OVID CAPITAL VENTURES INC./
ENTREPRISES OVID CAPITAL INC.

FINANCIAL STATEMENTS

JUNE 30, 2014

OVID CAPITAL VENTURES INC./
ENTREPRISES OVID CAPITAL INC.

FINANCIAL STATEMENTS

AS AT JUNE 30, 2014

C O N T E N T S

NEXIA FRIEDMAN
Comptables professionnels agréés
Chartered Professional Accountants

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INDEPENDENT AUDITORS' REPORT

To the Directors of
Ovid Capital Ventures Inc./
Entreprises Ovid Capital Inc.

We have audited the accompanying financial statements of Ovid Capital Ventures Inc./Entreprises Ovid Capital Inc., which comprise the statement of financial position as at June 30, 2014 and 2013 and the statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the year ended June 30, 2014 and from the incorporation, July 19, 2012 to June 30, 2013, a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Ovid Capital Ventures Inc./Entreprises Ovid Capital Inc. as at June 30, 2014 and 2013 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without modifying our opinion, we draw attention to Note 2 in the financial statements which indicates that the Company has an accumulated deficit of $456,639 as at June 30, 2014. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Nexia Friedman LLP [1]

Chartered Professional Accountants

Montreal, Quebec
October 6, 2014

[1] CPA auditor, CA, public accountancy permit no. A124456

OVID CAPITAL VENTURES INC./
ENTREPRISES OVID CAPITAL INC.

STATEMENT OF FINANCIAL POSITION

As at June 30	**2014**	2013
Assets		
Current assets		
Cash and cash equivalents	**$ 134,462**	$ 208,141
Short-term investments (note 5)	**5,000**	343,000
Accrued interest receivable	**11,174**	1,022
Sales taxes refundable	**12,890**	10,882
Prepaid expenses	**40,000**	40,000
Loans receivable (note 6)	**250,000**	25,000
Total current assets	**453,526**	628,045
Total assets	**$ 453,526**	$ 628,045
Liabilities and shareholders' equity		
Current liabilities		
Accrued liabilities	**$ 112,733**	$ 68,295
Shareholders' equity		
Share capital (note 7)	**660,607**	660,607
Reserves	**136,825**	136,825
Deficit	**(456,639)**	(237,682)
Total shareholders' equity	**340,793**	559,750
Total liabilities and shareholders' equity	**$ 453,526**	$ 628,045

Going concern (Note 2)

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

signed Edward Ierfino
Director

signed Kosta Kostic
Director

OVID CAPITAL VENTURES INC./
ENTREPRISES OVID CAPITAL INC.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended June 30, 2014 and June 30, 2013

	Number of shares	Share Capital $	Reserves $	Deficit $	Total $
Balance – June 30, 2013	**10,898,000**	**660,607**	**136,825**	**(237,682)**	**559,750**
Net loss and comprehensive loss for the year	-	-	-	**(218,957)**	**(218,957)**
Balance – June 30, 2014	**10,898,000**	**660,607**	**136,825**	**(456,639)**	**340,793**

	Number of shares	Share Capital $	Reserves $	Deficit $	Total $
Balance on incorporation, July 19, 2012	-	-	-	-	-
Issue of shares (note 7)	**10,898,000**	**839,800**	-	-	**839,800**
Net loss and comprehensive loss for the period	-	-	-	**(237,682)**	**(237,682)**
Share issue costs (note 7)	-	**(135,355)**	-	-	**(135,355)**
Issue of Agent's options (note 8)	-	**(43,838)**	**43,838**	-	-
Share-based payments (note 8)	-	-	**92,987**	-	**92,987**
Balance – June 30, 2013	**10,898,000**	**660,607**	**136,825**	**(237,682)**	**559,750**

The accompanying notes are an integral part of these financial statements.

OVID CAPITAL VENTURES INC./
ENTREPRISES OVID CAPITAL INC.

STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS

For the year ended June 30, 2014 (With comparative figures for the period from July 19, 2012 to June 30, 2013)	**2014**	2013
Revenue	**$ -**	$ -
Expenses		
Rent	**-**	9,000
Office	**885**	2,002
Insurance	**3,643**	6,982
Professional fees	**192,247**	89,602
Travel and promotion	**12,582**	13,277
Public company expenses	**21,708**	24,385
Share-based payments (note 8)	**-**	92,987
Interest and bank charges	**305**	469
Loss before undernoted item	**(231,370)**	(238,704)
Interest income	**12,413**	1,022
Net loss and comprehensive loss	**(218,957)**	$ (237,682)
Loss per share:		
Basic and fully diluted	**$ (0.0371)**	$ (0.0737)
Weighted average number of common shares outstanding for the year	**5,898,000**	3,225,248

The accompanying notes are an integral part of these financial statements.

OVID CAPITAL VENTURES INC./
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STATEMENT OF CASH FLOWS

For the year ended June 30, 2014 (With comparative figures for the period from July 19, 2012 to June 30, 2013)	**2014**	2013
Cash flows for operating activities		
Net loss and comprehensive loss	**$ (218,957)**	$ (237,682)
Items not affecting cash:		
Share based payments	**-**	92,987
	(218,957)	(144,695)
Net change in non-cash working capital items (note 10)	**32,278**	16,391
Net cash used in operating activities	**(186,679)**	(128,304)
Cash flows for investing activities		
Decrease (increase) in short-term investments	**338,000**	(343,000)
Loans receivable	**(225,000)**	(25,000)
Net cash provided by (used in) investing activities	**113,000**	(368,000)
Cash flows for financing activities		
Issuance of shares, net of share issue costs (note 7)	**-**	704,445
Net cash flows provided by financing activities	**-**	704,445
Net increase (decrease) in cash and cash equivalents	**(73,679)**	208,141
Cash and cash equivalents, beginning of year	**208,141**	**-**
Cash and cash equivalents, end of year	**$ 134,462**	$ 208,141

The accompanying notes are an integral part of these financial statements.

1. Nature of business

The Company, incorporated under the Canada Business Corporations Act on July 19, 2012, is classified as a Capital Pool Company, as defined by the TSX Venture Exchange ("TSX-V") Policy 2.4.

The principal business of the Company is the identification and evaluation of assets or a business and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

On December 21, 2012, the Company completed its initial public offering by issuing 5,738,000 common shares at $0.10 per share for gross proceeds of $573,800 and is now trading on the TSX-V under the stock symbol "OCA.P".

The address of the Company's registered and head office is 1000 Sherbrooke St.West, Suite 2700, Montreal, Quebec, Canada.

2. Going concern

The accompanying financial statements have been prepared on the basis that the Company will continue as a going concern. Accordingly, they do not purport to give effect to adjustments, if any, that may be necessary should the Company be unable to continue its operations and therefore be required to realize its assets and discharge its liabilities and commitments in other than the ordinary course of business.

The Company does not currently have operations or assets capable of generating revenue or cash flows. As at June 30, 2013, the Company has had losses, expects to incur further losses in the development of its business and has no assurance that it will complete a Qualifying Transaction within the twenty four month time period specified by the TSX-V Policy 2.4. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or business, which would be a “Qualifying Transaction”. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval.

On November 8, 2013, the Company signed a definitive merger agreement (the “Definitive Agreement”) with iTech Medical, Inc., a corporation existing under the laws of Delaware ("iTech"), which outlines the general terms and conditions pursuant to which the Company and iTech would be willing to complete a transaction that will result in a reverse take-over of the Company by the shareholders of iTech (the "Transaction").

(Continued)

2. Going concern…cont'd.

The Transaction is subject to requisite regulatory approval, including the approval of the TSX-V and standard closing conditions, the approval of the directors of each of the Company and iTech of the Definitive Agreement and completion of due diligence investigations to the satisfaction of each of the Company and iTech, as well as the conditions described below. The legal structure for the Transaction will be confirmed after the parties have considered all applicable tax, securities law and accounting efficiencies, however, it is currently contemplated that the transaction will be structured as an exchange of securities.

Subject to TSX-V approval, the Company has also agreed to provide to iTech a secured loan in the principal amount of up to $250,000 as soon as possible following TSX-V approval of same and agreement on standard loan and security documentation acceptable to the Company and iTech, each acting reasonably. As at June 30, 2014, the Company has loaned $250,000 to iTech.

Conditions to Transaction
Prior to completion of the Transaction (and as conditions of closing):

- The parties will prepare a filing statement in accordance with the rules of the TSX-V, outlining the terms of the Transaction.
- iTech will obtain the requisite shareholder approvals for the Transaction and any ancillary matters contemplated in the Definitive Agreement.
- All requisite regulatory approvals relating to the Transaction, including, without limitation, TSX-V approval, will have been obtained.
- The Company will close a concurrent brokered financing (described below) for minimum gross proceeds of $2,300,000.

The Proposed Transaction
Pre-Closing Capitalization of the Company
As of the date hereof, the Company has 10,898,000 common shares ("Ovid Shares") issued and outstanding, and securities exercisable or exchangeable for, or convertible into, or other rights to acquire, an aggregate of 1,451,600 Ovid Shares at an exercise price of $0.10 per Ovid Share.

(Continued)

2. **Going concern**…cont'd.

Pre-Closing Capitalization of iTech

Prior to the closing of the transaction, iTech will have approximately 96,511,931 shares of common stock ("iTech Shares") issued and outstanding, and securities exercisable or exchangeable for, or convertible into, or other rights to acquire, an aggregate of 9,536,080 iTech Shares.

Terms of the Transaction
The Company proposes to acquire all of the iTech Shares pursuant to the terms of a Definitive Agreement. It is expected that each iTech Share issued and outstanding immediately prior to the effective time of the Transaction will be converted into the right to receive: (i) 0.29167 (the "Exchange Ratio") of a fully paid and non-assessable Ovid Share, (ii) 0.04167 of a fully paid and non-assessable Ovid Series A Preferred share, and (iii) 0.15 of a fully paid and non-assessable Ovid Series B Preferred Share. Therefore, in connection with the Transaction, it is anticipated that: (i) 27,871,216 Ovid Shares will be issued in exchange for the iTech Shares; (ii) 3,981,875 Ovid Series A Preferred Shares will be issued in exchange for the iTech Shares; and (iii) 14,333,604 Ovid Series B Preferred Shares will be issued in exchange for the iTech Shares.

Pursuant to the Definitive Agreement, the Company has allotted and reserved for issuance a total of 15,000,000 Ovid Shares (the "Milestone Shares") upon the conversion, if any, of the Ovid Series B Preferred shares if the Resulting Issuer generates a minimum of $7,500,000 in gross revenues during the three fiscal years immediately following the closing of the Transaction (each such fiscal year to be for a period of at least twelve months), as reflected on the Resulting Issuer's audited annual consolidated financial statements for such fiscal years. The Milestone Shares, if any, will be issued promptly following the filing of the audited annual consolidated financial statements evidencing the fact that the above-mentioned revenue milestone has been met, subject to the restriction that if the Milestone Shares are issued prior to the end of the third fiscal year ended immediately following the closing, then such Milestone Shares will be subject to a legend restricting their resale, pledge or other transfer until the date which is 36 months following the closing of the Transaction. In addition, as soon as practicable, but in any event no later than five business days following the effective time of the Transaction, iTech and its outside accountants shall prepare and deliver to the Resulting Issuer a consolidated closing statement of financial position of iTech as at the closing date and prior to giving effect to the Transaction (the "Closing Statement"). The Company has allotted and reserved for issuance of up to 4,000,000 Ovid Shares (collectively, the "Liability Shares") upon the conversion, if any, of the Ovid Series A Preferred Shares. If, based on the Closing Statement, the consolidated liabilities of iTech are (i) equal to or less than $300,000, then the outstanding shares of Ovid Series A Preferred Shares will automatically convert into a maximum of 4,000,000 Liability Shares, (ii) greater than $300,000 but less than $400,000, then the outstanding shares of Ovid Series A Preferred Shares will automatically convert into a maximum of 2,000,000 Liability Shares, or (iii) greater than $400,000 but less than $500,000, then the outstanding shares of Ovid Series A Preferred Shares will automatically be cancelled without any further action on the part of any shareholder.

(Continued)

2. Going concern…cont'd.

It is expected that the Resulting Issuer will be classified as a Tier 2 Life Sciences Issuer.

Concurrent Private Placement
The Company has engaged Jones, Gable & Company Ltd. (the “Agent”) to act as agent, on a best efforts basis, in connection with a brokered private placement (the “Private Placement”) of securities of the Company that will close concurrently with, and as a condition of, the Transaction. Pursuant to the Private Placement, the Company intends to issue a minimum of 12,750,000 units (the “Units”) at price of $0.20 per Unit for minimum gross proceeds to the Company of $2,550,000 and a maximum of 15,000,000 Units at the same price for maximum gross proceeds to the Company of $3,000,000. Each Unit will consist of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to acquire one additional common share at an exercise price of $0.30 per share for a period of two years from the completion of the Transaction.

In connection with the Private Placement, the Agent will receive (i) a cash commission of 10% of the total proceeds of the Private Placement, and (ii) compensation options (the “Agent’s Options”) to acquire such number of common shares which is equal to 10% of the aggregate number of common shares sold pursuant to the Private Placement. Each Agent’s Option shall entitle the Agent to acquire one additional common share of the Company at an exercise price of $0.20 per share for a period of two years from the completion of the Transaction.

It is management's opinion, given the current level of funding and projected levels of expenditures, the Company has sufficient cash resources to continue for the next six months.

3. Basis of preparation

The financial statements were authorized for issuance on October 6, 2014 by the Board of Directors of the Company.

Basis of measurement
The financial statements have been prepared under the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss or available for sale which are measured at fair value. In addition, the financial statements have been prepared using the accrual basis of accounting.

(Continued)

3. Basis of preparation…cont'd.

Accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions about the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from those estimates and such differences could be significant.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Company. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting estimates and judgements are those that have a significant risk of causing material adjustment and are often applied to matters or outcomes that are inherently uncertain and subject to change. Key areas of estimation, where management has made difficult, complex or subjective judgements, often as a result of matters that are inherently uncertain, include the valuation of share based payments, accrued liabilities and deferred taxes.

4. Summary of significant accounting policies

Share-based payments

The Company uses the fair-value method of accounting for all equity-settled share-based payments. Stock-based payments to directors and employees and others providing similar services are measured at the fair value of the equity instruments at the grant date using the Black-Scholes option pricing model, which includes estimates of the number of awards that are expected to vest over the vesting period. Where granted share options vest in installments over the vesting period (defined as graded vesting), the Company treats each installment as a separate share option grant. Share-based compensation expense is recognized over the vesting period, or as specific vesting conditions are satisfied, and credited to equity settled employee benefits reserve. When stock options are exercised, the proceeds, together with the amount recorded in stock option reserve, are recorded in share capital.

Details of the Company's stock option plan and related disclosures are described in Note 8.

(Continued)

4. Summary of significant accounting policies…cont'd.

Share-based payments…cont'd.
The Company granted stock options to Agents in connection with the issuance of shares ("Agents' Options") using the fair value method. Under this method, the fair value of broker options is first determined based on the value of the goods or services received. In situations where some or all of the goods or services received by the Company as consideration cannot be specifically identified, the fair value of Agents' Options is then determined using the Black-Scholes options pricing model as described above. The fair value of Agents' Option is recognized as a cost of the shares issued and recorded in share capital.

Income taxes
Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the tax bases of assets and liabilities and the corresponding carrying amounts in the financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured, on a non-discounted basis, using the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they related to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(Continued)

4. Summary of significant accounting policies…cont'd.

Cash and cash equivalents
Highly liquid investments with a maturity of three months or less from the date of purchase are classified as cash and cash equivalents. Highly liquid investments which the Company cannot use for current operations because they are pledged as security or otherwise restricted are excluded from cash and cash equivalents.

Loss per share
Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by dividing the applicable net loss by the sum of the weighted average number of shares outstanding during the year and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the year. The treasury stock method is used to compute the dilutive effect of stock options and similar instruments.

The computation of diluted loss per share is equal to the basic loss per share due to the anti-dilutive effect of the stock options and warrants.

Financial instruments
Financial assets
Financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling it in the near term; if on initial recognition it is part of a portfolio of identified financial instruments that the Company managed together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument.

(Continued)

4. Summary of significant accounting policies…cont'd.

A financial asset other than a financial asset held for trading, may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporated any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

The Company has classified all of its financial assets as follows:

Financial Assets	**Classification**	**Subsequent Measurement**
Cash and cash equivalents	Held for trading	Fair value
Short-term investments	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost

(Continued)

4. Summary of significant accounting policies…cont'd.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognized a collateralized borrowing for the proceeds received.

Financial liabilities and equity instruments issued by the Company

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

(Continued)

4. Summary of significant accounting policies…cont'd.

Financial liabilities and equity instruments issued by the Company…cont'd.

A financial liability is classified as held for trading if it has been acquired principally for the purpose of repurchasing it in the near term; or if on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking; or if it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition is such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; if the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or if it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with and gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

The Company has classified all of its financial liabilities as follows:

Financial Liability	Classification	Subsequent Measurement
Trade and other payables	Other financial liability	Amortized cost

(Continued)

4. Summary of significant accounting policies…cont'd.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Future accounting changes

IFRS 9 – Financial Instruments

In November 2009, the IASB issued IFRS 9 "Financial Instruments: classification and evaluation", which represents a new standard for the classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 has two categories of evaluation: amortized cost and fair value. Debt instruments are valued at amortized cost only if the entity has the objective to collect the contractual cash flows and the cash flows represent principal and interest. Otherwise, they are measured at fair value through profit and loss.

In November 2013, the IASB published IFRS 9, Hedge Accounting, which is a part of the third phase of its replacement of IAS 39. The new requirements allow entities to better reflect their risk management activities in the financial statements. As part of the amendments, entities may change the accounting for liabilities that they have elected to measure at fair value before applying any of the requirements in IFRS 9. This change in accounting would mean that gains caused by a worsening in an entity's own credit risk on such liabilities would no longer be recognized in profit or loss.

Because the impairment phase of the IFRS 9 project is not yet completed, the IASB decided that a mandatory effective date of January 1, 2015 would not allow sufficient time for entities to prepare to apply IFRS 9. Accordingly, the IASB determined to apply a later mandatory effective date, which will be determined when IFRS 9 is closer to completion. However, entities may still choose to apply IFRS 9 immediately. IFRS 9 must be applied retrospectively, however, hedge accounting is to be applied prospectively (with some exceptions).

The Company is currently evaluating any impact that this new standard may have on the Company's financial statements.

(Continued)

4. Summary of significant accounting policies…cont'd.

Future accounting changes…cont'd.

IAS 32 – Financial Instruments: Presentation (“IAS 32”)

The IASB issued an amendment to IUAS 32 which provides further guidance on the requirements for offsetting financial instruments. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014 and must be applied retrospectively. The Company will apply IAS 32 beginning in the first quarter of fiscal 2015 and no significant impact on the consolidated financial statements is expected.

IAS 36 – Impairment of Assets Recoverable Amount Disclosures for Non-Financial Assets (“AIS 36”)

The IASB issued amendments to IAS 36 which reduces the circumstances in which the recoverable amount of assets or cash generating units is required to be disclosed, clarifies the disclosure required and introduces an explicit requirement to disclose the discount rate in determining impairment or reversal where the recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014 and must be applied retrospectively. The Company will apply IAS36 beginning in the first quarter of fiscal 2015 and no significant impact on the consolidated financial statements is expected.

IFRIC 21 – Levies (“IFRIC 21”)

The IFRS interpretations Committee (“IFRIC”) of the IASB issued IFRIC 21 which addresses the accounting for a liability to pay a levy to a government. IFRIC applies to levy liabilities within the scope of IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets, and to levy liabilities when the timing and amount is uncertain, IFRIC 21 is effective for years beginning on or after January 1, 2014 and must be applied retrospectively. The Company will apply IFRIC 21 beginning in the first quarter of fiscal 2015 and no significant impact on the consolidated financial statements is expected.

A number of other standards have been adopted by the IASB but currently have no impact on the Company.

(Continued)

5. Short-term investments

The short-term investments are guaranteed investment certificates with the Company's bank bearing interest at the rate of 0.8% maturing within one year and whose market value approximates cost.

6. Loans receivable

	2014	2013
Unsecured non-interest bearing loan to iTech in contemplation of the letter of intent described in Note 2. This loan is due on demand.	**$ 25,000**	$ 25,000
Loans to iTech in contemplation of the Transaction described in Note 2 bearing interest at the rate of 6% per annum, maturing no later than November 8, 2014 and are secured by a general security over the assets of iTech and BIOflex Medical Magnetics Inc.	**225,000**	-
	$ 250,000	$ 25,000

7. Share capital

		2014	2013

Authorized:

An unlimited number of common shares and an unlimited number of preferred shares without nominal or par values

Issued -

		2014	2013
10,738,000	Common shares	**$ 660,607**	$ 660,607

(Continued)

7. Share capital…cont'd.

	Number of shares	Share Capital
Balance on inception, July 19, 2012	-	$ -
Prior to the Company's initial public offering ("IPO"), the Company issued 5,000,000 common shares at a price of $0.05 per share for a total proceeds of $250,000. These shares are subject to escrow conditions and will be released in stages upon completion of the Company's Qualifying Transaction.	5,000,000	250,000
On December 21, 2012, the Company completed its IPO and issued 5,738,000 common shares at a price of $0.10 per share for gross proceeds of $573,800. As compensation, the Agents for the IPO were paid a commission of $57,380, a corporate finance fee of $12,000 and were granted non-transferable Agents' Options to acquire 573,800 common shares of the Company for a period of two years from December 31, 2012, the date of listing of common shares on the TSX-V, at a price of $0.10 per share. The estimated fair value of the Agents' Options of $43,838 was calculated using the Black Scholes option pricing method. The Company also incurred a total of $65,775 for legal filing and other fees. All of the compensation and other costs described above, are included as share issue costs.	5,738,000	394,607
On April 2, 2013, Agents' Options to acquire 160,000 common shares of the Company were exercised and the Company and issued 160,000 common shares at a price of $0.10 per share for gross proceeds of $16,000.	160,000	16,000
Balance, June 30, 2014	10,898,000	$ 660,607

(Continued)

7. **Share capital**…cont'd.

As of June 30, 2014, 5,115,000 of the issued and outstanding shares are subject to escrow conditions.

Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the period. Outstanding shares that are contingently returnable are excluded from the calculation of basic earnings per share. A summary of the weighted average number of common shares outstanding are as follows:

	2014	2013
Weighted average number of common shares outstanding	**10,898,000**	7,624,381
Weighted average of contingently returnable shares	**5,000,000**	4,399,133
Weighted average of non-contingently returnable shares	**5,898,000**	3,225,248

8. **Share based payments**

On November 7, 2012, the Company established an incentive stock option plan (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares. These options vest over a period determined by the Board of Directors when granted and expire after a period of up to ten years, provided that the number of common shares reserved for issuance under the Stock Option Plan does not exceed ten percent of the outstanding common shares issued. The Board of Directors determines the price per common share and the number of common shares that may be allotted to each director, officer, employee and consultant of the Company and all other terms and conditions of the options granted under the Stock Option Plan.

During the year ended June 30, 2014, there were no options granted to directors and advisers.

(Continued)

8. Share based payments…cont'd.

The Company has accounted for options granted using the fair value method. The fair value of the options granted to directors and officers was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions:

	2014	2013
Risk free interest rate	-	1.86%
Expected volatility	-	100%
Dividend yield	-	NIL
Expected life	-	10 years
Grant date fair value	-	.0896

During the year ended June 30, 2014, there were no options granted to consultants of the Company. In 2013, the Company issued Agents' Options upon the completion of the initial public offering. The fair value of the options granted to Agent's of the Company was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions:

	2014	2013
Risk free interest rate	-	1.096%
Expected volatility	-	100%
Dividend yield	-	NIL
Expected life	-	2 years
Grant date fair value	-	.0764

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect fair values, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

Share based payments are summarized as follows:

	2014	2013
Options granted to directors, officers and employees	**$** -	$ 92,987
Options granted to Agents on completion of IPO and recorded as share issue costs	-	43,838
	$ -	$ 136,825

(Continued)

8. Share based payments…cont'd.

A summary of changes in the Company's common share purchase options is presented below:

	Number of options	**Weighted Average Exercise Price**	Number of options	Weighted Average Exercise Price
Balance, beginning of period	**1,451,600**	**$ 0.1000**	-	$ -
Granted during the period	**-**	**-**	1,037,800	0.1000
Options granted as Agents' compensation for the IPO	**-**	**-**	573,800	0.1000
Options exercised by Agent	**-**	**-**	(160,000)	0.1000
Balance, end of period	**1,451,600**	**0.1000**	1,451,600	0.1000
Balance exercisable, end of period	**1,451,600**	**$ 0.1000**	1,451,600	$ 0.1000

Common share purchase options outstanding, exercisable, granted to directors, officers, consultants and Agents of the Company as at June 30, 2014 are summarized as follows:

Number of Options Outstanding	**Number of Options Exercisable**	**Exercise Price**	**Range of Expiry Date**	**Weighted Average Remaining Contractual Life**
1,037,800	1,037,800	0.10	December 21, 2022	102 months
413,800	413,800	0.10	December 31, 2014	6 months

(Continued)

9. Income taxes

a) Reconciliation of current income taxes:

The impact of differences between the Company's reported income tax expense on operating loss and the expense that would otherwise result from the application of statutory rates is as follows:

	2014	2013
Loss before income taxes for the year	**$ (218,957)**	$ (237,682)
Income tax recovery at statutory rates	**(58,899)**	(63,936)
Permanent differences	**1,495**	26,179
Future tax impact on temporary differences	**7,272**	(29,085)
Tax benefit not realized	**50,132**	66,842
Deferred income tax recovery	**$ -**	$ -

b) The significant components of deferred income tax assets are as follows:

	2014	2013
Deferred income tax asset:		
Non-capital loss carry-forward	**$ 109,845**	$ 45,344
Share issue costs	**21,814**	29,085
	131,659	74,429
Unrecognized deferred income taxes	**(131,659)**	(74,429)
Net deferred income taxes	**$ -**	$ -

c) The Company has income tax losses available which can be used to reduce future years' taxable income. Future income tax benefits which may arise as a result of these losses have not been recognized in these financial statements. The loss carry forwards will expire as follows:

	Federal	Quebec
2033	$ 169,000	$ 167,000
2034	242,000	238,000
	$ 411,000	$ 405,000

(Continued)

9. Income taxes..cont'd.

d) The Company has accumulated $81,053 of share issue costs which can be used to reduce future years' taxable income. These share issue costs will be deductible over the following three fiscal years.

10. Statement of cash flows

Changes in non-cash working capital items:

	2014	2013
Accrued interest receivable	**$ (10,152)**	$ (1,022)
Sales taxes refundable	**(2,008)**	(10,882)
Prepaid expenses	**-**	(40,000)
Accrued liabilities	**44,438**	68,295
	$ 32,278	$ 16,391

11. Related party transactions

Upon incorporation, the Company issued 2,300,000 common shares at $0.05 per share for total proceeds of $115,000 to the following related parties:

1. 2,000,000 common shares to a company controlled by a director and officer of the Company;

2. 100,000 common shares to each of the two other directors and the Chief Financial Officer of the Company.

The shares issued from completion of the initial public offering included 115,000 common shares of $0.10 per share for total proceeds of $11,500 to a director and officer of the Company.

(Continued)

11. Related party transactions…cont`d.

During the year, the Company incurred approximately $114,000 (2013 - $89,000) in legal fees for services provided by a law firm whose partner is a director of the Company.

These transactions are measured at the exchange amount, which is the amount of consideration determined and agreed to by the related parties.

12. Capital disclosures

The Company's objectives when managing capital are:

1) to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders;

2) to maintain sufficient cash resources to support its ongoing activities;

3) to maintain a flexible capital structure which optimizes the cost of capital at an acceptable level of risk.

In the management of capital, the Company considers the items included in shareholders' equity in the definition of capital.

The Company manages its capital structure and makes adjustments to it in light of economic conditions and the risk characteristics of the underlying assets. The Company, upon the approval of the Board of Directors, will balance its overall capital structure through the issue of new shares, acquiring or disposing of assets, or by undertaking other activities as deemed appropriate under specific circumstances.

The proceeds raised from the issue of shares may only be used to identify and evaluate assets or businesses for future investments with the exception that up to $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the TSX-V.

(Continued)

12. Capital disclosures

The Company is not exposed to any other externally imposed capital requirements.

13. Compensation of key management

Key management includes the roles of CEO, president and CFO. During the year, no compensation was paid to key management.

14. Financial instrument and risk management

Credit risk

The Company is exposed to credit risk through its cash and its cash equivalents and short-term investment. Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Cash and cash equivalents and short-term investment are maintained with a high quality financial institution. As the Company's cash and short-term investments is held by a single Canadian bank, there is a concentration of credit risk. The carrying amount of cash and cash equivalents and short-term investment represents the Company's maximum credit exposure.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Company manages its short-term investments based on its cash flow needs. A change in the interest rates of 1% will not have a significant impact on the operations and cash flows of the Company.

(Continued)

14. Financial instrument and risk management…cont'd.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by continuously forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.