granted under the plan must provide for a vesting period of no less than 18 months and a gradual and equal acquisition of vesting rights at least on a quarterly basis.

The number and weighted average exercise prices of share options are as follows:

	Nine-month period ended November 30, 2014		Nine-month period ended November 30, 2013	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at beginning of period	$ 1.57	4,911,000	$ 1.55	5,216,250
Exercised	0.25	(200,000)	1.37	(296,500)
Granted	0.95	512,500	2.38	165,000
Forfeited	1.34	(122,250)	1.97	(220,000)
Expired	1.80	(100,000)	–	–
Outstanding at end of period	$ 1.56	5,001,250	$ 1.57	4,864,750
Exercisable at end of period	$ 1.57	3,796,375	$ 1.38	3,418,832

5. Share-based payment (continued):

(a) Corporation stock option plan (continued):

The fair value of options granted has been estimated according to the Black-Scholes option pricing model and based on the weighted average of the following assumptions for options granted during the nine-month periods ended:

	Nine-month period ended November 30, 2014	Nine-month period ended November 30, 2013
Exercise price	\$ 0.95	\$ 2.38
Share price	\$ 0.92	\$ 2.31
Dividend	–	–
Risk-free interest	1.14%	1.07%
Estimated life	3.00 years	2.44 years
Expected volatility	60.34%	76.64%

The weighted average of the fair value of the options granted to employees during the nine-month period is \$0.35 (2013 - \$1.04). There were no options granted to non-employees during the nine-month periods ended November 30, 2014 and 2013.

The weighted average share price at the date of exercise for options exercised during the nine-month period is \$0.92 (2013 - \$3.77).

For the three and nine month periods ended November 30, 2014, the Corporation recognized stock-based compensation under this plan in the amount of \$119,001 and \$435,964, respectively (2013 - \$127,763 and \$406,872).

(b) Corporation Restrictive Share Unit ("RSU") plan:

The Corporation has established an equity incentive plan for employees, directors and consultants of the Corporation. The plan provides for the issuance of restricted share units, performance share units, restricted shares, deferred share units and other share-based awards, under restricted conditions as may be determined by the Board of Directors. Upon fulfillment of the restricted conditions, as the case may be, the plan provides for settlement of the award through shares.

The Corporation's issued RSUs will vest gradually overtime with an expiry date of no later than January 15, 2017, based on a specific rate, depending on each holder's category, but sixty percent (60%) of such awards will vest upon achievement of the performance objectives identified by the Corporation. Performance objectives are based in part on the Corporation's specific and global goals, but also on each holder's individual performance. The fair value of the RSUs is determined to be the share price at date of grant and is recognized as stock-based compensation, through contributed surplus, over the vesting period.

Activities within the plan are detailed as follows:

	November 30, 2014	November 30, 2013
	Number of RSUs	Number of RSUs
Outstanding at beginning and end of period	775,001	–
Granted	–	1,060,000
Released	(197,999)	–
Forfeited	(18,334)	(25,000)
Outstanding at end of the period	558,668	1,035,000

For the three and nine month periods ended November 30, 2014, the Corporation recognized stock-based compensation under this plan in the amount of \$64,322 and \$419,911, respectively (2013 - \$277,503 and \$481,126).

5. Share-based payment (continued):

(c) Neptune stock-based compensation plan:

Neptune maintains various stock-based compensation plans for the benefit of directors, officers, employees, and consultants that provide services to its consolidated group, including the Corporation. The Corporation records as stock-based compensation expense a portion of the expense being recorded by Neptune that is commensurate to the fraction of overall services that the grantees provide directly to the Corporation.

(i) Neptune stock options:

For the three and nine month periods ended November 30, 2014, the Corporation recognized stock-based compensation related to the Neptune plans in the amount of $21,393 and $65,816, respectively (2013 - $225,785 and $620,083).

(ii) Neptune Restricted Share Unit (“RSU”) plan:

For the three and nine month periods ended November 30, 2014, the Corporation recognized stock-based compensation related to this plan in the amount of $50,838 and $327,644, respectively (2013 - $276,620 and $597,243).

(iii) Neptune-owned NeuroBioPharm Inc. warrants:

For the three and nine month periods ended November 30, 2014, the Corporation recognized stock-based compensation related to this plan in the amount of $293 and $556, respectively (2013 - $472 and $2,014).

(iv) Neptune-owned Acasti warrants:

For the three and nine month periods ended November 30, 2014, the Corporation recognized stock-based compensation related to this plan in the amount of nil (2013 - nil and $1,471).

(v) Neptune-owned NeuroBioPharm Inc. call-options:

For the three and nine month periods ended November 30, 2014, the Corporation recognized stock-based compensation related to this plan in the amount of $42 and $300, respectively (2013 – $174 and $660).

(vi) Neptune-owned Acasti call-options:

For the three and nine month periods ended November 30, 2014, the Corporation recognized stock-based compensation related to this plan in the amount of $24,118 and $137,627, respectively (2013 - $156,036 and $485,400).

(d) NeuroBioPharm Inc. Share Bonus plan:

For the three and nine month periods ended November 30, 2014, the Corporation recognized stock-based compensation related to this plan in the amount of $983 and $8,353, respectively (2013 - $4,918 and $8,597).

6. Commitments and contingencies:

Research and development agreements:

In the normal course of business, the Corporation has signed agreements with various partners and suppliers for them to execute research projects and to produce and market certain products. The Corporation has reserved certain rights relating to these projects.

The Corporation initiated many research and development projects that will be conducted over a 12 to 24 month period for a total initial cost of $10,316,630, of which an amount of $5,129,211 has been paid to date. As at November 30, 2014, an amount of $477,000 is included in ''Trade and other payables'' in relation to these projects.

6. Commitments and contingencies (continued):

Contingencies:

On May 29, 2014, Neptune and its subsidiaries, including the Corporation, were served with a lawsuit from Mr. Henri Harland, former President and Chief Executive Officer of Neptune and its subsidiaries who resigned from all his duties on April 25, 2014. Mr. Harland alleges in his complaint that he was forced to resign and is claiming *inter alia*, the acknowledgment of the relevant sections of his employment contract, the payment of a sum of approximately $8,500,000 and the issuance of 500,000 shares of each Neptune, Acasti and NeuroBioPharm, as well as two blocks of 1,000,000 call-options each on the shares held by Neptune in Acasti and NeuroBioPharm in his name. Neptune and its subsidiaries believe the claim as formulated is without merit or cause. Neptune and its subsidiaries will vigorously defend the lawsuit and take any steps necessary to protect their interests. No trial date has been set. As of the date of these financial statements, no agreement has been reached and an estimate of its financial effect cannot be made.

7. Related parties:

(a) Administrative and research and development expenses:

During the three-month and nine-month periods ended November 30, 2014 and 2013, the Corporation was charged by Neptune for certain costs incurred by Neptune for the benefit of the Corporation and for royalties, as follows:

	Three-month period ended November 30, 2014	Three-month period ended November 30, 2013	Nine-month period ended November 30, 2014	Nine-month period ended November 30, 2013
Administrative costs	$ 397,076	$ 212,402	$ 1,242,786	$ 702,077
Research and development costs, before tax credits	264,442	96,805	546,781	426,014
Royalties (note 4)	–	–	–	228,219
	$ 661,518	$ 309,207	$ 1,789,567	$ 1,356,310

Where Neptune incurs specific incremental costs for the benefit of the Corporation, it charges those amounts directly. Costs that benefit more than one entity of the Neptune group are being charged by allocating a fraction of costs incurred by Neptune that is commensurate to the estimated fraction of services or benefits received by each entity for those items.

These charges do not represent all charges incurred by Neptune that may have benefited the Corporation, because, amongst others, Neptune does not allocate certain common office expenses and does not charge interest on indebtedness. Also, these charges do not necessarily represent the cost that the Corporation would otherwise need to incur should it not receive these services or benefits through the shared resources of Neptune or receive financing from Neptune.

(b) Payable to parent corporation:

Payable to parent corporation has no specified maturity date for payment or reimbursement and does not bear interest.

(c) Key management personnel compensation:

The key management personnel of the Corporation are the members of the Board of Directors and certain officers. They control 2% of the voting shares of the Corporation.

7. Related parties (continued):

(c) Key management personnel compensation (continued):

Key management personnel compensation includes the following for the three-month and nine-month periods ended November 30, 2014 and 2013:

	Three-month period ended November 30, 2014	Three-month period ended November 30, 2013	Nine-month period ended November 30, 2014	Nine-month period ended November 30, 2013
Short term employee benefits	$ 88,900	$ 164,373	$ 568,270	$ 463,480
Share based compensation costs	235,034	536,981	1,266,295	1,576,060
	$ 323,934	$ 701,354	$ 1,834,565	$ 2,039,540

8. Operating segments:

The Corporation has one reportable operating segment: the development and commercialization of pharmaceutical applications of its licensed rights for cardiovascular diseases.

The majority of the Corporation's assets are located in Canada.

The Corporation's sales are attributed based on the customer's area of residence. All of the sales were made to the United States.

9. Determination of fair values:

Certain of the Corporation's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Financial and non-financial assets and liabilities:

In establishing fair value, the Corporation uses a fair value hierarchy based on levels as defined below:

- Level 1: defined as observable inputs such as quoted prices in active markets.
- Level 2: defined as inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3: defined as inputs that are based on little or no little observable market data, therefore requiring entities to develop their own assumptions.

The Corporation has determined that the carrying values of its short-term financial assets and liabilities approximate their fair value given the short-term nature of these instruments.

Derivative warrant liabilities:

The Corporation measured its derivative warrant liabilities at fair value on a recurring basis. These financial liabilities were measured using level 3 inputs.

9. Determination of fair values (continued):

The fair value of the public offering warrants 2014 was estimated according to the Black-Scholes option pricing model and based on the following assumptions:

	November 30, 2014	February 28, 2014
Exercise price	US$1.50	US$1.50
Share price	$0.42	$1.27
Dividend	–	–
Risk-free interest	1.19%	1.41%
Estimated life	4.01 years	4.76 years
Expected volatility	68.65%	66.47%

The fair value of the Warrants issued was determined to be $0.09 per warrant as at November 30, 2014 ($0.61 per warrant as at February 28, 2014).

The reconciliation of changes in level 3 fair value measurements of financial liabilities for the nine month period ended November 30, 2014 is presented in the following table:

	November 30, 2014
Opening balance at March 1, 2014	$ 11,181,475
Change in fair value of derivative warrant liabilities (gain recognized in finance income)	(9,527,360)
Closing balance at November 30, 2014	$ 1,654,115

For the three-month period ended November 30, 2014, the change in fair value of the derivative warrant liabilities was a gain of $5,211,155 (recognized in finance income).

Share-based payment transactions:

The fair value of share-based payment transaction is measured based on the Black-Scholes valuation model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information, when the shares have not been traded on a recognized exchange for a period of time that is commensurate with estimated life of option, it is estimated using historical volatility of comparable corporations), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions, if any, are not taken into account in determining fair value.