COTINGA PHARMACEUTICALS INC.

(Formely Critical Outcome Technologies Inc.)

CONDENSED INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED JANUARY 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 January 31, 2019		As at April 30, 2018
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**114,102**	$	40,731
Investment tax credits and other receivables		**19,026**		65,389
Prepaid expenses and deposits		**285,674**		386,425
Total current assets		**418,802**		492,545
Non-current assets				
Equipment		**2,177**		11,679
Intangible assets		**963,919**		1,028,178
Total assets	**$**	**1,384,898**	$	1,532,402
EQUITY AND LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**2,841,395**	$	3,092,788
Warrant liability		**1,067**		20,628
Total current liabilities		**2,842,462**		3,113,416
Equity / (Deficiency)				
Share capital		**33,943,487**		32,885,457
Warrants		**930,413**		802,095
Contributed surplus		**7,201,601**		6,508,475
Deficit		**(43,533,065)**		(41,777,041)
Total equity / (deficiency)		**(1,457,564)**		(1,581,014)
Total liabilities and equity / deficiency)	**$**	**1,384,898**	$	1,532,402

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 January 31, 2019	Three Months Ended January 31, 2018	Nine Months Ended January 31, 2019	Nine Months Ended January 31, 2018
Operating expenses (income)				
Research and product development	**$ 136,226**	$ 560,588	**$ 654,697**	$ 2,222,843
Sales and marketing	**1,049**	64,704	**100,541**	185,563
General and administrative	**284,114**	780,571	**1,131,431**	2,304,962
Investment tax credits	**(65,677)**	-	**(65,677)**	(17,999)
Loss before finance income (expense)	**(355,712)**	(1,405,863)	**(1,820,992)**	(4,695,369)
Finance income (expense):				
Interest and financing, net	**(428)**	370	**(3,715)**	1,584
Change in fair value of warrant liability	**(1,010)**	109,881	**19,561**	1,408,737
Foreign exchange gain	**77,338**	17,098	**49,122**	(16,241)
Net loss and total comprehensive loss for the period	**$ (279,812)**	$ (1,278,514)	**$ (1,756,024)**	$ (3,301,289)
Basic and diluted net loss per share (note 12)	**$ (0.01)**	$ (0.08)	**$ (0.08)**	$ (0.21)
Weighted average number of common shares outstanding	**21,986,415**	16,687,081	**21,871,417**	15,733,224

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

	Nine Months Ended January 31, 2019	Nine Months Ended January 31, 2018
Operating activities		
Net loss for the period	**$ (1,756,024)**	$ (3,301,289)
Adjustments for:		
Amortization - equipment	**9,168**	23,118
Amortization - intangible assets	**77,110**	143,403
Loss in disposal of assets	**183**	130,182
Share-based payments	**190,926**	521,767
Change in fair value of warrant liability	**(19,561)**	(1,408,737)
Investment tax credits	**-**	(17,999)
Interest and financing expense, net	**-**	(329)
Unrealized loss on market value of investments	**-**	8,328
Foreign exchange loss (gain)	**-**	-
Changes in non-cash working capital items	**(104,279)**	363,904
Net cash used in operating activities	**(1,602,477)**	(3,537,652)
Investing activities		
Net, redemption of investments	**-**	1,227,145
Sale (purchase) of equipment	**150**	(2,282)
Expenditures on intangible assets	**(12,851)**	(60,862)
Net cash provided by (used in) investing activities	**(12,701)**	1,164,001
Financing activities		
Proceeds from issuance of common shares and warrants	**2,010,162**	2,060,818
Costs of issuing common shares and warrants	**(321,613)**	(117,190)
Costs of issuing stock options	**-**	(3,800)
Investment tax credit recoveries	**-**	92,329
Net cash provided by financing activities	**1,688,549**	2,032,157
Net change in cash and cash equivalents	**73,371**	(341,494)
Cash and cash equivalents, beginning of period	**40,731**	717,676
Cash and cash equivalents, end of period	**$ 114,102**	$ 376,182

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, 2017	**$ 31,438,860**	**$ 1,164,145**	**$ 32,603,005**	**$ 4,889,147**	**$ (36,896,648)**	**$ 595,504**
Issuance of shares and warrants (note 10	1,431,569	505,811	1,937,380	-	-	1,937,380
Share-based compensation	-	-	-	521,767	-	521,767
Option issuance cost	-	-	-	(3,800)	-	(3,800)
Warrants exercised (note 10)	8,197	(1,949)	6,248	-	-	6,248
Warrants expired (note 10)	-	(166,606)	(166,606)	166,606	-	-
Net loss for the period	-	-	-	-	(3,301,289)	(3,301,289)
Balance, January 31, 2018	**$ 32,878,626**	**$ 1,501,401**	**$ 34,380,027**	**$ 5,573,720**	**$ (40,197,937)**	**$ (244,190)**

	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 units (note 10)	1,058,030	630,518	1,688,548	-	-	1,688,548
Share-based compensation (note 11)	-	-	-	190,926	-	190,926
Warrants exercised (note 10)	-	(502,200)	(502,200)	502,200	-	-
Net loss for the period	-	-	-	-	(1,756,024)	(1,756,024)
Balance, January 31, 2019	**$ 33,943,487**	**$ 930,413**	**$ 34,873,900**	**$ 7,201,601**	**$ (43,533,065)**	**$ (1,457,564)**

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

1. Corporate information

Cotinga Pharmaceuticals Inc. (formerly Critical Outcome Technologies Inc.) ("Cotinga" or the "Company") is a public corporation listed in Canada on the TSX Venture Exchange ("TSXV") under the trading symbol "COT" and in the United States on the OTCQB under the trading symbol "COTQF". 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, M5C1P1.

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 COTI, 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 nine months ended January 31, 2019 are indicative of concern. For the nine months ended January 31, 2019, the Company had a loss of $1,756,024 (nine months ended January 31, 2018 a loss of $3,301,289) and cash used in operations of $1,602,477 (January 31, 2018 - $3,537,652). As at January 31, 2019, the Company had a deficit of $43,533,065 (April 30, 2018 – $41,777,041) which results in deficiency of $1,457,564 (April 30, 2018 – $1,581,014). As at January 31, 2019, the Company had a working capital deficiency of $2,423,660 (April 30, 2018 - working capital deficiency of $2,620,871).

The Company is dependent upon key personnel, the successful completion of the Company's clinical trial for COTI-2, and success in raising additional funds to support continuing operations and meet its liabilities and commitments as they become due while executing its strategic business plans for fiscal 2019 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 2019 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, 2019. 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 March 29, 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, 2018. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year ending April 30, 2019 could result in restatement of these unaudited condensed interim financial statements.

5. Significant accounting policies

Adoption of new accounting pronouncements during the year

IFRS 9 - Financial Instruments

On July 24, 2014, the IASB issued the completed IFRS 9, Financial Instruments, (IFRS 9 (2014) to come into effect on January 1, 2018 with early adoption permitted.

IFRS 9 (2014) includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”) based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 Financial Instruments: recognition and measurement, for the classification and measurement of financial liabilities.

The Company adopted IFRS 9 in its financial statements on May 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on May 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated a FVTPL:

- ♦ It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- ♦ Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the statement of loss and comprehensive loss for the year. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

(Expressed in Canadian Dollars)

5. Significant accounting policies (continued)

Adoption of new accounting pronouncements during the year (continued)

IFRS 9 - Financial Instruments (continued)

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Classification	IAS 39	IFRS 9
Cash and cash equivalents	Loans and receivables (amortized cost)	Amortized cost
Investments	Fair value through profit and loss	FVTPL
Other receivables	Loans and receivables (amortized cost)	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost
Warrant liability	Fair value through profit and loss	FVTPL

The original carrying value of the Company’s financial instruments under IAS 39 has not changed under IFRS 9.

Recent accounting pronouncements not yet adopted

IFRS 16 Leases

On January 13, 2016, the IASB issued IFRS 16 which supersedes existing standards and interpretations under IAS 17, Leases. IFRS 16 requires all leases, including financing and operating leases, to be reported on a company’s balance sheet. The new standard will provide greater transparency on a company’s lease assets and liabilities. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company is currently assessing the impact of adopting IFRS 16 on the financial statements.

(Expressed in Canadian Dollars)

6. Equipment

Cost	Computer equipment	Furniture and fixtures	Total
Balance, April 30, 2017	**$ 83,610**	**$ 122,248**	**$ 205,858**
Additions	3,941	-	3,941
Disposals	(16,896)	(38,890)	(55,786)
Balance, April 30, 2018	70,655	83,358	154,013
Disposals	(1,602)	(27,220)	(28,822)
Balance, January 31, 2019	**$ 69,053**	**$ 56,138**	**$ 125,191**

Accumulated Depreciation	Computer equipment	Furniture and fixtures	Total
Balance, April 30, 2017	**$ 49,566**	**$ 113,793**	**$ 163,359**
Depreciation for the year	23,903	4,495	28,398
Disposals	(13,384)	(36,039)	(49,423)
Balance, April 30, 2018	$ 60,085	$ 82,249	$ 142,334
Depreciation for the period	8,058	1,110	9,168
Disposals	(1,267)	(27,221)	(28,488)
Balance, January 31, 2019	**$ 66,876**	**$ 56,138**	**$ 123,014**

Carrying Value	Computer equipment	Furniture and fixtures	Total
Balance, April 30, 2018	$ 10,570	$ 1,109	$ 11,679
Balance, January 31, 2019	**$ 2,177**	**$ -**	**$ 2,177**

(Expressed in Canadian Dollars)

7. Intangible assets

Cost	Molecules	Granted patents	Pending patents	Computer software	Total
Balance, April 30, 2017	**$ 3,526,287**	**$ 746,243**	**$ 180,612**	**$ 269,747**	**$ 4,722,889**
Additions	-	27,300	48,467	4,065	79,832
Transfers upon patent grant	-	19,398	(19,398)	-	-
Patent abandonment	-	-	(125,958)	-	(125,958)
Expired software licenses	-	-	-	(84,375)	(84,375)
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)	-	-
Balance, January 31, 2019	$ 3,526,287	$ 807,989	$ 81,526	$ 189,437	$ 4,605,239

Accumulated Amortization	Molecules	Granted patents	Pending patents	Computer software	Total
Balance, April 30, 2017	**$ 3,131,337**	**$ 191,247**	**$ -**	**$ 135,600**	**$ 3,458,184**
Amortization for the year	31,006	51,281	-	108,114	190,401
Expired software licenses	-	-	-	(84,375)	(84,375)
Balance, April 30, 2018	$ 3,162,343	$ 242,528	$ -	$ 159,339	$ 3,564,210
Amortization for the period	23,254	40,261	-	13,595	77,110
Balance, January 31, 2019	**$ 3,185,597**	**$ 282,789**	**$ -**	**$ 172,934**	**$ 3,641,320**

Carrying Value	Molecules	Granted patents	Pending patents	Computer software	Total
Balance, April 30, 2018	$ 363,944	$ 550,413	$ 83,723	$ 30,098	$ 1,028,178
Balance, January 31, 2019	**$ 340,690**	**$ 525,200**	**$ 81,526**	**$ 16,503**	**$ 963,919**

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 January 31, 2019**	As at April 30, 2018
Molecule	**$ 303,621**	$ 324,323
Patents granted and pending	**293,315**	308,403
	$ 596,936	$ 632,726
Percentage of net carrying value of molecules and patents	**63.0 %**	63.4 %

(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 January 31, 2019		As at April 30, 2018
Provision for bonuses				
Opening balance	**$**	**164,598**	$	91,326
Additions		**81,000**		223,116
Payments		**(32,614)**		(149,844)
Closing balance	**$**	**212,984**	$	164,598
Provision for legal matters				
Opening balance	**$**	**195,000**	$	-
Additions		**-**		195,000
	$	**195,000**	$	195,000

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 January 31, 2019		As at April 30, 2018
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**		$4.36
Opening balance	**$**	**20,628**	$	1,459,182
Fair value adjustment at the report date		**(19,561)**		(1,438,554)
Closing balance	**$**	**1,067**	$	20,628

(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 January 31, 2019	As at April 30, 2018
Common share market price	**$ 0.140**	$ 0.490
Weighted average risk free interest rate	**1.76 %**	2.65 %
Estimated common share weighted average price volatility	**148.20 %**	95.29 %
Expected dividend yield	**- %**	- %
Estimated weighted average life in years	**0.80**	1.52
Foreign exchange rate	**$ 1.314**	$ 1.288
Estimated weighted average fair value per warrant in CAD	**$ 0.001**	$ 0.021

10. 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, 2017 and January 31, 2018	14,915,844	$ 31,438,860
Private placement (i)	1,771,124	2,054,571
Fair value of warrants issued (i)	-	(505,811)
Share issuance cost (cash)	-	(117,190)
Warrants exercised	5,218	8,196
Balance, January 31, 2018	16,692,186	$ 32,878,626
Balance, April 30, 2018	16,696,515	$ 32,885,457
Private placement (ii)	5,289,900	2,010,162
Fair value of warrants issued (ii)	-	(700,273)
Share issuance cost (net)	-	(251,859)
Balance, January 31, 2019	21,986,415	$ 33,943,487

(i) During the quarter ended October 31, 2017, the Company completed a non-brokered private placement in two tranches closing on September 19 and October 17, 2017, respectively. The private placement was completed in a unit offering consisting of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $1.21 for a period of 1 year, expiring at the same date for each warrant type in the respective private placement tranche. In connection with the private placement, the Company paid $117,911 in commission and other related issuance costs, and issued 60,841 compensation warrants. Each compensation warrant entitles the holder to purchase one common share at a price of $1.21 for a period of 1 year, expiring at the same date for each warrant type in the respective private placement tranche.

(Expressed in Canadian Dollars)

10. Share capital (continued)

b) Common shares issued (continued)

(i) (continued) The net proceeds were allocated to the equity components on a relative fair value basis on date of issuance with $1,430,981 attributed to the shares and 506,612 attributed to the warrants. Included as a reduction to the net proceeds is $22,928 attributed 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 $1.11 - $1.13; expected volatility of 97.8% - 98.3% using the historical price history of the Company; risk-free interest rate of 1.67% - 1.71%; and an expected average life of 0.9 year.

All warrants in the private placement contain a forced exercise provision that accelerates the expiry date to a period of 21 days, if for any ten consecutive trading days during the unexpired term of the warrants (the "Premium Trading Days"), the closing price of the common shares on the TSXV equals or exceeds two times the exercise price set out in the warrant certificate. If this occurs, the reduced exercise period will begin seven calendar days after the tenth Premium Trading Day. Any warrants not exercised during this reduced exercise period will expire.

(ii) 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 net proceeds were allocated to the equity components on a relative fair value basis on date of issuance with $918,940 (57%) attributed to the shares and 700,272 (43%) attributed to the warrants. Included as a reduction to the net proceeds is $69,336 attributed 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 $0.49; 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 nine months ended January 31, 2019 and January 31, 2018:

	Number of warrants	Amount
Balance, April 30, 2017	1,215,310	$ 1,164,145
Issued	1,831,965	505,811
Expired	(224,039)	(166,606)
Exercised	(5,218)	(1,949)
Balance, January 31, 2018	2,818,018	$ 1,501,401
Balance, April 30, 2018	2,271,634	$ 802,095
Issued	5,475,587	769,608
Expired	(1,822,418)	(537,532)
Warrant issuance cost (net)	-	(103,758)
Balance, January 31, 2019	5,924,803	$ 930,413

(Expressed in Canadian Dollars)

c) Warrants (continued)

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

Number of warrants outstanding	Grant date fair value ($)	Exercise price ($)	Expiry date
76,923	44,615	2.60	February 4, 2019
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
5,475,587	769,609	0.47	May 3, 2023
5,924,803	1,106,333	0.70	

11. 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, 2017	1,170,947	$ 3.93
Issued (i)(ii)	386,428	1.41
Balance, January 31, 2018	1,557,375	$ 3.30
Balance, April 30, 2018	1,338,835	$ 3.45
Issued (iii)	119,100	0.50
Expired	(217,296)	3.01
Balance, January 31, 2019	1,240,639	$ 3.24

11. Stock options (continued)

i) On June 12, 2017, the Company granted 40,000 options of the Company at a price of $3.20 per share, expiring June 12, 2022. 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 $3.20; 76% volatility; risk-free interest rate of 1.76%; 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 $47,552 which was expensed in the statement of loss and comprehensive loss with a corresponding amount allocated to contributed surplus. These options vest as follows 4,000 on grant, 16,000 equally on a quarterly basis over 2 years; 20,000 equally on the completion of 4 milestones

ii) In December 2017, the Company granted 346,428 options of the Company at a price of $1.20 per share, expiring December 19, 2022. 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 4.04 year expected average life; share price of $1.20; 75.69% volatility; risk-free interest rate of 2.05%; 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 $243,192 which was expensed in the statement of loss and comprehensive loss with a corresponding amount allocated to contributed surplus. These options vest equally on a quarterly basis over 12 months.

iii) 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 was expensed in the statement of loss and comprehensive loss with a corresponding amount allocated to contributed surplus. These options vest equally on a quarterly basis over 12 months.

For the three and nine months ended January 31, 2019, the Company recorded share-based compensation expense of $20,770 and $190,926, respectively (three and nine months ended January 31, 2018 - $148,208 and $521,767, respectively) consisting of share options granted to employees, directors, and consultants.

At January 31, 2019, the weighted average remaining life of the options is 3.24 years and 1,208,189 options were fully vested (April 30, 2018 - 3.22 years and 863,391 options were fully vested)

12. Loss per share

The calculation of basic and diluted loss per share for the three and nine months ended January 31, 2019 was based on the loss attributable to common shareholders of $279,812 and $1,756,024, respectively (three and nine months ended January 31, 2018 - $1,278,514 and $3,301,289, respectively) and the weighted average number of common shares outstanding of 21,986,415 and 21,871,417, respectively (three and nine months ended January 31, 2018 - 16,687,081 and 15,733,224, respectively). Diluted loss per share did not include the effect of 1,240,639 options outstanding (January 31, 2018 - 1,557,375 options outstanding) as they are anti-dilutive. Diluted loss per share did not include the effect of 5,924,803 warrants outstanding (January 31, 2018 - 2,818,018 warrants outstanding) as they are anti-dilutive.

(Expressed in Canadian Dollars)

13. Functional expense breakdown

The major expenses by functional area summarized below

For the three months ended January 31, 2019	Research and Development	Sales and Marketing	General and administration	Total
Amortisation and depreciation	$ -	$ -	$ 27,306	$ 27,306
Clinical trial expenses	10,398	-	-	10,398
Corporate governance	-	-	7,561	7,561
In vitro / in vivo testing	2,356	-	-	2,356
Marketing and travelling	-	1,049	9,301	10,350
Office and other	3,270	-	28,939	32,209
Professional fees	624	-	13,161	13,785
Salaries and benefits	99,927	-	177,900	277,827
Share-based compensation	824	-	19,946	20,770
Synthesis and misc. R&D expenses	18,827	-	-	18,827
Total	**$ 136,226**	**$ 1,049**	**$ 284,114**	**$ 421,389**

For the three months ended January 31, 2018	Research and Development	Sales and Marketing	General and administration	Total
Amortisation and depreciation	$ -	$ -	$ 53,647	$ 53,647
Clinical trial expenses	152,572	-	-	152,572
Corporate governance	-	-	55,761	55,761
Drug development consulting	20,380	-	-	20,380
In vitro / in vivo testing	160,440	-	-	160,440
Marketing and travelling	-	4,299	26,453	30,752
Office and other	21,829	30,285	72,462	124,576
Professional fees	-	21,756	156,757	178,513
Salaries and benefits	203,503	8,364	278,890	490,757
Share-based compensation	11,605	-	136,601	148,206
Synthesis and misc. R&D expenses	(9,741)	-	-	(9,741)
Total	**$ 560,588**	**$ 64,704**	**$ 780,571**	**$ 1,405,863**

(Expressed in Canadian Dollars)

13. Functional expense breakdown (continued)

For the nine months ended January 31, 2019	Research and Development	Sales and Marketing	General and administration	Total
Amortisation and depreciation	$ -	$ -	$ 86,279	$ 86,279
Clinical trial expenses	174,537	-	-	174,537
Corporate governance	-	-	31,593	31,593
Drug development consulting	5,952	-	-	5,952
In vitro / in vivo testing	19,015	-	-	19,015
Marketing and travelling	-	42,200	8,845	51,045
Office and other	7,306	-	105,032	112,338
Professional fees	524	58,341	217,305	276,170
Salaries and benefits	307,327	-	497,738	805,065
Share-based compensation	6,287	-	184,639	190,926
Synthesis and misc. R&D expenses	133,749	-	-	133,749
Total	**$ 654,697**	**$ 100,541**	**$ 1,131,431**	**$ 1,886,669**

For the nine months ended January 31, 2018	Research and Development	Sales and Marketing	General and administration	Total
Amortisation and depreciation	$ -	$ -	$ 166,522	$ 166,522
Clinical trial expenses	437,915	-	-	437,915
Corporate governance	-	-	144,671	144,671
Drug development consulting	20,380	-	-	20,380
In vitro / in vivo testing	389,328	-	-	389,328
Marketing and travelling	-	8,401	101,719	110,120
Office and other	231,664	42,354	202,083	476,101
Professional fees	-	126,444	400,781	527,225
Salaries and benefits	690,455	8,364	821,389	1,520,208
Share-based compensation	53,968	-	467,797	521,765
Synthesis and misc. R&D expenses	399,133	-	-	399,133
Total	**$ 2,222,843**	**$ 185,563**	**$ 2,304,962**	**$ 4,713,368**

14. Supplementary cash flow information

	Nine Months Ended January 31, 2019	Nine Months Ended January 31, 2018
Change in non-cash working capital:		
Investment tax credits and other receivables	**$ 46,363**	$ 3,972
Prepaid	**100,751**	211,233
Accounts payable and accrued liabilities	**(251,393)**	148,699
	$ (104,279)	$ 363,904

(Expressed in Canadian Dollars)

15. Commitments

The Company had commitments at the year-end to pay for the completion of work primarily under research and development contracts related to the Company's Phase 1 clinical trial for COTI-2. Payment timing of clinical trial costs is subject to the actual timing of trial activities such as the enrolment of patients, completion of patient testing, administration of drug, and the negotiated payment terms with the trial site. The Company currently expects the clinical trial to conclude by the end of December 2019. Summary details of the estimated timing of the Company's commitments are set out below.

Fiscal year ended	**2019**	**2020**	**Total**
COTI - 2			
Clinical trial cost	$ 955,387	$ 730,476	$ 1,685,863
COTI - 219	68,814	-	68,814
Other non R&D	177,010	7,711	184,721
Total	**$ 1,201,211**	**$ 738,187**	**$ 1,939,398**

16. Related party transactions

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

For the three and nine months ended January 31, 2019, the Company expensed $9,241 and $37,895, respectively (three and nine months ended January 31, 2018 - $nil) 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 January 31, 2019, Marrelli Support was owed $3,448 (April 30, 2018 - $nil) and this amount was included in accounts payable and accrued liabilities.

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

	Three Months Ended January 31,		**Nine Months Ended January 31,**	
	2019	**2018**	**2019**	**2018**
Salaries and benefits	**$ 239,531**	$ 185,443	**$ 814,168**	$ 613,664
Share-based payments	**20,770**	132,850	**207,087**	447,744
Total remuneration	**$ 260,301**	$ 318,293	**$ 1,021,255**	$ 1,061,408

As at January 31, 2019, directors and key management personnel of the Company were owed $505,237 (April 30, 2018 - $290,676) and this amount was included in accounts payable and accrued liabilities.

17. Subsequent event

i) Subsequent to the three and nine months ended January 31, 2019, 164,889 options expired unexercised

ii) Subsequent to the three and nine months ended January 31, 2019, 76,923 warrants expired unexercised