ZENITH EPIGENETICS

Condensed Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2014 and 2013

Condensed Interim Consolidated Statements of Financial Position
(unaudited)

In thousands of US dollars	Notes	January 31 2014	April 30, 2013
Assets			
Current assets:			
Cash		$ 2,054	$ 97
Clinical supplies		20	-
Prepaid expenses and deposits		113	57
Investment tax credit receivable		490	343
Other assets		104	-
Total current assets		2,781	497
Non-current assets:			
Property and equipment	6	981	103
Intangible assets	7	174	107
Deferred financing cost		21	-
Total non-current assets		1,176	210
Total assets		$ 3,957	$ 707
Liabilities			
Current liabilities:			
Trade and other payables	9	$ 1,956	$ 1,418
Promissory notes payable to Resverlogix Corp.		-	7,646
Due to Resverlogix Corp.	13	276	9,829
Warrant liability	10 (d)	829	-
Total liabilities		3,061	18,893
Shareholders' deficit:			
Share capital	10	28,173	982
Share subscriptions received	14	2,000	-
Contributed surplus		868	-
Deficit		(30,145)	(19,168)
Total shareholders' deficit		896	(18,186)
Total liabilities and shareholders' deficit		$ 3,957	$ 707

Commitments (note 12)
Subsequent event (note 14)

Signed on behalf of the Board:

Signed: "Dr. Peter Johann" Director

Signed: "Kenneth Zuerblis" Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Condensed Interim Consolidated Statements of Comprehensive Loss

For the three and nine months ended January 31

(unaudited)

		Three months ended January 31,		Nine months ended January 31,	
In thousands of US dollars	Notes	2014	2013	2014	2013
Expenses:					
Research and development	11	$ 3,454	$ 2,566	$10,592	$ 7,100
Investment tax credits		(66)	(101)	(188)	(305)
Net research and development		3,388	2,465	10,404	6,795
General and administrative	11	283	200	1,275	586
		3,671	2,665	11,679	7,381
Finance costs:					
Loss (gain) on change in fair value of warrant liability		266	-	(835)	-
Interest income		(4)	-	(21)	-
Foreign exchange loss		88	-	154	-
Net finance costs (income)		350	-	(702)	-
Net and total comprehensive loss		$ 4,021	$ 2,665	$10,977	$ 7,381
Net loss per share *(note 10(e))*					
Basic and diluted		$ 0.05		$ 0.17	

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficit)

For the nine months ended January 31

(unaudited)

In thousands of US dollars	Share Capital	Share Subscriptions Received	Contributed Surplus	Deficit	Total Shareholders' Deficit
Balance, May 1, 2012	$ 982	$ -	$ -	$ (8,545)	$ (7,563)
Net and total comprehensive loss	-	-	-	(7,381)	(7,381)
Balance, January 31, 2013	$ 982	$ -	$ -	$ (15,926)	$ (14,944)
Balance, April 30, 2013	$ 982	$ -	$ -	$ (19,168)	$ (18,186)
Distribution of RVX Therapeutics to Zenith Epigenetics Corp.	27,145	-	-	-	27,145
Common shares issued in connection with warrant exercises	43	-	-	-	43
Common shares issued in connection with long term incentive plan	3	-	(3)	-	-
Subscription received in advance	-	2,000	-	-	2,000
Shared-based payment transactions	-	-	871	-	871
Net and total comprehensive loss	-	-	-	(10,977)	(10,977)
Balance, January 31, 2014	$28,173	$ 2,000	$ 868	$ (30,145)	$ 896

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Condensed Interim Consolidated Statements of Cash Flows

For the nine months ended January 31

(unaudited)

In thousands of US dollars	Note	January 31, 2014	January 31, 2013
Cash used in:			
Cash flows used in operating activities:			
Net loss		$ (10,977)	$ (7,381)
Less: RVX Therapeutics Inc. pre-acquisition net loss	2 (a)	1,191	-
Items not involving cash:			
Equity-settled share-based payment transactions		871	-
Depreciation and amortization		41	9
Change in fair value of warrant liability		(835)	-
Interest income		(21)	-
Changes in non-cash working capital:			
Prepaid expenses and deposits		(24)	(38)
Clinical supplies		(20)	-
Investment tax credit receivable		(156)	(305)
Other assets		(104)	-
Trade and other payables		155	476
Cash used in operating activities		(9,879)	(7,239)
Interest received		21	-
Net cash used in operating activities		(9,858)	(7,239)
Cash flows generated from financing activities:			
Distribution from Resverlogix Corp.		9,700	-
Proceeds from share subscriptions received in advance	14	2,000	-
Increase in due to Resverlogix Corp.		749	-
Proceeds from exercise of warrants		41	-
Deferred financing costs		(16)	-
Advances from and promissory notes payable to Resverlogix Corp.		-	7,393
Net cash generated from financing activities		12,474	7,393
Cash flows used in investing activities:			
Property and equipment expenditures		(476)	(105)
Intangible asset expenditures		(46)	(23)
Net cash used in investing activities		(522)	(128)
Effect of foreign currency translation on cash		(137)	-
Increase in cash		1,957	26
Cash, beginning of period		97	40
Cash, end of period		$ 2,054	$ 66

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2014 and 2013

(unaudited)

(amounts in thousands of US dollars, except for number of shares)

1. General information

Zenith Epigenetics Corp. (formerly 1741273 Alberta Ltd.) (the "Company" or "Zenith") is a company domiciled in Canada and was incorporated under the *Business Corporations Act* (Alberta) on April 10, 2013. On May 24, 2013, 1741273 Alberta Ltd. changed its name to Zenith Epigenetics Corp. The Company was a wholly owned subsidiary of Resverlogix Corp. ("Resverlogix") until June 3, 2013. On June 3, 2013, Resverlogix, RVX Therapeutics Inc., and the Company completed a Plan of Arrangement ("the Arrangement") pursuant to the *Business Corporations Act* (Alberta). Under the terms of the Arrangement, every Resverlogix shareholder received one share in the Company for every share held in Resverlogix at the effective date. Upon the effective time of the Arrangement, the Company owns all of the shares of RVX Therapeutics Inc. and all outstanding Resverlogix royalty preferred shares.

The consolidated financial statements comprise the Company and its wholly-owned subsidiary RVX Therapeutics Inc. (together referred to as the "Group"). The Company and RVX Therapeutics Inc. are incorporated under the laws of Alberta. The Company's head office is located at Suite 202, 279 Midpark Way S.E., Calgary, Alberta, T2X 1M2. The registered and records office is located at Suite 600, 815 - 8th Avenue S.W., Calgary, Alberta, T2P 3P2.

The Company is a discovery-stage company that has an epigenetic platform technology that modulates protein production. New compounds arising from the Company's' epigenetic drug discovery platform function by inhibiting BET bromodomains and have the potential to impact multiple diseases including cancer, autoimmune and neurodegenerative disorders.

2. Background and basis of preparation

(a) Background

Plan of Arrangement

As described in Note 1, on June 3, 2013, Resverlogix, Zenith and RVX Therapeutics Inc. completed the Arrangement. The Company was incorporated for the purposes of participating in the Arrangement. The Company was not a business as defined under IFRS 3 "Business Combinations" and no independent parties were involved in the Arrangement; therefore, the Company cannot be an acquiree and thus no business combination occurred. Accordingly, in the Group's consolidated financial statements book value accounting has been used to account for the assets acquired and liabilities assumed upon completion of the Arrangement on the basis that there has been no business combination.

Resverlogix will continue to focus on the clinical development of RVX-208, whereas the Group will focus on innovative drug research and development by leveraging its epigenetics platform in multiple diseases including autoimmune and oncology, excluding ApoA-I and RVX-208 technology.

Upon the effective time of the Arrangement: every Resverlogix shareholder received one share in Zenith for every share held in Resverlogix at the effective date; Zenith owns all of the outstanding shares of RVX Therapeutics Inc.; and Zenith owns all of the outstanding royalty preferred shares of Resverlogix.

Every Resverlogix warrant holder at the effective date of the Arrangement received one warrant in the Company for every warrant held in Resverlogix. The exercise price of each warrant in the Company was calculated as approximately 9.1% of the exercise price of each corresponding warrant of Resverlogix at the effective time of the Arrangement, to reflect the fair market value of the Company.

Every Resverlogix stock option and restricted stock unit holder at the effective date of the Arrangement received one stock option or restricted stock unit, respectively, in the Company for every stock option or restricted stock unit held in Resverlogix. The exercise price of each stock option in the Company was calculated as approximately 9.1% of the exercise price of each corresponding stock option of Resverlogix at the effective time of the Arrangement, to reflect the fair market value of the Company.

Pursuant to the Arrangement, Resverlogix advanced a non-repayable amount of CAD$10 million to Zenith to provide working capital to the Group. The promissory notes and the aggregate advances due to Resverlogix from RVX Therapeutics Inc. immediately prior to the effective time of the Arrangement were transferred from Resverlogix to Zenith such that, subsequent to the effective time of the Arrangement, RVX Therapeutics Inc. was indebted to Zenith in respect of these liabilities.

2. Background and basis of preparation (continued)

(a) Background (continued)

Pursuant to the Arrangement, the Company was also issued royalty preferred shares in the capital of Resverlogix which will provide the Company with dividends receivable on a percentage of revenue, if any, received by Resverlogix for compounds that result in a therapeutic relevant elevation in the plasma levels of Apo A-I (see Note 8 "Royalty preferred shares").

As described further in Note 5 "Significant judgments, estimates and assumptions", as Resverlogix incurred certain of RVX Therapeutics Inc.'s costs and performed certain of RVX Therapeutics Inc.'s activities, it was necessary to make allocations of these costs reported in these financial statements. The costs are primarily employee related or associated with research performed by external research organizations. As described further in Note 7 "Intangible assets", the Company has licensed or acquired intellectual property from Resverlogix and has developed intellectual property, and conducts research related to epigenetics, autoimmune diseases and cancer. These financial statements include the Company's assets and liabilities and costs related to its programs.

For comparative purposes, the pre-acquisition operational results for RVX Therapeutics Inc. have been included in the condensed interim consolidated statements of comprehensive loss and the condensed interim consolidated statements of cash flows. Also, the comparative statement of financial position includes the assets and liabilities of RVX Therapeutics as at April 30, 2013 and the balances presented in the statement of changes in shareholders' equity (deficit) as at May 1, 2012 and April 30, 2013 reflect those of RVX Therapeutics Inc. prior to the completion of the Arrangement. In the current period, the operational results for RVX Therapeutics Inc. for the pre-acquisition period of May 1, 2013 to June 2, 2013 have been included in these condensed interim consolidated financial statements to present complete information about the acquired entity. RVX Therapeutics Inc.'s pre-acquisition cash flows have not been included in the current period condensed interim consolidated statements of cash flows. No comparative net loss per share has been included as there were no shares outstanding in the comparative period since the Company was incorporated on April 10, 2013.

(b) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as prescribed by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on March 17, 2014.

(c) Basis of measurement

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for the revaluation of the liability classified warrants, which are measured at fair value, and cash, which is carried at fair value. Historical cost is based on the fair value of the consideration given in exchange for assets recorded on the date of the transaction. The financial statements have been prepared on a going concern basis (refer to Note 3).

(d) Functional and presentation currency

The functional currency of all entities within the Group is the US dollar, which is also the presentation currency. All financial information presented in dollars has been rounded to the nearest thousand except for per share amounts.

3. Future operations

The success of the Company is dependent on the continuation of its research and development activities and its ability to finance its cash requirements. It is not possible to predict the outcome of future research and development programs, or the Company's ability to fund these programs in the future.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2014 and 2013

(unaudited)

(amounts in thousands of US dollars, except for number of shares)

3. Future operations (continued)

The accompanying condensed interim consolidated financial statements have been prepared pursuant to International Financing Reporting Standards applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company has incurred significant losses to date, and with no assumption of revenues, is dependent on its ability to raise additional financial capital by continuing to demonstrate the successful progression of its research and development activities if it is to remain as a going concern.

As at January 31, 2014, the Company had $2.1 million of cash. As at January 31, 2014, the Company is committed to pay $2.0 million of trade and other payables, and $2.7 million for research and development commitments and $0.3 million of lease obligations over the next twelve months as described further in Note 12 “Commitments”. As well, the Company agreed to pay Resverlogix for its proportional share of the cost of tenant improvements to be completed (based on either proportionate square footage or specific use), net of a tenant improvement allowance, estimated to be approximately $0.4 million. As described in Note 14 “Subsequent events”, subsequent to January 31, 2014 the Company closed a private placement of 8 million common shares at a price of $1.00 per share for gross proceeds of $8 million. The Company received a $2 million subscription on January 30, 2014 in connection with the private placement. On March 17, 2014, the Company paid Resverlogix $2.5 million pursuant to a Waiver Agreement as described in Note 14 “Subsequent events”.

The Company’s cash is not sufficient to fund the Company’s contractual commitments over the next year and is not sufficient to fund all of the Company’s planned business operations over the next year. The Company will have to raise additional capital. If the Company is not able to raise capital, the Company would have to reduce its cash requirements by eliminating or deferring spending on research, development and corporate activities. These conditions result in a material uncertainty which may cast significant doubt on the Company’s ability to continue as a going concern.

In addition, the Company will require additional capital to fund its planned research, development and corporate activities beyond the next year. The Company will continue to explore alternatives to generate positive cash flow including raising additional equity and product licensing; however, there is no assurance that these initiatives will be successful. The Company intends to raise capital from equity and/or debt offering and partnering in the future.

These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities, and the reported revenues and expenses that might be necessary should the Company be unable to continue as a going concern.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these condensed interim consolidated financial statements, unless otherwise indicated. The accounting policies have been applied consistently by the Company’s wholly owned subsidiary RVX Therapeutics Inc.

Consolidation

The consolidated financial statements include the accounts of Zenith Epigenetics Corp. and its wholly-owned subsidiary RVX Therapeutics Inc. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

4. Significant accounting policies (continued)

Foreign currency transactions (continued)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss.

Financial instruments

The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets

Financial assets are comprised of cash and investment tax credit receivable. Financial assets are classified as follows:

Cash

Cash consists of cash on hand and interest bearing deposits with the Group's banks and have been designated as held for trading. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Investment tax credit receivable

Investment tax credit receivable has been classified as loans and receivables initially recognized at fair value. Subsequent to initial recognition it is measured at amortized cost, using the effective interest rate method.

Financial liabilities

Financial liabilities are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. Financial liabilities are classified as follows:

Trade and other payables and due to Resverlogix Corp.

Trade and other payables and amounts due to Resverlogix Corp. are non-interest-bearing and are initially recorded at fair market value less any directly attributable transaction costs. They are classified as other financial liabilities and are subsequently measured at amortized cost using the effective interest rate method.

Warrant liability

Warrants with an exercise price denominated in a foreign currency are recorded as a warrant liability and classified as fair value through profit or loss. The warrant liability is initially measured at fair value with subsequent changes in fair value recorded as finance income or cost in the consolidated statement of comprehensive loss. These warrants have not been listed on an exchange and therefore do not trade on an active market.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2014 and 2013

(unaudited)

(amounts in thousands of US dollars, except for number of shares)

4. Significant accounting policies (continued)

Financial instruments (continued)

Fair Value Measurement

The accounting guidance for fair value measurements prioritizes the inputs used in measuring fair value into the following hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable;

Level 3 - Unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

The fair value of the warrant liability is based on level 3 (significant unobservable inputs).

Transaction Costs

Transaction costs are expensed as incurred for financial instruments designated as held for trading. Transaction costs for other financial instruments are recognized as part of the financial instrument's carrying value.

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. Purchased software that is integral to the functionality of the related computer hardware is capitalized as part of that computer hardware. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are expensed as incurred.

The major categories of property and equipment are depreciated as follows:

Asset	Method	Rate
Laboratory equipment	Straight line	5-10 years
Office furniture and equipment	Straight line	5 years
Computer hardware and software	Straight line	3 years

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate. Items of property and equipment are depreciated on a straight line basis in profit or loss over the estimated useful lives of each component, and are depreciated from the date they are installed and ready for use.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the statement of comprehensive loss.

Intangible assets

(i) Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are charged as an expense in the period in which they are incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2014 and 2013

(unaudited)

(amounts in thousands of US dollars, except for number of shares)

4. Significant accounting policies (continued)

Intangible assets (continued)

(ii) Other intangible assets, subsequent expenditure, and amortization

Separately acquired patents and non-integrated software have a finite useful life and are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The major categories of intangibles assets are depreciated as follows:

Asset	Method	Rate
Patents and intellectual property	Straight line	20 years
Non-integrated software	Straight line	3 years

Impairment

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables.

Impairment of long lived assets

Property and equipment and finite-lived intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Long-lived assets that are not amortized are subject to an annual impairment test. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels (cash-generating units or "CGU") for which there are separately identifiable cash flows that are largely independent of the cash flows of other assets or CGUs. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant assets or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Group re-evaluates impairment losses for potential reversals when events or circumstances warrant such consideration. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2014 and 2013

(unaudited)

(amounts in thousands of US dollars, except for number of shares)

4. Significant accounting policies (continued)

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term incentive plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reasonably.

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees, officers, and directors is recognized as an expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

The fair value of the Company's share-based payment awards is measured using the Black-Scholes option pricing model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on an estimate of the future volatility of the Company's shares corresponding to the expected term), expected term of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. Any consideration received upon exercise of the options and similar instruments together with the amount of non-cash compensation cost recognized in contributed surplus is recorded as an increase in common shares. The Company estimates the fair value of restricted stock units ("RSUs") based on the estimated fair market value of the underlying stock (net of an estimated illiquidity discount) on the date of grant.

Government grants

Grants resulting from government assistance programs, including investment tax credits for research and development expenditures, are reflected as reductions of the cost of the assets or expenditures to which they relate at the time the assistance becomes receivable.

Finance income and costs

Finance income is comprised of interest income on funds invested and fair value gains on financial liabilities at fair value through profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest rate method.

Finance costs comprise fair value losses on financial liabilities at fair value through profit or loss.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Income tax

Income tax comprises current and deferred tax. Income tax is recognized in the statement of income except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

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

Deferred tax is recognized in respect of temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the future taxable profits will be available against which they can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries except, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2014 and 2013

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(amounts in thousands of US dollars, except for number of shares)

4. Significant accounting policies (continued)

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Earnings per share

Basic earnings (loss) per share ("EPS") is calculated by dividing the net earnings (loss) for the period attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The Company uses the treasury stock method to determine the dilutive effect of issued instruments (stock options, restricted stock units and warrants). This method assumes that proceeds received from the exercise of in-the-money instruments are used to repurchase common shares at the average market price for the period.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

New standards and interpretations adopted

The Company has adopted the following new standards and amendments to standards, with a date of initial application of May 1, 2013:

IFRS 10 - *Consolidated Financial Statements* - supersedes IAS 27 "Consolidation and Separate Financial Statements" and SIC-12 "Consolidation – Special Purpose Entities". This standard provides a single model to be applied in control analysis for all investees including special purpose entities. The adoption of IFRS 10 did not have a material impact on the condensed interim consolidated financial statements.

IFRS 11 - *Joint Arrangements* - divides joint arrangements into two types, joint operations and joint ventures, each with their own accounting model. IFRS 11 replaces the guidance in IAS 31 *Interest in Joint Ventures*, and essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11, joint ventures must now use the equity method of accounting. The adoption of IFRS 11 did not have a material impact on the condensed interim consolidated financial statements.

IFRS 12 - *Disclosure of Interests in Other Entities* - combines in a single standard the disclosure requirements for subsidiaries, associates and joint arrangements as well as unconsolidated structured entities. The adoption of IFRS 12 did not have a material impact on the condensed interim consolidated financial statements.

IFRS 13 - *Fair Value Measurement* – replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurement to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other. Due to the nature of the Company's financial assets and liabilities, the adoption of IFRS 13 did not have a material impact on the condensed interim consolidated financial statements. The adoption of IFRS 13 resulted in the inclusion of certain fair value disclosures which were previously applicable to annual financial statements only.

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4. Significant accounting policies (continued)

New standards and interpretations adopted (continued)

Amendments to IAS 1 – *Presentation of Financial Instruments* - requires an entity to present separately the items of other comprehensive income that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. As the amendments only required changes in the presentation of items in other comprehensive income, the new standard did not have a material impact on the condensed interim consolidated financial statements.

Amendments to IFRS 7 – *Offsetting Financial Assets and Liabilities* – contains new disclosure requirements for offset financial assets and liabilities and netting arrangements. The amendments to IFRS 7 did not have a material impact on the condensed interim consolidated financial statements.

5. Significant judgments, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in these condensed interim consolidated financial statements and notes. Accordingly, actual results may differ from estimated amounts as future confirming events occur.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant estimates made by management affecting the consolidated financial statements include:

Share-based payment transactions

The Company measures share-based payment transactions by reference to the fair value of the stock options and restricted stock units at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model, including the expected life of the option, volatility and dividend yield. The assumptions and model used for estimating fair value for share-based payment transactions are disclosed in Note 10.

Warrant liability

The Company measures the initial warrant liability and subsequent revaluations of the warrant liability by reference to the fair value of the warrants at the date at which they were granted and subsequently revalues them at each reporting date. Estimating fair value for these warrants requires management to determine the most appropriate valuation model. This estimate also requires management to make assumptions about the most appropriate inputs to the valuation model including the expected life of the warrants, volatility and dividend yield. The assumptions and model used for estimating fair value of the warrants are disclosed in Note 10.

Expenses

Pursuant to an assignment and services agreement (the "Assignment and Services Agreement"), Resverlogix paid certain costs for the Group and performed certain activities on behalf of the Group. As a result, it was necessary to make allocations of certain costs reported in these condensed interim consolidated financial statements. The costs are primarily employee related or associated with research performed by external research organizations. Research fees and compensation related costs have been allocated to the Group using methodologies primarily based on proportionate time spent on the Group's and Resverlogix's respective activities. These cost allocations have been determined on a basis considered by the Group and Resverlogix to be a reasonable reflection of the utilization of services provided to the Group.

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5. Significant judgments, estimates and assumptions (continued)

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Currently, the Company is accumulating tax loss carry forward balances, creating a deferred tax asset. Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

To date the Company has determined that none of the deferred tax assets should be recognized other than the provincial portion of the Investment tax credit receivable. The deferred tax assets are mainly comprised of the net operating losses from prior years, prior year research and development expenses, and investment tax credits. These tax pools have varying expiry dates. There are no taxable temporary differences or any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets.

6. Property and equipment

	Laboratory equipment	Office furniture and equipment	Computer hardware and software	Leasehold improvements	Total
Cost					
Balance at April 30, 2013	$ 135	$ 3	$ 1	$ -	$ 139
Additions	296	36	44	537	913
Balance at January 31, 2014	**$ 431**	**$ 39**	**$ 45**	**$ 537**	**$ 1,052**
Accumulated depreciation					
Balance at April 30, 2013	$ 34	$ 1	$ 1	$ -	$ 36
Depreciation	25	3	7	-	35
Balance at January 31, 2014	**$ 59**	**$ 4**	**$ 8**	**$ -**	**$ 71**
Net book value					
As at April 30, 2013	101	2	-	-	103
As at January 31, 2014	372	35	37	537	981

On November 1, 2013, the Company purchased laboratory equipment and office furniture and equipment from Resverlogix Corp. for $0.3 million, which represents the fair value of the assets.

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7. Intangible assets

	Patents and intellectual property	Non-integrated software	Total
Cost			
Balance at April 30, 2013	$ 102	$ 9	$ 111
Additions	73	3	76
Balance at January 31, 2014	$ 175	$ 12	$ 187
Accumulated amortization and impairment losses			
Balance at April 30, 2013	$ 3	$ 1	$ 4
Amortization	6	3	9
Balance at January 31, 2014	$ 9	$ 4	$ 13
Net book value			
As at April 30, 2013	99	8	107
As at January 31, 2014	166	8	174

Effective May 1, 2012, Resverlogix transferred intellectual property rights and technology to the Company, pursuant to the Assignment and Services Agreement between Resverlogix and the Company. The expenditures corresponding to the transferred intellectual property rights and technology do not meet the recognition criteria for intangibles assets.

Amended and Restated License Agreement

On June 3, 2013 (see Note 13 "Related party transactions"), RVX Therapeutics Inc. and Resverlogix entered into an Amended and Restated License Agreement (the "License Amendment"), effective January 31, 2013, which amended a License Agreement dated August 1, 2005. Pursuant to the License Amendment, Resverlogix granted an irrevocable, worldwide license to RVX Therapeutics Inc. under certain licensed patents and licensed know-how to develop, commercialize and sell licensed products in any field other than the Apolipoprotein A-I (ApoA-I) therapeutic field (the prevention, treatment or mitigation of any disease via the administration of a pharmaceutical agent that results in a specified therapeutic elevation in the plasma levels of ApoA-I).

As ongoing consideration for the grant of the License, RVX Therapeutics Inc. shall pay Resverlogix a royalty from 1% to 5% of gross amounts received by RVX Therapeutics Inc. from the sale of any product in any field other than the ApoA-I therapeutic field which is encompassed within a patent licensed from Resverlogix.

8. Royalty preferred shares

Pursuant to the Plan of Arrangement described in Note 2(a), on June 3, 2013 Resverlogix issued 75,202,620 royalty preferred shares to the Company.

The holder of the royalty preferred shares is entitled to dividends in the amount of 6-12% of net Apo Revenue, if any. Net Apo revenue is defined as the aggregate of the following amounts: (i) amounts received by Resverlogix or its affiliates (as defined in the Arrangement) from any person who is not Resverlogix or its affiliate (a "third party") in consideration for granting a license or other rights to the third party which entitle the third party to research, develop, make, manufacture, modify, administer, offer to sell, sell or distribute one or more of the Apo products and/or Apo intellectual property rights or amounts received under the terms of such license or other right that are granted to the third party; (ii) the gross consideration received from a third party by Resverlogix, any licensee or their respective affiliates from the sale of any Apo product (other than consideration received by Resverlogix, any licensee or their respective affiliates from a licensee of such Apo product or its affiliate); less (A) credits or allowances, if any, actually granted; (B) discounts actually allowed; (C) freight, postage, and insurance charges and additional special packaging charges; and (D) customs duties, and excise sales taxes, duties or other taxes imposed upon and paid with respect to such sales (excluding what is commonly known as income taxes); and (iii) amounts received from a third party by Resverlogix or its affiliates in consideration for the sale of any Apo intellectual property right.

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8. Royalty preferred shares (continued)

The holder of the preferred shares does not have the right to participate in any additional dividends declared, if any, to common shareholders nor do they carry the right to vote. The holder of the preferred shares does not have any claim on Resverlogix's residual net assets other than an amount equal to the greater of (i) $1.00 divided by the number of outstanding royalty preferred shares; and (ii) the amount of any accrued, but unpaid royalty dividend payment and additional royalty dividend payment.

The royalty preferred shares have not been recognized because book value accounting has been applied to the assets that have been acquired through the distribution in connection with the Arrangement and they were not previously recognized in Resverlogix's financial statements. The Company will recognize a royalty receivable when royalties are reasonably determinable and the economic benefits are probable to flow to the Company.

9. Trade and other payables

	January 31, 2014	April 30, 2013
Trade payables	$ 1,902	$ 1,360
Accrued liabilities	54	58
	$ 1,956	$ 1,418

10. Shareholders' equity (deficit)

(a) Common shares

(i) Authorized:

Unlimited number of common shares
Unlimited number of preferred shares issuable in series with rights as determined by the Board of Directors at the time of issue.

(ii) Issued and outstanding:

Common shares	Number of shares	Amount
Issuance of common shares on incorporation	1	$ 0.001
Balance, April 30, 2013	1	0.001
Cancelled in connection with Plan of Arrangement	(1)	(0.001)
Issued in connection with Plan of Arrangement	75,202,620	28,127
Issued in connection with warrant exercises	167,000	43
Issued in connection with long term incentive plan	11,967	3
Balance, January 31, 2014	75,381,587	$ 28,173

Issuance of Common Shares

On April 10, 2013, the Company issued 1 common share at CAD$1.00 per common share to Resverlogix. This common share was cancelled on June 3, 2013 in connection with the Plan of Arrangement.

As described in Note 2a, on June 3, 2013, upon the effective time of the Arrangement, every Resverlogix shareholder received one share in Zenith for every share held in Resverlogix at the effective date.

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10. Shareholders' equity (deficit) (continued)

(a) Common shares (continued)

Private Placement

As described in Note 14 "Subsequent events", subsequent to January 31, 2014 the Company closed a private placement of 8 million common shares at a price of $1.00 per share for gross proceeds of $8 million. The Company received a $2 million subscription on January 30, 2014 in connection with the private placement.

(b) Stock options (continued)

The Company's stock option plan has been approved as a rolling 10% plan that allows for reservation of a number of common shares under the plan equal to 10% of the Company's issued and outstanding common shares on an undiluted basis. Additionally, the plan is a reloading plan, which allows for the number of common shares reserved for issuance related to the options under the plan to automatically become eligible to be reallocated pursuant to stock option based grants upon option expiry, cancellation or exercise. The Company may grant options to its directors, officers, employees and consultants. The majority of options fully vest over two to three years and have a two to five year term. The options are settled by way of the issuance of equity instruments of the Company ("equity-settled").

	Number of options	Weighted average exercise price (CAD)
Outstanding, April 10 and 30, 2013	-	$ -
Granted	5,198,070	0.24
Expired	(1,218,550)	0.27
Forfeited	(64,550)	0.22
Outstanding, January 31, 2014	3,914,970	$ 0.24

The following table summarizes information about the options outstanding and exercisable at January 31, 2014.

Range of Exercise Prices (CAD)	Number Outstanding	Weighted Average Remaining Life (years)	Weighted Average Exercise Price (CAD)	Number Exercisable
$0.11 - $0.18	2,053,470	2.69	$ 0.15	1,579,739
$0.21 - $0.30	846,900	1.32	0.25	731,901
$0.32 - $0.40	667,600	3.79	0.34	150,000
$0.51	347,000	1.14	0.51	347,000
	3,914,970	2.44	$ 0.24	2,808,640

The number of options exercisable at January 31, 2014 was 2,808,640 (2013 –nil) with a weighted average exercise strike price of CAD$0.23 (2013 – nil). On June 3, 2013, pursuant to the Plan of Arrangement (described in Note 2a), every Resverlogix stock option holder at the effective date of the Arrangement received one stock option in the Company for every stock option held in Resverlogix.

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10. Shareholders' equity (deficit) (continued)

(b) Stock options (continued)

The fair value of each option granted is estimated as of the grant date using the Black-Scholes option pricing model. The following weighted average assumptions were used in arriving at the weighted average fair values of $0.15 per option associated with stock options granted during the nine months ended January 31, 2014:

	2014
Risk-free interest rate	1.1%
Expected life	2.2 years
Expected volatility	74%
Share price at grant date	CAD$0.38
Expected dividends	Nil

(c) Restricted stock units

The Company's long term incentive plan allows for the reservation of a number of common shares not to exceed 10% of the Company's issued and outstanding common shares on an undiluted basis less the number of common shares reserved under the Company's stock option plan. The Company may grant restricted stock units ("RSUs") to directors, officers, employees, and consultants. The majority of restricted stock units fully vest over two or three years.

During the nine months ended January 31, 2014, in connection with the Plan of Arrangement, the Company granted 753,000 (2013 – nil) RSUs to employees. Every Resverlogix restricted stock unit holder at the effective date of the Arrangement received one restricted stock unit in the Company for every restricted stock unit held in Resverlogix. The RSUs vest over a period of two or three years from the original date of grant. The weighted average fair value of the RSUs granted in the nine months ended January 31, 2014 was $0.30 per RSU (2013 - nil). The Company estimates the fair value of RSUs based on the market price of the underlying stock (net of an estimated illiquidity discount) on the date of grant.

	Number of restricted stock units	Weighted average grant date fair value (USD)
Outstanding, April 10 and 30, 2013	-	$ -
Granted	753,000	0.30
Exercised	(11,967)	0.30
Forfeited	(42,033)	0.30
Outstanding, January 31, 2014	699,000	$ 0.30

(d) Warrant liability

The following table summarizes the changes in common share purchase warrants outstanding.

	Number of warrants	Weighted average exercise price (CAD)	Liability amount
Outstanding, April 10 and 30, 2013	-	$ -	$ -
Issued	11,647,282	0.24	1,667
Exercised	(167,000)	0.25	(3)
Expired	(781,528)	0.25	-
Revaluation of warrant liability	-	-	(835)
Outstanding, January 31, 2014	10,698,754	$ 0.24	$ 829

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10. Shareholders' equity (deficit) (continued)

(d) Warrant liability

The following table summarizes information about the warrants outstanding and exercisable at January 31, 2014.

Exercise Price (CAD)	Number Outstanding	Weighted Average Remaining Life (years)	Weighted Average Exercise Price (CAD)
$0.14	1,320,000	3.57	$ 0.14
$0.20	3,445,000	2.37	0.20
$0.22	728,640	4.10	0.22
$0.25	2,847,124	0.19	0.25
$0.36	2,357,990	0.37	0.36
	10,698,754	1.62	$ 0.24

On June 3, 2013, pursuant to the Plan of Arrangement (described in Note 2a), every Resverlogix warrant holder at the effective date of the Arrangement received one warrant in the Company for every warrant held in Resverlogix.

Under IFRS, the prescribed accounting treatment for warrants issued as part of an equity financing unit or as part of a debt financing, with an exercise price denominated in a foreign currency is to treat these warrants as a liability measured at fair value with subsequent changes in fair value accounted for through profit or loss. The fair value of these warrants is determined using the Black Scholes option pricing model. All of the Company's warrants meet this liability classification requirement and thus the value of these warrants are presented as a current liability on the consolidated statement of financial position. As these warrants are exercised, the fair value of the recorded warrant liability on date of exercise is included in share capital along with the proceeds from the exercise. If these warrants expire, the related decrease in warrant liability is recognized in profit or loss, as part of the change in fair value of warrant liability. There is no cash flow impact as a result of this accounting treatment.

The grant date weighted average fair value of the warrants granted during the nine months ended January 31, 2014 was $0.14 per warrant, using the Black-Scholes option pricing model with the following weighted average assumptions:

	2014
Risk-free interest rate	1.1%
Expected life	2.1 years
Expected volatility	70%

(e) Per share amounts

The loss per share has been calculated using net loss for the period and the basic and diluted weighted average shares outstanding during the three and nine months ended January 31, 2014 of 75,381,587 and 66,334,644, respectively. The effect of any potential exercise of stock options, restricted stock units and warrants outstanding during the period has been excluded from the calculation of diluted loss per share, as it would be anti-dilutive. No comparative net loss per share has been included as there were no shares outstanding in the comparative period since the Company was incorporated on April 10, 2013.

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11. Expenses by nature

Presentation of expenses is based on the function of each expense. The following details highlight certain components of the research and development and general and administrative expenses classified by nature. Remaining research and development and general and administrative expenses include expenses paid to third parties, including the service fees paid to Resverlogix.

	Three months ended January 31,		Nine months ended January 31,	
	2014	2013	2014	2013
Included in research and development expenses:				
Share-based payment transaction costs	$ 13	$ -	$ 399	$ -
Amortization and depreciation	29	5	41	9
Included in general and administrative expenses:				
Share-based payment transaction costs	$ 28	$ -	$ 472	$ -
Amortization and depreciation	-	-	-	-

As described in Note 13 “Related party transactions”, commencing on May 1, 2012, RVX Therapeutics Inc. engaged Resverlogix under the Assignment and Services Agreement to supply research and administrative services.

12. Commitments

As at January 31, 2014, the Company is committed under various research and development contracts as follows:

	2014	2013
Less than 1 year	$ 2,651	$ 1,638
Between 1 and 5 years	-	-
More than 5 years	-	-
	$ 2,651	$ 1,638

As at January 31, 2014, Resverlogix was committed to operating lease payments for office and laboratory premises, for which the Company is allocated, as follows:

	2014	2013
Less than 1 year	$ 291	$ 135
Between 1 and 5 years	1,082	46
More than 5 years	1,421	-
	$ 2,794	$ 181

As at January 31, 2014, Resverlogix was committed to pay $0.7 million for tenant improvements to be completed, net of a tenant improvement allowance. The Company agreed to pay Resverlogix for its proportionate share of operating lease payments and operating costs for office and laboratory premises of an estimated $0.4 million for the next twelve months, as well as the cost of tenant improvements (based on either proportionate square footage or specific use), net of a tenant improvement allowance, estimated to be approximately $0.4 million.

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13. Related party transactions

Resverlogix provides research and administrative services to the Group pursuant to the Assignment and Services Agreement. As consideration for the services, the Group pays Resverlogix a service fee, consisting of salary and other compensation costs attributable to the services and reimbursable expenses incurred by Resverlogix in connection with the services.

During the three months ended January 31, 2014, the Group incurred an aggregate of $0.9 million (2013 - $10.1 million) of service fees and reimbursable expenses, comprised of $0.6 million (2013 - $0.5 million) for research services, $0.1 million (2013 - $0.1 million) for administrative services, and $0.2 million (2013 - $9.5 million) of reimbursable expenses.

During the nine months ended January 31, 2014, the Group incurred an aggregate of $3.9 million (2013 - $14.9 million) of service fees and reimbursable expenses, comprised of $2.1 million (2013 - $1.4 million) for research services, $0.4 million (2013 - $0.3 million) for administrative services, and $1.4 million (2013 - $13.2 million) of reimbursable expenses.

14. Subsequent events

Private Placement

Subsequent to January 31, 2014 the Company closed a private placement of 8 million common shares at a price of $1.00 per share for gross proceeds of $8 million. The Company received a $2 million subscription on January 30, 2014 in connection with the private placement.

Pursuant to the terms of the private placement, in the event that the Company completes an equity financing within 18 months and the price per share is lower than US$1.00, the price per share paid by subscribers will be adjusted to the lower price per share and they will, accordingly, receive additional common shares for no additional consideration. Furthermore, in the event that the Company completes an equity financing within 18 months and the Company issues or grants additional securities, contractual rights or entitlements to any of the subscribers, then the Company shall issue or grant the same additional securities, contractual rights or entitlements to subscribers. Additionally, in the event that the Company receives gross proceeds from equity financings of less than US$25 million and grants a license to a third party, sells intellectual property rights to a third party, or greater than 66 2/3% of the Company’s common shares are sold to a third party, subscribers shall receive, for no additional consideration, additional common shares equal to the number originally subscribed for by each party as described above.

Waiver Agreement

On March 17, 2014, RVX Therapeutics Inc. and Resverlogix entered into a Waiver Agreement whereby Resverlogix agreed to waive its right under the Amended and Restated License Agreement dated June 3, 2013 (the “License Agreement”) to license any method or pharmaceutical agent within the scope of certain Licensee Patents owned or controlled by RVX Therapeutics Inc. that may be determined to come within the ApoA-I Therapeutic Field (as defined in the License Agreement), and RVX Therapeutics Inc. agreed not to develop any patents for any indication within the ApoA-I Therapeutic Field for a period of five years and granted to Resverlogix a right of first refusal for a period of three years thereafter in respect of the license or sale of such patents and or compounds that are determined to come within the ApoA-I Therapeutic Field. In consideration for this waiver, RVX Therapeutics Inc. agreed to pay Resverlogix $2.5 million in cash.