COTINGA PHARMACEUTICALS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JULY 31, 2019

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim financial statements of Cotinga Pharmaceuticals Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

Cotinga Pharmaceuticals Inc.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

	As at July 31, 2019	As at April 30, 2019
ASSETS		
Current assets		
Cash and cash equivalents	$ 44,112	$ 224,612
Investment tax credits and HST receivables	-	4,380
Prepaid expenses and deposits	239,398	276,581
Total current assets	283,510	505,573
Non-current assets		
Equipment (note 6)	413	992
Intangible assets (note 7)	721,176	741,729
Total assets	$ 1,005,099	$ 1,248,294
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	$ 3,648,860	$ 3,447,693
Warrant liability (note 9)	20	37
Demand loan (note 10)	-	199,970
Debenture (note 10)	189,296	-
Total current liabilities	3,838,176	3,647,700
Shareholders' deficiency		
Share capital (note 11)	33,888,796	33,888,796
Warrants	1,044,112	951,612
Contributed surplus	7,235,149	7,234,508
Deficit	(45,001,134)	(44,474,322)
Total shareholders' deficiency	(2,833,077)	(2,399,406)
Total liabilities and shareholders' deficiency	$ 1,005,099	$ 1,248,294

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Going concern (note 3)
Subsequent event (note 17)

Approved on behalf of the Board:

(Signed) "Ms. Alison Silva" Director, President and CEO

(Signed) "Mr. John C. Drake" Director, Chairman of the Board

Cotinga Pharmaceuticals Inc.
Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
Unaudited

	Three Months Ended July 31, 2019	Three Months Ended July 31, 2018
Operating expenses (income)		
Research and product development (note 14)	**$ 167,017**	$ 384,610
Sales and marketing (note 14)	**4,360**	37,326
General and administrative (note 14)	**336,369**	494,569
Loss before finance income (expense)	**(507,746)**	(916,505)
Finance income (expense):		
Interest and financing, net	**(7,208)**	(2,218)
Change in fair value of warrant liability	**17**	(13,708)
Foreign exchange gain (loss)	**11,346**	(49,156)
Accretion expense (note 10)	**(23,221)**	-
Net loss and total comprehensive loss for the period	**$ (526,812)**	$ (981,587)
Basic and diluted net loss per share (note 13)	**$ (0.02)**	$ (0.04)
Weighted average number of common shares outstanding	**21,986,415**	21,871,417

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Cotinga Pharmaceuticals Inc.

Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

	Three Months Ended July 31, 2019	Three Months Ended July 31, 2018
Operating activities		
Net loss for the period	**$ (526,812)**	$ (981,587)
Adjustments for:		
Amortization - equipment	**579**	4,084
Amortization - intangible assets	**20,553**	27,328
Loss on disposal of equipment	**-**	183
Share-based payments	**641**	101,358
Change in fair value of warrant liability	**(17)**	13,708
Accretion expense	**23,221**	-
Accrued interest	**5,426**	-
Changes in non-cash working capital items (note 15)	**242,730**	(265,223)
Net cash used in operating activities	**(233,679)**	(1,100,149)
Investing activities		
Sale (purchase) of equipment	**-**	150
Expenditures on intangible assets	**-**	(2,944)
Net cash used in investing activities	**-**	(2,794)
Financing activities		
Proceeds from issuance of common shares and warrants	**-**	2,010,162
Costs of issuing common shares and warrants	**-**	(321,613)
Proceeds from debenture	**100,000**	-
Costs of issuing debenture	**(46,821)**	-
Net cash provided by financing activities	**53,179**	1,688,549
Net change in cash and cash equivalents	**(180,500)**	585,606
Cash and cash equivalents, beginning of period	**224,612**	40,731
Cash and cash equivalents, end of period	**$ 44,112**	$ 626,337

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Cotinga Pharmaceuticals Inc.
Condensed Interim Statements of Changes in Equity / (Deficiency)
(Expressed in Canadian Dollars)
Unaudited

	Share Capital	Warrants Reserve	Total Share Capital	Contributed Surplus	Deficit	Total
Balance, April 30, 2018	**$ 32,885,457**	**$ 802,095**	**$ 33,687,552**	**$ 6,508,475**	**$ (41,777,041)**	**$ (1,581,014)**
Issuance of shares and warrants (note 11)	1,003,339	685,209	1,688,548	-	-	1,688,548
Share-based compensation	-	-	-	101,358	-	101,358
Net loss for the period	-	-	-	-	(981,587)	(981,587)
Balance, July 31, 2018	**$ 33,888,796**	**$ 1,487,304**	**$ 35,376,100**	**$ 6,609,833**	**$ (42,758,628)**	**$ (772,695)**
Balance, April 30, 2019	**$ 33,888,796**	**$ 951,612**	**$ 34,840,408**	**$ 7,234,508**	**$ (44,474,322)**	**$ (2,399,406)**
Share-based compensation (note 12)	-	-	-	641	-	641
Warrants issued (note 10)	-	92,500	92,500	-	-	92,500
Net loss for the period	-	-	-	-	(526,812)	(526,812)
Balance, July 31, 2019	**$ 33,888,796**	**$ 1,044,112**	**$ 34,932,908**	**$ 7,235,149**	**$ (45,001,134)**	**$ (2,833,077)**

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

1. Corporate information

Cotinga Pharmaceuticals Inc. ("Cotinga" or the "Company") is a public corporation listed in Canada on the TSX Venture Exchange ("TSXV") under the trading symbol "COT". The Company is incorporated under the laws of the Province of Ontario, Canada with its registered office located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, Canada, M5C 1P1.

2. Description of business

Cotinga is a clinical stage biopharmaceutical company that is advancing a pipeline of targeted therapies for the treatment of cancer and other unmet medical needs. The Company's lead clinical candidate, COTI-2, is an oral small molecule targeting p53, a tumor suppressor gene that is mutated in over 50% of all cancers, and the Company's second clinical candidate, COTI-219, is a novel oral small molecule compound targeting the mutant forms of KRAS with such mutations occurring in up to 30% of all cancers.

3. Going concern

The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize on its assets and discharge its liabilities and commitments in the normal course of operations. For Cotinga, there are material uncertainties related to certain conditions and events that raise significant doubts about the Company's ability to continue as a going concern. In particular, the Company has no commercial operating revenues and operating cash flows continue to be negative. Key financial results for the three months ended July 31, 2019 are indicative of a going concern. For the three months ended July 31, 2019, the Company had a loss of $526,812 (three months ended July 31, 2018 a loss of $981,587) and cash used in operations of $233,679 (July 31, 2018 - $1,100,149). As at July 31, 2019, the Company had a deficit of $45,001,134 (April 30, 2019 – $44,474,322) which results in deficiency of $2,833,077 (April 30, 2019 – $2,399,406). As at July 31, 2019, the Company had a working capital deficiency of $3,554,666 (April 30, 2019 - working capital deficiency of $3,142,127).

The Company is dependent upon key personnel, the successful completion of the Company's clinical trial for COT-2 and COTI-219, and success in raising additional funds to support continuing operations and meeting its liabilities and commitments as they become due while executing its strategic business plans for fiscal 2020 and future years. The Company is taking steps to address the going concern risk by pursuing sources of financing including but not limited to, raising capital in the private and public markets, securing government grants, seeking partners for business development collaboration opportunities, and other strategic initiatives. The Company has discretion with many of its expenditure activities and plans to manage these activities in fiscal 2020 within the limits of available cash resources.

The accompanying unaudited condensed interim financial statements have been prepared assuming that the Company will continue as a going concern. The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent on the successful completion of the actions taken or planned, some of which are described above, which management believes will mitigate the adverse conditions and events which raise doubt about the validity of the going concern assumption used in preparing these unaudited condensed interim financial statements. There is no certainty that these and other strategies will be sufficient to permit the Company to continue beyond April 30, 2020. Accordingly, these unaudited condensed interim financial statements do not include any adjustments to the carrying values and classification of assets and liabilities, or the reported expenses that would be necessary if the going concern assumption was not appropriate. Any adjustments to the unaudited condensed interim financial statements could be material.

4. Basis of preparation

Compliance with accounting standards

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of October 30, 2019, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended April 30, 2019. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending April 30, 2020 could result in restatement of these unaudited condensed interim financial statements.

5. Significant accounting policies

Adoption of new accounting pronouncements during the year

IFRS 16 Leases

IFRS 16 was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. The application of the new standard had no impact on the unaudited condensed interim financial statements as at July 31, 2019.

Recent accounting pronouncements not yet adopted

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting for uncertainties in income taxes. The interpretation requires the entity to use the most likely amount or the expected value of the tax treatment if it concludes that it is not probable that a particular tax treatment will be accepted. It requires an entity is to assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so.

IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. The requirements are applied by recognizing the cumulative effect of initially applying them in retained earnings, or in other appropriate components of equity, at the start of the reporting period in which an entity first applies them, without adjusting comparative information. Full retrospective application is permitted, if an entity can do so without using hindsight. We have yet to determine the impact this standard will have on our financial statements.

(Expressed in Canadian Dollars)

6. Equipment

Cost	Computer equipment	Furniture and fixtures	Total
Balance, April 30, 2018	**$ 70,655**	**$ 83,358**	**$ 154,013**
Disposals	(1,602)	(27,220)	(28,822)
Balance, April 30, 2019	69,053	56,138	125,191
Balance, July 31, 2019	**$ 69,053**	**$ 56,138**	**$ 125,191**

Accumulated Depreciation	Computer equipment	Furniture and fixtures	Total
Balance, April 30, 2018	**$ 60,085**	**$ 82,249**	**$ 142,334**
Depreciation for the year	9,243	1,110	10,353
Disposals	(1,267)	(27,221)	(28,488)
Balance, April 30, 2019	$ 68,061	$ 56,138	$ 124,199
Depreciation for the period	579	-	579
Balance, July 31, 2019	**$ 68,640**	**$ 56,138**	**$ 124,778**

Carrying Value	Computer equipment	Furniture and fixtures	Total
Balance, April 30, 2019	$ 992	$ -	$ 992
Balance, July 31, 2019	**$ 413**	**$ -**	**$ 413**

(Expressed in Canadian Dollars)

7. Intangible assets

Cost	Molecules	Granted patents	Pending patents	Computer software	Total
Balance, April 30, 2018	**$ 3,526,287**	**$ 792,941**	**$ 83,723**	**$ 189,437**	**$ 4,592,388**
Additions	-	-	12,851	-	12,851
Transfers upon patent grant	-	15,048	(15,048)	-	-
Patent abandonment	-	(308,267)	(27,543)	-	(335,810)
Balance, April 30, 2019	3,526,287	499,722	53,983	189,437	4,269,429
Balance, July 31, 2019	$ 3,526,287	$ 499,722	$ 53,983	$ 189,437	$ 4,269,429

Accumulated Amortization	Molecules	Granted patents	Pending patents	Computer software	Total
Balance, April 30, 2018	**$ 3,162,343**	**$ 242,528**	**$ -**	**$ 159,339**	**$ 3,564,210**
Amortization for the year	31,005	53,681	-	17,755	102,441
Impairment	-	(138,951)	-	-	(138,951)
Balance, April 30, 2019	$ 3,193,348	$ 157,258	$ -	$ 177,094	$ 3,527,700
Amortization for the period	7,752	8,550	-	4,251	20,553
Balance, July 31, 2019	**$ 3,201,100**	**$ 165,808**	**$ -**	**$ 181,345**	**$ 3,548,253**

Carrying Value	Molecules	Granted patents	Pending patents	Computer software	Total
Balance, April 30, 2019	$ 332,939	$ 342,464	$ 53,983	$ 12,343	$ 741,729
Balance, July 31, 2019	**$ 325,187**	**$ 333,914**	**$ 53,983**	**$ 8,092**	**$ 721,176**

A single Molecule, COTI-2, represents a significant portion of the carrying value of the molecules and patents as set out below as at:

Intangible asset class	As at July 31, 2019	As at April 30, 2019
Molecule	**$ 289,820**	$ 296,721
Patents granted and pending	**281,436**	287,376
	$ 571,256	$ 584,097
Percentage of net carrying value of molecules and patents	**80.1 %**	80.1 %

(Expressed in Canadian Dollars)

8. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are provisions for executive bonuses, and for legal matters, which represent an estimate of the most likely outcome of these matters. In the ordinary course of business, the Company may be subject to litigation and claims. In such cases, the Company accrues a loss for these matters when it is probable that a loss has been incurred and the amount can be reasonably estimated. At the end of each reporting period, the appropriateness of the provisions are evaluated, and adjustments may be made to reflect actual experience or changes in the estimates. Details related to these provisions are as follows:

	As at July 31, 2019	As at April 30, 2019
Provision for bonuses		
Opening balance	**$ 239,984**	$ 164,598
Additions	**186,860**	108,000
Payments	**-**	(32,614)
Closing balance	**$ 426,844**	$ 239,984
Provision for legal matters		
Opening balance	**$ 225,500**	$ 195,000
Additions	**-**	30,500
	$ 225,500	$ 225,500

9. Warrant liability

In fiscal 2015, the Company completed a private placement financing consisting of one common share and one warrant to purchase a common share. The exercise price of the warrant is USD $3.40. These warrants include a forced exercise provision where the expiry date will be accelerated to a period of 21 days if, for any 10 consecutive trading days the closing price of the common shares on the TSXV equals or exceeds 1.3 times the exercise price. Any warrants not exercised during this reduced exercise period would expire. Under IFRS, warrants issued with an exercise price denominated in a foreign currency are considered financial derivative instruments and the prescribed accounting treatment is to classify these warrants as a current liability measured at fair value upon initial recognition. At each subsequent reporting date, the warrants are re-measured at fair value and the change in fair value is recognized through profit or loss. Upon warrant exercise, the fair value previously recognized in warrant liability is transferred from warrant liability to share capital.

Details related to the warrant liability are summarized below.

	As at July 31, 2019	As at April 30, 2019
Opening balance, outstanding warrants	**1,011,706**	1,011,706
Closing balance, outstanding warrants	**1,011,706**	1,011,706
Expiry date	**Oct 16 - Nov 24/19**	Oct 16 - Nov 24/19
Weighted average exercised price in CAD	**$4.47**	$4.47
Opening balance	**$ 37**	$ 20,628
Fair value adjustment at the report date	**(17)**	(20,591)
Closing balance	**$ 20**	$ 37

(Expressed in Canadian Dollars)

9. Warrant liability (continued)

A summary of the assumptions used in the valuation model for re-measuring the warrants at end of the period is set out below.

	As at July 31, 2019	As at April 30, 2019
Common share market price	**$ 0.150**	$ 0.085
Weighted average risk free interest rate	**1.65** %	1.70 %
Estimated common share weighted average price volatility	**172.00** %	155.00 %
Expected dividend yield	**-** %	- %
Estimated weighted average life in years	**0.25**	0.50
Foreign exchange rate	**$ 1.315**	$ 1.342
Estimated weighted average fair value per warrant in CAD	**$ 0.001**	$ 0.001

10. Demand loan and debenture

i) On May 22, 2019, the Company closed a unit offering for gross proceeds of $199,970 comprising of $199,970 of senior secured debentures and 1,999,700 non-transferable common share purchase warrants exercisable at $0.10 per warrant. The debentures have a term of one year from closing date, bear interest at a rate of 10% per annum payable at the end of the term and are secured against all of the Company's assets. Each Warrant is exercisable during the Term, and thereafter expires, and is subject to a hold period of four months and a day from the Closing Date. The warrants were valued on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of $0.07; expected volatility of 153.4% using the historical price history of the Company; risk-free interest rate of 1.69%; and an expected average life of 1 year.

   The proceeds from the debentures were received prior to year end giving rise to a short-term demand loan which was converted to the secured debentures on the May 22, 2019 closing date.

ii) On June 4, 2019, the Company completed for gross proceeds of $100,000, a second tranche offering of units comprised of $100,000 Debentures and 1,000,000 non-transferable common share purchase warrants exercisable at $0.10 per Warrant to arm's length lenders and a lender who is a director and officer of the Company (the "Subscribers"). The Debentures have a term of one year from the Closing Date (the "Term"), bear interest at a rate of 10% per annum payable at the end of Term, and are secured against all of the assets of the Company pursuant to a general security agreement effective as of the Closing Date in favour of the Subscribers. Each Warrant is exercisable during the Term, and thereafter expires. The warrants were valued on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of $0.07; expected volatility of 153.0% using the historical price history of the Company; risk-free interest rate of 1.42%; and an expected average life of 1 year.

The following table summarizes the debt component of the debenture.

	Tranche 1	Tranche 2	Total
Balance, April 30, 2018 and April 30, 2019	**$ -**	**$ -**	**$ -**
Issuance of debenture	199,970	100,000	299,970
Less transaction cost	(34,089)	(12,732)	(46,821)
Less fair value of warrants	(64,200)	(28,300)	(92,500)
Accrued interest	3,858	1,568	5,426
Accretion expense	16,382	6,839	23,221
Balance, July 31, 2019	**$ 121,921**	**$ 67,375**	**$ 189,296**

(Expressed in Canadian Dollars)

11. Share capital

a) Authorized share capital

The authorized share capital consisted of unlimited number of common shares and preference shares. The common and preference shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

	Number of common shares	Amount
Balance, April 30, 2018	**16,696,515**	**$ 32,885,457**
Private placement (i)	5,289,900	2,010,162
Fair value of warrants issued (i)	-	(797,900)
Share issuance cost (net)	-	(208,923)
Balance, July 31, 2018, April 30, 2019 and July 31, 2019	21,986,415	$ 33,888,796

(i) On May 3, 2018, the Company closed a private placement with proceeds of $2,010,162 comprised of 5,289,900 units. Each unit comprised of one common share and one warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.47 for a period of 5 year, expiring May 3, 2023. In connection with the private placement, the Company paid $321,613 in commission and other related issuance costs, and issued 185,687 compensation warrants. Each compensation warrant entitles the holder to purchase one common share at a price of $0.47 for a period of 5 year, May 3, 2023.

The value allocated to warrants was $797,900 attributed and $26,400 to the broker warrants. The warrants and broker warrants were valued on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of $0.229; expected volatility of 101% using the historical price history of the Company; risk-free interest rate of 2.17%; and an expected average life of 5 years.

c) Warrants

The following table reflects the continuity of warrants for the three months ended July 31, 2019 and July 31, 2018:

	Number of warrants	Amount
Balance, April 30, 2018	2,271,634	$ 802,094
Issued	5,475,587	824,300
Warrant issuance cost (net)	-	(139,090)
Balance, July 31, 2018	7,747,221	$ 1,487,304
Balance, April 30, 2019	5,847,880	$ 951,612
Issued (note 10)	2,997,000	92,500
Balance, July 31, 2019	8,844,880	$ 1,044,112

(Expressed in Canadian Dollars)

11. Share capital (continued)

c) Warrants (continued)

The following table reflects the actual warrants issued as of July 31, 2019:

Number of warrants outstanding	Grant date fair value ($)	Exercise price ($)	Expiry date
8,759	11,911	2.60	October 16, 2019
29,007	41,582	2.60	November 5, 2019
8,309	12,556	2.60	November 24, 2019
97,000	66,513	3.80	December 18, 2019
2,000	1,663	2.90	December 18, 2019
212,937	146,011	3.80	February 16, 2020
14,281	11,873	2.90	February 16, 2020
1,997,000	64,200	0.10	May 22, 2020
1,000,000	28,300	0.10	June 4, 2020
5,475,587	769,609	0.47	May 3, 2023
8,844,880	1,154,218	0.48	

12. Stock options

The Company maintains only one share option plan ("SOP") that is used for its directors, employees, and consultants who contribute to the long-term goals of the Company. Under the SOP, options can be awarded at any time; however, the maximum number of common shares available for purchase through option grants cannot exceed 10% of the outstanding common shares issued. The awarding of options, the exercise price, the expiry date, and the vesting period are approved by the Board of Directors. Prior to fiscal 2017, the vesting of options generally only required the passage of time, however, during the year ended April 30, 2017, there were option awards where the vesting was based upon the achievement of operational non-market based milestones. The SOP sets out a maximum option life of five years for granted options. Settlement of share-based compensation is done solely through equity issuances.

	Number of stock options	Weighted average exercise price
Balance, April 30, 2018	1,338,835	$ 3.45
Issued (i)	119,100	0.50
Expired	(40,276)	3.57
Balance, July 31, 2018	1,417,659	$ 3.19
Balance, April 30, 2019	1,223,226	$ 3.24
Expired	(50,017)	4.24
Balance, July 31, 2019	1,173,209	$ 3.19

(Expressed in Canadian Dollars)

12. Stock options (continued)

i) On July 3, 2018, the Company granted 119,100 options of the Company at a price of $0.50 per share, expiring July 3, 2023. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: a 5 year expected average life; share price of $0.44; 101% volatility; risk-free interest rate of 2.04%; and a dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the options. The fair value assigned to these options was $38,315 which will be expensed in the statement of loss and comprehensive loss with a corresponding amount allocated to contributed surplus in accordance with vesting provisions. These options vest equally on a quarterly basis over 12 months.

For the three months ended July 31, 2019, the Company recorded share-based compensation expense of $641 (three months ended July 31, 2018 - $101,358) consisting of share options granted to employees, directors, and consultants.

The following table reflects the actual stock options issued and outstanding as of July 31, 2019:

Expiry date	Range of exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
October 21, 2019	2.90	0.22	77,225	77,225
March 19, 2020	2.45	0.64	15,000	15,000
May 12, 2020	2.90	0.78	10,435	10,435
June 4, 2020	3.40	0.85	8,500	8,500
October 14, 2020	3.05	1.21	115,590	115,590
November 18, 2020	2.80	1.30	2,500	2,500
January 14, 2021	3.05	1.46	14,785	14,785
April 25, 2021	4.40	1.74	5,000	5,000
July 4, 2021	7.00	1.93	150,000	150,000
December 19, 2022	1.20	3.39	346,428	346,428
October 12, 2021	5.20	2.20	93,646	93,646
December 31, 2021	4.75	2.42	150,000	150,000
February 13, 2022	5.90	2.54	25,000	15,000
June 11, 2022	3.20	2.87	40,000	40,000
June 29, 2023	0.50	3.92	119,100	119,100
	3.19	2.47	1,173,209	1,163,209

13. Loss per share

The calculation of basic and diluted loss per share for the three months ended July 31, 2019 was based on the loss attributable to common shareholders of $526,812 (three months ended July 31, 2018 - $981,587) and the weighted average number of common shares outstanding of 21,986,415 (three months ended July 31, 2018 - 21,871,417). Diluted loss per share did not include the effect of 1,173,209 options outstanding (July 31, 2018 - 1,417,659 options outstanding) as they are anti-dilutive. Diluted loss per share did not include the effect of 8,844,880 warrants outstanding (July 31, 2018 - 7,747,221 warrants outstanding) as they are anti-dilutive.

(Expressed in Canadian Dollars)

14. Functional expense breakdown

For the three months ended July 31, 2019	Research and Development	Sales and Marketing	General and administration	Total
Amortisation and depreciation	$ -	$ -	$ 21,130	$ 21,130
Clinical trial expenses	36,785	-	-	36,785
Corporate governance	-	-	17,559	17,559
Marketing and travelling	902	1,756	729	3,387
Office and other	2,884	-	19,032	21,916
Professional fees	-	2,604	19,221	21,825
Salaries and benefits	99,165	-	258,158	357,323
Share-based compensation	101	-	540	641
Synthesis and misc. R&D expenses	27,180	-	-	27,180
Total	**$ 167,017**	**$ 4,360**	**$ 336,369**	**$ 507,746**

For the three months ended July 31, 2018	Research and Development	Sales and Marketing	General and administration	Total
Amortisation and depreciation	$ -	$ -	$ 31,413	$ 31,413
Clinical trial expenses	149,661	-	-	149,661
Corporate governance	-	-	16,560	16,560
Drug development consulting	5,952	-	-	5,952
In vitro / in vivo testing	16,659	-	-	16,659
Marketing and travelling	1,218	8,052	3,535	12,805
Office and other	4,397	-	24,187	28,584
Professional fees	563	29,274	148,008	177,845
Salaries and benefits	102,001	-	173,705	275,706
Share-based compensation	4,197	-	97,161	101,358
Synthesis and misc. R&D expenses	99,962	-	-	99,962
Total	**$ 384,610**	**$ 37,326**	**$ 494,569**	**$ 916,505**

15. Supplementary cash flow information

	Three Months Ended July 31, 2019	Three Months Ended July 31, 2018
Change in non-cash working capital:		
Investment tax credits and HST receivable	**$ 4,380**	$ 16,591
Prepaid	**37,183**	53,909
Accounts payable and accrued liabilities	**201,167**	(335,723)
	$ 242,730	$ (265,223)

(Expressed in Canadian Dollars)

16. Related party transactions

The company defines key management personnel as Board of Directors, Chief Executive Officer, Chief Financial Officer and Chief Science Officer.

(a) The Company entered into the following transactions with related parties

i) For the three months ended July 31, 2019, the Company expensed $10,221 (three months ended July 31, 2018 - $18,675) to Marrelli Support Services Inc ("Marrelli Support") for: the services of Victor Hugo to act as Chief Financial Officer of the Company and Marrelli Support also provides bookkeeping services to the Company. Victor Hugo is an employee of Marrelli Support. As at July 31, 2019, Marrelli Support was owed $11,555 (April 30, 2019 - $22,041) and this amount was included in accounts payable and accrued liabilities.

ii) During the three months ended July 31, 2019, directors and officers subscribed to $75,000 of the debenture, under the same terms and conditions as all other investors.

(b) Remuneration of directors and key management personnel of the Company was as follows:

	Three Months Ended July 31, 2019	Three Months Ended July 31, 2018
Salaries and benefits	**$ 221,192**	$ 255,415
Share-based payments	**641**	117,145
Directors fees	**$ 77,500**	$ -
Total remuneration	**$ 299,333**	$ 372,560

As at July 31, 2019, directors and key management personnel of the Company were owed $1,057,027 (April 30, 2019 - $1,011,291) and this amount was included in accounts payable and accrued liabilities.

17. Subsequent event

i) On October 16, 2019, 8,759 warrants expired unexercised.

ii) On October 21, 2019, 77,225 options expired unexercised.