Interim Condensed Consolidated Financial Statements

Calyx Bio-Ventures Inc.

For the three months ended March 31, 2013 and 2012

Unaudited – Prepared by Management

Calyx Bio-Ventures Inc.

To Our Shareholders

The interim condensed consolidated statements of financial position of Calyx Bio-Ventures Inc. as at March 31, 2013 and the interim condensed consolidated statements of loss, comprehensive loss and deficit and interim condensed consolidated statements of cash flows for the periods then ended have not been reviewed by the Company's auditors, Ernst & Young LLP.

These interim condensed consolidated financial statements are the responsibility of management and have been approved by Calyx's Board of Directors.

Calyx Bio-Ventures Inc.
Interim Condensed Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	As at:	
	March 31, 2013	December 31, 2012
	$	$
	Unaudited	
ASSETS		
Current		
Cash & cash equivalents	105,545	313,808
Accounts & other receivables	65,368	70,424
Prepaid expenses & deposits	130,417	154,087
Total current assets	301,330	538,319
Investment in associate	1,644,008	2,072,051
Total assets	1,945,338	2,610,370
LIABILITIES & SHAREHOLDERS' EQUITY		
Current		
Accounts payable & accrued liabilities	161,861	199,815
Total current liabilities	161,861	199,815
Shareholders' equity		
Share capital	5,852,905	5,818,757
Warrants	735,220	735,220
Contributed surplus	374,913	372,163
Deficit	(5,179,561)	(4,515,585)
Total shareholders' equity	1,783,477	2,410,555
Total liabilities & shareholders' equity	1,945,338	2,610,370

See accompanying notes

On behalf of the Board:

DIRECTORS

Hugh Notman:

Richard Whittall:

Calyx Bio-Ventures Inc.
Interim Condensed Consolidated Statements of Net Loss, Comprehensive Loss, and Deficit
(Expressed in Canadian dollars)
Unaudited

	Three months ended March 31	
	2013	2012
	$	$
Licensing revenue	**-**	**-**
Expenses:		
General & administrative	234,043	62,478
	234,043	62,478
Income (loss) before the following	(234,043)	(62,478)
Other income (expenses)		
Share based compensation	(2,750)	(80,564)
Interest & other income	-	-
Foreign exchange gain (loss)	860	(1,005)
	(1,890)	(81,569)
Equity loss from interest in associate		
Portion of associate's loss	(388,666)	-
Amortization of implicit intangibles	(39,377)	-
	(428,043)	-
Net & comprehensive loss for the period	(663,976)	(144,047)
Deficit, beginning of period	(4,515,585)	(2,771,941)
Deficit, end of period	(5,179,561)	(2,915,988)
Basic & diluted loss per share	($0.02)	($0.01)
Weighted average number of common shares outstanding:		
- basic & diluted	29,682,281	14,826,401

See accompanying notes

Calyx Bio-Ventures Inc.
Interim Condensed Consolidated Statements of Change in Equity
(Expressed in Canadian dollars)
Unaudited

	Share capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
	$	$	$	$	$
Balance, December 31, 2012	5,818,757	735,220	372,163	(4,515,585)	2,410,555
Comprehensive loss	-	-	-	(663,976)	(663,976)
Issue shares-options exercised	34,148	-	-	-	34,148
Share based compensation	-	-	2,750	-	2,750
Balance, March 31, 2013	5,852,905	735,220	374,913	(5,179,561)	1,783,477
Balance, September 30, 2012	2,850,143	9,715	343,377	(3,137,526)	65,709
Comprehensive loss	-	-	-	(1,378,059)	(1,378,059)
Issue units-private placement	3,353,637	819,330	-	-	4,172,967
Unit issuance costs	(385,023)	(93,825)	-	-	(478,848)
Share based compensation	-	-	28,786	-	28,786
Balance, December 31, 2012	5,818,757	735,220	372,163	(4,515,585)	2,410,555
Balance, June 30, 2012	2,642,845	-	329,727	(3,050,219)	(77,647)
Comprehensive loss	-	-	-	(87,307)	(87,307)
Issue units-private placement	283,790	9,715	-	-	293,505
Unit issuance costs	(76,492)	-	-	-	(76,492)
Share based compensation	-	-	13,650	-	13,650
Balance, September 30, 2012	2,850,143	9,715	343,377	(3,137,526)	65,709
Balance, March 31, 2012	2,642,845	-	303,477	(2,915,988)	30,334
Comprehensive loss	-	-	-	(134,231)	(134,231)
Share based compensation	-	-	26,250	-	26,250
Balance, June 30, 2012	2,642,845	-	329,727	(3,050,219)	(77,647)
Balance, December 31, 2011	2,642,845	-	222,913	(2,771,941)	93,817
Comprehensive loss	-	-	-	(144,047)	(144,047)
Share based compensation	-	-	80,564	-	80,564
Balance, March 31, 2012	2,642,845	-	303,477	(2,915,988)	30,334
Balance, September 30, 2011	2,141,019	-	171,113	(1,444,769)	867,363
Comprehensive loss	-	-	-	(1,327,172)	(1,327,172)
Issue common shares-private placement	514,250	-	-	-	514,250
Share issuance costs	(12,424)	-	-	-	(12,424)
Share based compensation	-	-	51,800	-	51,800
Balance, December 31, 2011	2,642,845		222,913	(2,771,941)	93,817
Balance, June 30, 2011	2,141,019	-	171,113	(1,616,697)	695,435
Comprehensive income	-	-	-	171,928	171,928
Balance, September 30, 2011	2,141,019	-	171,113	(1,444,769)	867,363
Balance, March 31, 2011	2,092,547	-	171,113	(1,584,913)	678,747
Comprehensive loss	-	-	-	(31,784)	(31,784)
Issue shares-options exercised	48,472	-	-	-	48,472
Balance, June 30, 2011	2,141,019	-	171,113	(1,616,697)	695,435

See accompanying notes

Calyx Bio-Ventures Inc.
Interim Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
Unaudited

	Three months ended March 31	
	2013	2012
	$	$
OPERATING ACTIVITIES		
Loss for the period	(663,976)	(144,047)
Add (deduct) items not involving cash:		
Share-based compensation	2,750	80,564
Equity loss from interest in associate	428,043	-
	(233,183)	(63,483)
Changes in working capital items relating to operations		
Accounts & other receivables	5,056	(599)
Prepaid expenses & deposits	23,670	(19,650)
Accounts payable & accrued liabilities	(37,954)	43,242
Cash provided by operating activities	(242,411)	40,490
INVESTING ACTIVITIES		
Investment in associate	-	(199,500)
FINANCING ACTIVITIES		
Issuance of common shares	34,148	-
Net decrease in cash & cash equivalents for the period	(208,263)	(239,990)
Cash & equivalents-beginning of period	313,808	381,131
Cash & equivalents-end of period	105,545	141,141

See accompanying notes

Notes to Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2013 and 2012

1. Nature of Business

These interim condensed consolidated financial statements reflect the consolidated financial position, statement of net loss, comprehensive loss and deficit and cash flows of Calyx Bio-Ventures Inc. ("Calyx") and its wholly owned subsidiaries (collectively, "the Company"). These consolidated financial statements were authorized for issue in accordance with a resolution of the directors on May 27, 2013. Corporate headquarters are located at 450-400 Burrard Street, Vancouver, BC V3C 3A6.

The Company has incurred losses since inception and as at March 31, 2013, has an accumulated deficit of approximately $5.2 million. The Company currently has cash, the REM technology, the rights to use the ACE System for gene therapy and transgenics (an exclusive technology license) and its investment in and license to Agrisoma Biosciences Inc ("Agrisoma" or "Associate") and is executing its strategic plan to focus on Agrisoma's development and product commercialization process.

These interim condensed consolidated financial statements have been prepared under the assumption that the Company will continue as a going concern which assumes that the Company will continue in operations for the foreseeable future and be able to realize its assets and discharge its obligations in the normal course of business. The ability of the Company to continue as a going concern is dependent upon obtaining ongoing financing and there can be no assurance that the Company will be able to raise any capital through any type of offering or similar financial arrangement. This may cast significant doubt upon the entity's ability to continue as a going concern.

2. Basis of presentation

In preparing the Company's interim condensed financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates and the operating results for the interim periods presented are not necessarily indicative of the results expected for the full year.

These interim condensed financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB"). The interim condensed financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting (IAS 34) and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2012.

The policies applied in these interim condensed financial statements are based on IFRS issued and outstanding as of March 31, 2013. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2013 could result in restatement of these interim condensed financial statements.

3. Changes in accounting policies

The Company adopted the following IASB pronouncements that were effective for financial periods commencing on or after January 1, 2013; these changes generally have no impact on the Company's financial statements:

IFRS 10 – Consolidated Financial Statements
IFRS 10 requires that a reporting entity should consolidate any investee that it controls. Control is the basis for consolidation for all types of investees. IFRS 10 also provides guidance on assessing control in circumstances where the assessment has proven to be difficult. IFRS 10 provides more guidance about the factors to consider in such structures that involve potential voting rights, agency relationships, relationships with structured entities and control without a majority of voting rights.

IFRS 12 – Disclosure of Interest in Other Entities
IFRS 12-*Disclosures of Interest in Other Entities* sets out disclosure requirements for reporting entities that have an interest in a subsidiary, joint arrangement, associate or unconsolidated structured entity. The implementation of IFRS 12 is reflected in the subsequent note regarding interest in associate.

IFRS 13 – Fair Value Measurement
IFRS 13-*Fair Value Measurement* sets out in a single IFRS a framework for measuring fair value and new required disclosures about fair value measurements.

New Standards and Interpretations Not Yet Adopted:

The following pronouncements are effective for accounting periods on or after January 1, 2014; these changes are not expected to have a material impact on the Company's results:

IAS 32 – Financial Instruments: Presentation
IAS 32-Financial Instruments: Presentation has been amended to clarify certain requirements for offsetting financial assets and liabilities and addresses the meaning and application of the concepts of legally enforceable right of set off and simultaneous realization and settlement. The amendments are effective for the annual periods beginning on or after January 1, 2014.

Amendment to IFRS 7 – Financial Instruments: Disclosure
IFRS 7-*Financial Instruments* has been amended to require disclosures that are either permitted or required on the basis of the entity's adoption of IFRS 9 and whether the entity elects to restate prior periods under IFRS 9. The amendments are effective for the annual periods beginning on or after January 1, 2015.

IFRS 9 – Financial Instruments: Classification and Measurement
IFRS 9-*Financial Instruments* contains requirements for financial assets, updating IFRS 7. Requirements for financial liabilities were added to IFRS 9 in October 2010. Most of the requirements for financial liabilities were carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of its own credit risk. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

4. Interest in Associate

The Company has an interest in Agrisoma Biosciences Inc. a private company incorporated under the laws of Canada and located in Ottawa, Ontario. At December 31, 2011 the Company owned 29% of Agrisoma's common shares; in November and December 2012 the Company purchased the financial interests of an existing major shareholder, subscribed to an Agrisoma private placement of common shares and purchased the shares of a minor shareholder which increased its ownership position to 50%.

The 21% increase in ownership of Agrisoma resulted in the acquisition of $3,150,125 of implicit intangibles which will be amortized over twenty years, which is the term of a significant Agrisoma distribution contract. Amortization expense is included in equity loss from interest in associate. The company incurred legal fees of $23,526 to increase it's ownership and this is included in investment in associate balance.

The following is the schedule of implicit intangibles and amortization:

Balance December 31, 2011	-
Intangibles acquired	3,150,125
Amortized	(22,439)
Balance December 31, 2012	3,127,686
Amortized	(39,377)
Balance March 31, 2013	3,088,309

The following is the summarized financial information of the company's investment in Agrisoma:

	March 31, 2013
Share of Agrisoma's statement of financial position:	
Current assets	1,359,000
Non-current assets	27,000
Current Liabilities	392,000
Non-current liabilities	554,000
Share of Agrisoma's revenue and loss:	
Revenue	32,000
Loss	(389,000)

The following table summarizes the Company's equity share of Agrisoma and the investment in associate::

	Share of losses	Common shares	Loans	Total investment	Equity loss applied to investment	Unrecorded loss	Investment in associate
December 31, 2010	(2,372,361)	150,000	910,178	1,060,178	(1,060,178)	(1,312,183)	-
Share of loss	(452,239)					(452,239)	
Convertible notes			1,250,000	1,250,000	(1,250,000)	1,250,000	
December 31, 2011	(2,824,600**)**	150,000	2,160,178	2,310,178	(2,310,178)	(514,422**)**	-
Share of loss	(1,246,969)					(1,246,969)	
Purchase from shareholders		2,200,000		2,200,000			
Legal fees		23,526		23,526			
terest revenue recognized			452,561	452,561			
Loans converted		2,612,739	(2,612,739)				
Shares purchased		1,179,794		1,179,794			
Total 2012		6,016,059	(2,160,178)	3,855,881	(1,761,391**)**	1,761,391	2,094,490
December 31, 2012	(4,071,569**)**	6,166,059	-	6,166,059	(4,071,569)	-	2,094,490
Share of loss	(388,666)				(388,666)		(388,666)
March 31, 2013	4,460,235	6,166,059	-	6,166,059	(4,460,235)		1,705,824
Amortization to date							(61,816)
Investment in associate March 31, 2013							**1,644,008**

Existing convertible promissory notes:
In February 2008, the Company entered into a convertible promissory note agreement (the "First Note") for $500,000 with Agrisoma. Of this amount, $118,000 was funded in-kind by offsetting it against receivable amounts for license fees, rent, other services, and patent costs. The remaining $382,000 was funded in cash. The First Note bears interest of 15% per annum and was due the earlier of: (i) June 30, 2008; (ii) the completion of a Qualified Financing by Agrisoma; (iii) the completion of a Qualified Sale of Agrisoma; or (iv) a demand for payment as a result of an Event of Default. The Company had the right, upon notice, to convert all or part of the principal and unpaid interest into common shares at a conversion price at the lesser of: (i) 75% of the price per equity

security issued upon a Qualified Financing; (ii) 75% of the amount of net proceeds per share to be received by holders of common shares in connection with a Qualified Sale; (iii) $3.21 per common share; or (iv) if a Qualified Financing or a Qualified Sale has not been completed by June 30, 2008, $0.10. The First Note was secured by a general security agreement providing a charge over all of Agrisoma's assets. The First Note was extended as necessary under the then existing terms and conditions.

On December 23, 2008 Calyx entered into a convertible, secured promissory note agreement (the "Second Note") to loan $910,178 to Agrisoma. Of this amount, $95,000 was funded in-kind by offsetting it against receivables for license fees, administrative services and the conversion of $576,845 principal and accrued interest owing under the First Note. The remaining $238,333 was funded in cash. The Second Agrisoma Note bears interest at 15% per annum and was due the earlier of: (i) June 30, 2009; (ii) a demand for earlier repayment of up to $333,333 plus accrued interest thereon if a Qualified Financing is completed and subject to the terms of an Inter-Lender Agreement; (iii) the completion of a Qualified Sale of Agrisoma; or (iv) a demand for payment as a result of an Event of Default. The Company has the right, upon notice, to convert all or part of the principal and unpaid interest into common shares at a conversion price of: (i) 75% of the price per equity security in a Qualified Financing or on a Qualified Sale of Agrisoma, if the Qualified Financing or Qualified Sale closes on or before March 31, 2009; or (ii) 60% of the price per equity security issued in a Qualified Financing or received on a Qualified Sale, if the Qualified Financing or Qualified Sale closes after March 31, 2009. The Second Note was secured by a general security agreement providing a charge over all of Agrisoma's assets and was extended in six month intervals under the existing terms and conditions until June 30, 2012. In August 2010, the parties agreed that interest would no longer be accrued on the Second Note; at September 30, 2012 the unpaid interest totaled $252,748.

On August 12, 2011, the Company entered into an amended and restated loan agreement to advance $1,250,000 in two tranches to Agrisoma by way of new convertible promissory notes (the "Third Notes"). The first $850,000 tranche occurred on execution of the agreement; the second $425,000 tranche occurred on January 6, 2012. The Third Notes bear interest at 15% per annum and are due the earlier of: (i) March 31, 2012; (ii) the completion of a Qualified Financing by Agrisoma; (iii) the completion of a Qualified Sale of Agrisoma; or (iv) a demand for payment as a result of an Event of Default. The Company has the right, upon notice, to convert all or a part of the principal and unpaid interest into common shares at a conversion price of: (i) 65% of the price per equity security issued in a Qualified Financing or received on a Sale, if the Qualified Financing or Sale closes before March 31, 2012; or (ii) 50% of the price per equity security issued in a Qualified Financing or received on a Sale, if the Qualified Financing or Sale closes after March 31, 2012. The Third Notes were secured by a general security agreement providing a charge over all of Agrisoma's assets. The Company extended the due date from March 31, 2012 to June 30, 2012 and earned $150,863 in interest to September 30, 2012 at which date the unpaid interest totaled $199,813.

<u>Purchase of financial interest of an existing shareholder:</u>
In November 2012 the Company purchased $1,248,600 of convertible promissory notes and unpaid interest (the "Purchased Notes") and 673,638 Agrisoma common shares from a major shareholder for $2,200,000 in cash. The Purchased Notes had interest, terms and conversion features similar to the Second Note as discussed above.

<u>Conversion of promissory notes:</u>
On October 5, 2012 the Company, Agrisoma and remaining major Agrisoma shareholder entered into a Note Conversion Agreement whereby on completion of the Company's purchase of the financial interest of the major shareholder noted above, all Agrisoma notes and unpaid interest would be converted into common shares. As part of the agreement, the parties stopped interest accrual on all convertible promissory notes effective September 30, 2012.

The parties agreed to convert the notes and unpaid interest at the following amounts: Second Note at $4.30233 per common share and the Third Notes at $2.31511 per common share. Following the purchase of the financial interest of the existing shareholder as discussed above the Company had $2,411,527 of Second Notes and unpaid interest which was converted into 560,517 common shares. The Company had $1,449,813 of Third Notes and unpaid interest which was converted into 626,240 common shares. Upon conversion, the previously unpaid and unrecorded interest of $452,561 was recognised as interest income.

Purchase of Agrisoma shares:
On December 13, 2012 the Company purchased 301,300 common shares for $1,160,005 in cash from Agrisoma as a private placement and purchased 8,670 common shares for $19,789 in cash from a minor Agrisoma shareholder.

5. Equity

Share Capital

Authorized:
Common shares: unlimited number, without par value;
Preferred shares: unlimited number, issuable in series.

Issued:

Common Shares:

	Number	Amount $
Balances, December 31, 2011	**14,826,401**	**2,642,845**
Private placement-1,110,000 units		
Common shares issued	1,110,000	277,500
Warrant valuation	-	(44,400)
Common shares issued- broker's finance fee units	37,000	6,290
Issuance costs	-	(77,887)
Issuance costs attributable to warrants	-	12,462
Total	1,147,000	173,965
Private placement-13,333,666 units		
Common shares issued	13,333,666	4,000,100
Warrant valuation	-	(681,655)
Common shares issued- broker's finance fee units	250,000	79,592
Issuance costs	-	(477,453)
Issuance costs attributable to warrants	-	81,363
Total	13,583,666	3,001,947
Total-2012	14,730,666	3,175,912
Balances, December 31, 2012	**29,557,067**	**5,818,757**
Common shares issued-exercise of options	341,492	34,148
Balances, March 31, 2013	**29,898,559**	**5,852,905**

Preferred Shares:

There are no preferred shares issued.

Private placement- 1,110,000 units:
On July 31, 2012 the Company completed a brokered private placement of 1,110,000 units at $0.25 each for gross proceeds of $277,500. Each unit comprises one common share and one half of one common share purchase warrant, exercisable into one common share at a price of $0.40 until July 31, 2014. As part of the units sold, 555,000 purchase warrants were issued valued at $44,400 ($0.08 per warrant) using the Black Scholes valuation model with the following assumptions: expected term of two years, volatility of 122%, expected dividend yield 0% and a 1.08% risk free rate of return.

The Company paid the brokers a cash commission of $19,425 and administration and legal expenses of $15,500. Additionally the Company issued 111,000 broker's warrants valued at $8,880 ($0.08 per warrant) calculated as above, and 37,000 units as a broker's corporate finance fee, each unit comprising one common share and one half one common share purchase warrant exercisable into one common share at a price of $0.40 until July 31, 2014. The 37,000 common shares issued in connection with the corporate finance fee were valued at $6,290 ($0.17 per share) equal to the common share market price at issue date, and the 18,500 share purchase warrants were valued at $1,480 ($0.08 per warrant) as calculated above. Additionally the Company incurred $26,312 in legal and regulatory fees in connection with the private placement. All cash and non-cash costs are included in private placement issuance costs and are allocated to share capital and warrants on a pro-rata basis. All securities issued will be subject to a standard four month hold period which expires December 1, 2012.

<u>Private placement- 13,333,666 units:</u>
On December 13, 2012 the Company completed a private placement of 13,333,666 units at $0.30 each for gross proceeds of $4,000,100. Each unit comprises one common share and one half of one common share purchase warrant, exercisable into one common share at a price of $0.60 for a twelve month period from closing. The private placement occurred in two tranches.

The first tranche of 8,163,999 units was completed on November 09, 2012 with the issuance of 8,163,999 common shares and 4,082,000 share purchase warrants for gross proceeds of $2,449,200. The share purchase warrants were valued at $449,020 ($0.11 per warrant) using the Black Scholes valuation model with the following assumptions: expected term of one year, volatility of 127%, expected dividend yield 0% and a 1.08% risk free rate of return. The warrants expire November 09, 2013.

The Company paid the brokers a cash commission of $156,059 and administration and legal expenses of $17,500. Additionally the Company issued 500,500 broker's warrants valued at $55,055 ($0.11 per warrant) calculated as above, and 153,071 units as a broker's corporate finance fee, each unit comprising one common share and one half one common share purchase warrant exercisable into one common share at a price of $0.60 until November 12, 2013. The 153,071 common shares issued in connection with the corporate finance fee were valued at $50,513 ($0.33 per share) equal to the common share market price at issue date, and the 76,536 share purchase warrants were valued at $8,419 ($0.11 per warrant) as calculated above. All securities issued will be subject to a standard four month hold period which expires March 10, 2013.

The second tranche of 5,169,667 units was completed on December 13, 2012 with the issuance of 5,169,667 common shares and 2,584,834 share purchase warrants for gross proceeds of $1,550,900. The share purchase warrants were valued at $232,635 ($0.09 per warrant) using the Black Scholes valuation model with the following assumptions: expected term of one year, volatility of 124%, expected dividend yield 0% and a 1.12% risk free rate of return. The warrants expire December 13, 2013.

The Company paid the brokers a cash commission of $82,515. Additionally the Company issued 275,500 broker's warrants valued at $24,795 ($0.09 per warrant) calculated as above, and 96,929 units as a broker's corporate finance fee, each unit comprising one common share and one half one common share purchase warrant exercisable into one common share at a price of $0.60 until December 13, 2013. The 96,929 common shares issued in connection with the corporate finance fee were valued at $29,079 ($0.30 per share) equal to the common share market price at issue date, and the 48,465 share purchase warrants were valued at $4,362 ($0.09 per warrant) as calculated above. All securities issued will be subject to a standard four month hold period which expires April 14, 2013.

In addition to the costs noted above, the Company incurred $49,156 in legal and regulatory fees in connection with the two tranches. All cash and non-cash costs are included in private placement issuance costs and are allocated to share capital and warrants on a pro-rata basis.

Warrants

	Number of common shares issuable	Average warrant value	Amount $
Balance, December 31, 2011	**-**		**-**
Private placement-1,110,000 units			
Issued as component of units	555,000	0.08	44,400
Private placement fees:			
Issued as broker's warrants	111,000	0.08	8,880
Issued as broker's finance units	18,500	0.08	1,480
Issuance costs	-	-	(12,462)
Private placement-13,333,666 units			
Issued as component of units	6,666,834	0.10	681,655
Private placement fees:			
Issued as broker's warrants	776,000	0.10	79,850
Issued as broker's finance units	125,000	0.10	12,780
Issuance costs	-	-	(81,363)
Balance, December 31, 2012 and March 31, 2013	**8,252,334**		**735,220**

Warrants outstanding at March 31, 2013:

Exercise price	Number of common shares issuable	Remaining contractual life (years)
$0.40	684,500	1.33
$0.60	4,659,036	0.61
$0.60	2,908,798	0.70
$0.58	8,252,334	

Contributed surplus

	$
Balance, December 31, 2011	**222,913**
Share-based compensation	149,250
Balance, December 31, 2012	**372,163**
Share-based compensation	2,750
Balance, March 31, 2013	**374,913**

Stock options

On March 17, 2011 a revised Employee Incentive Stock Option Plan ("Plan") was approved at the meeting of the shareholders. Under the Plan the number of common shares reserved for issuance to the Company's officers, directors, employees and consultants is not to exceed 10% of the number of issued and outstanding common shares at the grant date.

The term, subject to a maximum of ten years, and vesting period of the options is determined by the Board of Directors. The exercise price of the options will be at least equal to the market price of the common shares at the grant date; there are no cash settlement alternatives for the option holders.

At March 31, 2013 the Company had 1,888,103 stock options available for future grants.

Stock option transactions are summarized as follows:

	Number of optioned common shares	Weighted average exercise price
Balance, December 31, 2011	**943,245**	0.15
Options granted	500,000	0.40
Balance, December 31, 2012	**1,443,245**	0.24
Options exercised	(341,492)	
Balance, March 31, 2013	**1,101,753**	0.28

Immediate vesting:
In 2012 300,000 options were granted to executives and vested immediately. These options have a five year term and are exercisable at $0.40 per share. The Black-Scholes option pricing model was used to estimate the value of the options with the following weighted-average assumptions: dividend yield 0.0%, expected volatility 149%; risk-free interest rate 1.57%, and an expected life of five years. The estimated value of these options is $108,000 and is included in share based compensation expense; the corresponding credit is included in contributed surplus.

Graded vesting:
In 2012 200,000 options with a two year term and an exercise price of $0.40 per share were granted to a contractor with vesting occurring in four equal tranches every three months commencing three months after the date of issue. A nil forfeiture rate was assumed given the senior nature of contractor's position in the Company. The Black-Scholes option pricing model was used to estimate the value of the options with the following weighted-average assumptions: dividend yield 0.0%, expected volatility 110%; risk-free interest rate 1.10%, and an expected life of two years. During 2012 150,000 options vested with an estimated value $41,250 included in share based compensation expense with the corresponding credit included in contributed surplus. The remaining 50,000 options vested in February 2013 with an estimated value of $2,750 included in share based compensation expense with the corresponding credit included in contributed surplus.

The weighted average fair value of options granted during 2012 was $0.30 per share and the total expense was $149,250.

The expected life of the options granted is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

The options outstanding under the Plan at March 31, 2013 are as follows:

Options outstanding			Options exercisable
Exercise price	Number of common shares issuable	Remaining contractual life (years)	Number of common shares issuable
$0.10	50,000	0.75	50,000
$0.15	91,753	1.27	91,753
$0.11	90,000	1.88	90,000
$0.21	370,000	3.72	370,000
$0.40	200,000	0.86	200,000
$0.40	300,000	3.98	300,000
	1,101,753		1,101,753

6. Related Party Transactions

Revenue:
Earned amounts are included in revenue when the four revenue recognition criteria are met.

For the three months ended March 31, 2013, the Company earned but did not recognize $18,750 in licensing fees from Agrisoma; the amount will be recognized when the four revenue criteria are met. As at March 31, 2013 the unrecorded license revenue is $18,750.

Management services:
No fees were incurred for the period ending March 31, 2013.

During 2012 the Company incurred fees of $75,000 [2011- $ Nil] for management services to a corporation where an officer and director of the Company is a partner. All transactions are recorded at their exchange amount and incurred in the normal course of business.

7. Subsequent Events

There are no subsequent events.