

biOasis Technologies Inc.

Price (Close: January 27, 2012)	\$1.12
52-Week High-Low	\$1.27 - \$0.365
Shares O/S	34.83 million
Market Cap	\$39.0 million
50-day Average Volume	144,400
200-day Average Volume	75,800
Year-End	February 28
Symbol	TSX-V: BTI

Website www.bioasis.ca

Financial Data

Selected Income/Cash Flow

CS'000s: 12 months ended	Feb-10	Feb-11	Aug-11
Revenues	-	-	-
EBITDA	(\$1,253)	(\$1,672)	(\$1,671)
G&A ("Burn")	(\$634)	(\$854)	(\$775)
R&D Expense	(\$619)	(\$817)	(\$700)
Net Income (Loss)	(\$2,218)	(\$2,143)	(\$1,948)
Cash Flow (CF) From Ops	(\$1,247)	(\$1,656)	(\$1,656)

Selected Balance Sheet	At Feb-10	At Feb-11	At Aug-11
Cash (& Equivalents)	\$1,693	\$1,488	\$716
Patents/Intellectual Property	1,057	949	\$1,086
Shareholders' Equity	\$2,995	\$2,423	\$1,778
Total Assets	\$3,034	\$2,543	\$1,894
Working Capital	\$1,935	\$1,461	\$679
Working Capital Ratio	50.62x	13.59x	7.01x

Key Ratios	At Feb-10	At Feb-11	At Aug-11
Monthly Burn	(\$53)	(\$71)	(\$65)
Monthly (Burn + R&D)	(\$104)	(\$139)	(\$123)
Earnings Per Share	(\$0.08)	(\$0.08)	(\$0.06)
Cash Per Share	\$0.06	\$0.05	\$0.02
Patents/IP Per Share	\$0.04	\$0.03	\$0.03
Equity Per Share	\$0.11	\$0.08	\$0.06

eResearch Analysts:

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Note: Report was prepared with public information only.



THE COMPANY

biOasis Technologies Inc. ("biOasis" or the "Company") is a biotechnology company focused on developing and marketing diagnostic technologies and pharmaceutical products for central nervous system ("CNS") diseases.

The Company is presently involved in the development of 2 programs: (1) CogniTEST: an in vitro diagnostic assay for Alzheimer's disease; and (2) Transcend: a carrier for the transport of therapeutic medications for CNS disorders that address the limitations of the human blood-brain barrier.

Both programs target the huge and growing CNS therapeutic market, which is the second largest market in the pharmaceutical industry and was valued by BCC Research at nearly \$80 billion in 2011.

CNS disorders represent the major therapeutic challenge of this century, due to an aging population and increased disease incidence. As a result, the successful completion of research programs could expose biOasis to an important stream of licensing revenue.

INVESTMENT CONSIDERATIONS

Strengths

- Biotechnology business addressing the huge central nervous system therapy market;
- Two research programs:
 - (1) Innovative approach to diagnose Alzheimer's disease (CogniTEST), which could enter the market in 2012; and
 - (2) New drug delivery technology (Transcend) that could revolutionize the CNS therapy market;
- Encouraging preliminary results of investigations that sustain a vast potential of both research programs; and
- Partnerships with important research institutions to speed up the progress of research programs.

Challenges

- Limited financial resources and potential dilution due to significant equity issuances;
- History of losses and negative cash flows from operations;
- Uncertain outcome of research and development programs, despite promising preliminary results; and
- Unproven ability of the Company to generate meaningful revenue from technology licensing.

RESEARCH PROGRAMS

The Company is currently engaged in research and development of two therapeutic and diagnostic programs:



1. CogniTEST Program

The current diagnosis of Alzheimer's disease in living patients is quite difficult and depends mainly on behavioral and other subjective medical criteria. biOasis' CogniTEST program is advocating the identification of Alzheimer's disease as a result of a routine blood test. Particularly, the level of protein p97 in human blood serum could be used as a "biomarker" for Alzheimer's. The correlation between protein p97 level and presence of Alzheimer's disease was already confirmed in two validation trials performed by the Company since 2008.

In December 2008, A SISCAPA assay for p97 was developed for biOasis by the Anderson Forchung Group of Washington DC. Anderson Forchung helped biOasis to demonstrate the test's ability to unflinchingly detect p97 in blood plasma and assisted the Company in developing the first samples of the CogniTEST diagnostic test for Alzheimer's disease.

In 2009, the Company entered into a service agreement with Fleet Bioprocessing Ltd. of England to develop and optimize a p97 immunoassay suitable for incorporation into the diagnostic platforms of other companies. biOasis expects to make the assay available for licensing within the global diagnostic industry. Fleet Bioprocessing is now in the final stages of the development of CogniTEST as a quick blood test that can differentiate between Alzheimer's and non-Alzheimer's dementia in humans. Initial investigations using clinical samples obtained from a number of patients with Alzheimer's disease are currently running.

The Company is planning to analyze the first samples in early 2012 and, if the results support the use of p97 as a diagnostic indicator, commercialization of CogniTEST could be subsequently implemented soon after. biOasis plans to apply for a European Conformity (CE) mark for Europe, followed by commercial licensing for use on existing laboratory diagnostic platforms.

2. Transcend Program

The Transcend program investigates the physiological and biochemical properties of proteins & peptides that are able to cross the human Blood-Brain Barrier (BBB), which shields the brain by preventing almost all foreign substances from entering. As a result, over 95% of known CNS drugs do not cross the BBB and are less effective in the treatment of CNS diseases.

The research conducted by biOasis research partners demonstrated the ability of human protein p97 to deliver chemotherapeutic agents across the human BBB in concentrations of up to ten times more than of the same drugs delivered through traditional methods. Research trials conducted by biOasis revealed that Transcend proteins could be combined with therapeutic molecules to act as a carrier that deliver drugs across the Blood-Brain Barrier into the cellular level of the brain.

COMMENT: *The successful completion of this program could represent a major breakthrough in the treatment of CNS diseases and expose biOasis to a significant revenue stream, since Transcend proteins can increase the efficiency of the majority of currently-known therapies.*

The Company is currently focused on several research programs for its Transcend technology:

1. Delivery of molecules across the blood-brain barrier - National Research Council (NRC) in vivo optical imaging project.

In November 2010, biOasis sponsored a research agreement with the NRC of Canada to evaluate the ability of Transcend proteins to cross BBB using realtime-domain in vivo optical imaging. In 2011, NRC revealed the preliminary results of investigations and confirmed through a fluorescence imaging study that Transcend can transport compounds across BBB.

The collaborative agreement with NRC includes also the evaluation of the Transcend platform capacity to deliver an anti-amyloid beta ($\alpha\beta$) antibody to the brain for the treatment of Alzheimer's disease.

2. Delivery of Trastuzumab across the blood-brain barrier.

Following the positive results reported above, the Company initiated new studies at the NRC and at the British Columbia Cancer Research Centre to assess the therapeutic potential of Transcend proteins for treatment of metastatic breast cancer. As a result, Trastuzumab (Herceptin), a monoclonal antibody used in the treatment of breast cancer, was chemically linked to the Transcend delivery compound and the resulted conjugate (known as BT2111) was tested for its ability to cross the BBB and enter brain tissue. The results showed that two hours post injection, Trastuzumab was carried by Transcend across the BBB into the brain cells. In contrast, Trastuzumab alone did not penetrate the brain tissue. The latest results from the study has also confirmed that BT2111 (Trastuzumab+Transcend) shows a clearly increased ability to kill the HER2+ breast cancer cells when compared to Trastuzumab alone.

3. Lysosomal Storage Disease Project.

Last May, biOasis announced the initiation of another Transcend Vector Program for treatment of CNS symptoms of Lysosomal Storage Disorders¹ (LSDs). This decision was based on the results from the NRC in vivo optical imaging project demonstrating that, intravenously administered, Transcend is delivered into brain cell lysosomes². The Company also has data from earlier animal studies demonstrating that when the lysosomal enzyme, iduronidase, was combined with Transcend proteins and administered intravenously, the levels of the medication in the brain were increased approximately four-fold.

Wikipedia Definitions:

¹ Lysosomes are cellular organelles that contain acid hydrolase enzymes to break down waste materials and cellular debris. They can be described as the stomach of the cell.

² Lysosomal storage disorders are a group of approximately 50 rare inherited metabolic disorders that result from defects in lysosomal function.

In late 2011, biOasis reported that it has entered into a research, evaluation and option agreement with Shire Human Genetic Therapies, Inc. (“Shire”), a division of Ireland-based, Shire plc, to evaluate Transcend technology in LSDs. biOasis and Shire agreed that both companies would undertake certain experiments on Transcend proteins ability to improve the treatment of LSDs. In addition, Shire was offered a conditional option to obtain a license to the Transcend technology.

FINANCIAL DATA

FY 2011 results

<u>\$000s: Annual to Feb. 28</u>	<u>2011</u>	<u>2010</u>
Revenues	-	-
G&A expense	1,334	1,605
R&D expense	817	619
Operating income	(2,151)	(2,224)
Other income	8	6
Net Income	(2,143)	(2,218)
EPS	(0.08)	(0.08)
Cash/Equivalents	1,488	1,693
Net Working Capital	1,461	1,935
Liabilities	120	39
Shareholder's Equity	2,423	2,995

Source: The Company

- The Company is still in the research and development phase and has not generated revenue from selling or licensing its compounds.
- During FY2010 and FY2011, biOasis burned approximately \$2.2 million per year for general and administrative, as well as research and development purposes.
- Liquidity position remained strong due to meaningful equity financing.

1H FY2012 results

<u>\$000s: Six months to Aug. 31</u>	<u>2011</u>	<u>2010</u>
Revenues	-	-
G&A expense	521	600
R&D expense	440	557
Operating income	(961)	(1,157)
Other income	3	4
Net Income	(958)	(1,153)
EPS	(0.03)	(0.05)
Cash/Equivalents	716	1,059
Net Working Capital	679	1,039
Liabilities	116	113
Shareholder's Equity	1,778	2,047

Source: The Company

- During 1H/FY2012 the Company reported a net loss of \$0.96 million versus a net loss of \$1.15 million during 1H/FY2011. The decrease in net loss was mainly due to lower selling, general administrative expenses, which declined from \$0.6 million in 1H/FY2011 to \$0.5 million in 1H/FY2012; and lower research and development spending that shrunk from \$0.57 million in 1H/FY2011 to \$0.44 million in 1H/FY2012.
- As at August 31, 2011 the Company had working capital of \$0.68 million as well as cash and equivalents balance of \$0.72 million, down from a working capital of \$1.42 million and a cash equivalents balance of \$1.49 million at February 28, 2011. The decline in working capital and cash balance was primarily due to significant net loss for the period, as well as negative operating cash flows.
- In November 2011, biOasis raised approximately \$1.16 million in a private placement of 2.57 million units, at \$0.45 per unit. Each unit consisted of one share of common stock and one common share purchase warrant. Warrants are exercisable at a price of \$0.60 per share if exercised up to November 30, 2012 and at a price of \$0.70 per share if exercised at any time after November 30, 2012 until the expiry date of November 30, 2013. The net proceeds from the sale of units have been added to the Company's working capital.

Outlook

The latest financing initiative provided biOasis with needed resources to fund its ongoing research and development programs over the next 12 months.

The Company is approaching commercialization with its CogniTEST program and could have the first Alzheimer's disease assays available for distribution already in 2012. The preliminary results from evaluation of clinical samples point that CogniTEST assays can be used as a biomarker of Alzheimer's disease.

The second program of biOasis, Transcend, could revolutionize the treatment of CNS diseases, and provide the Company with an enormous opportunity to build a meaningful footprint into the \$80 billion CNS diseases therapy market, if successful. The Company initiated several commercialization programs for the technology by combining Transcend proteins with different compounds. The resulting combinations are being investigated for the ability to cross human's BBB and increase the efficiency of therapies for diseases like: Alzheimer's disease, metastatic breast cancer, and Lysosomal Storage Disorders. biOasis announced that it could further expand the range of research, but targets the establishment of partnerships with important pharma companies to generate licensing revenue from technology and proteins out-license.

COMMENT: *The eventual partnership with important research organizations, or/and large pharma companies, as well as validation of positive results from ongoing research programs, could give a significant boost to biOasis valuation over the next 12 months. However, lack of financial resources and poor visibility can hamper the speed of business development.*

MANAGEMENT and DIRECTORS

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Analyst Affirmation: I, Victor Sula, and I, Bob Weir, hereby state that, at the time of issuance of this research report, I do not own, directly or indirectly, any shares of biOasis Technologies Inc.

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