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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2017

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 001-35776

Acasti Pharma Inc.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Québec, Canada

(Jurisdiction of incorporation or organization)

545, Promenade du Centropolis, Suite 100, Laval, Québec H7T 0A3

(Address of principal executive office)

Linda P. O'Keefe, Chief Financial Officer
Acasti Pharma Inc.
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Laval, Québec H7T 0A3
Tel: 450-687-2262
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(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Common Shares, no par value	**The NASDAQ Capital Market**

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Not applicable

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

14,702,556 Common Shares issued and outstanding as of March 31, 2017.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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INTRODUCTION AND USE OF CERTAIN TERMS

As used in this annual report on Form 20-F, or this annual report, unless the context otherwise requires, references to "we", "our", "us", "Acasti", "Acasti Pharma", "Corporation", "it", "its" or similar terms refer to Acasti Pharma Inc.

Market data and certain industry data and forecasts included in this annual report were obtained from internal company surveys, market research, publicly available information, reports of governmental agencies and industry publications and surveys. We have relied upon industry publications as our primary sources for third-party industry data and forecasts. Industry surveys, publications and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of that information is not guaranteed. We have not independently verified any of the data from third-party sources or the underlying economic assumptions they made. Similarly, internal surveys, industry forecasts and market research, which we believe to be reliable based upon our management's knowledge of our industry, have not been independently verified. Our estimates involve risks and uncertainties, including assumptions that may prove not to be accurate, and these estimates and certain industry data are subject to change based on various factors, including those discussed under "Risk Factors" in this annual report. While we believe our internal business research is reliable and the market definitions we use in this annual report are appropriate, neither our business research nor the definitions we use have been verified by any independent source. This annual report may only be used for the purpose for which it has been published.

We own or have rights to trademarks, service marks or trade names that we use in connection with the operation of our business. In addition, our name, logo and website names and addresses are our service marks or trademarks. CaPre® and the phrase "BREAKING DOWN THE WALLS OF CHOLESTEROL" are our registered trademarks. The other trademarks, trade names and service marks appearing in this annual report are the property of their respective owners. Solely for convenience, the trademarks, service marks, tradenames and copyrights referred to in this annual report are listed without the ©, ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks and tradenames.

Financial Information

All financial information in this annual report is presented in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB.

We use multiple financial measures for the review of our operating performance. These measures are generally IFRS financial measures, but one adjusted financial measure, Non-IFRS operating loss (adding to net loss, finance expenses, depreciation and amortization and impairment loss, change in fair value of derivative warrant liabilities, stock-based compensation and by subtracting finance income and deferred income tax recovery), is also used to assess our operating performance. This non-IFRS financial measure is derived from our financial statements and is presented in a consistent manner. We use this measure, in addition to the IFRS financial measures, for the purposes of evaluating our historical and prospective financial performance, as well as our performance relative to competitors. All of these measures also help us to plan and forecast future periods as well as to make operational and strategic decisions. We believe that providing this Non-IFRS information to investors, in addition to IFRS measures, allows them to see our results through the eyes of our management, and to better understand our historical and future financial performance. See "Item 5. Operating and Financial Review and Prospects", including for a reconciliation to net loss.

In this annual report, all references to "CA$" or "$" are to Canadian dollars, unless expressly otherwise stated. All amounts related to our financial results are presented in thousands of Canadian dollars, except where noted and per share amounts.

Exchange Rate Information

The following table presents the average exchange rate for one Canadian dollar expressed as one U.S. dollar for each of our last five fiscal years. The average rate is calculated using the average of the exchange rates on the last day of each month during the period.

Fiscal Year Ended	Average (US$)
February 28, 2013	0.9903
February 28,2014	0.9555
February 28, 2015	0.8003
February 29, 2016	0.7645
March 31, 2017	0.7618

The following table presents the high and low exchange rate for one Canadian dollar expressed as one U.S. dollar for each month during the previous six months.

Month	Low (US$)	High
November 2016	0.7359	0.7520
December 2016	0.7354	0.7645
January 2017	0.7431	0.7711
February 2017	0.7520	0.7704
March 2017	0.7388	0.7539
April 2017	0.7301	0.7559
May 2017	0.7276	0.7437

The exchange rates are based upon the noon buying rate, as quoted by the Bank of Canada. As of May 1, 2017, the Bank of Canada no longer publishes updated data for exchange rates published under previous methodologies, including daily noon and closing rates as well as high and low exchange rates. For the month of May 2017, the exchange rate presented above is based upon the daily average closing rate. As of June 26, 2017, the exchange rate for one Canadian dollar expressed as one U.S. dollar, as quoted by the Bank of Canada was $1.00 = US$0.7554.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains information that may be forward-looking information within the meaning of Canadian securities laws and forward-looking statements within the meaning of U.S. federal securities laws, both of which we refer to in this annual report as forward-looking information. Forward-looking information can be identified by the use of terms such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “potential”, “continue” or other similar expressions concerning matters that are not statements about the present or historical facts. Forward-looking information in this annual report includes, among other things, information or statements about:

- our ability to conduct all required clinical and nonclinical trials for CaPre, including the timing and results of those clinical trials;
- our strategy, future operations, prospects and the plans of our management;
- the design, regulatory plan, timeline, costs and results of our clinical and nonclinical trials for CaPre;
- the timing and outcome of our meetings and discussions with the U.S. Food and Drug Administration, or FDA;
- our planned regulatory filings for CaPre, and their timing;
- our expectation that our Bridging Study (as defined below) results will support our plan to get authorization from the FDA to use the its 505(b)(2) pathway with new chemical entity, or NCE, status towards a New Drug Application, or NDA, approval in the United States;
- the timing and results from two competitor outcomes studies in mild to moderate hypertriglyceridemia, or HTG, patients;
- the potential benefits and risks of CaPre as compared to other products in the pharmaceutical, medical food and natural health products markets;
- our anticipated marketing advantages and product differentiation of CaPre and its potential to become the best-in-class omega-3, or OM3, compound for the treatment of severe HTG;

- our estimates of the size of the potential market for CaPre, unmet medical needs in that market, the potential for market expansion, and the rate and degree of market acceptance of CaPre if it reaches commercialization, and our ability to serve that market;
- the potential to expand CaPre's indication for the treatment of mild to moderate HTG;
- the degree to which physicians would switch their patients to a product with CaPre's target product profile;
- our strategy and ability to develop, commercialize and distribute CaPre in the United States and elsewhere;
- the manufacturing scale-up of CaPre and the related timing;
- our intention and ability to strengthen our patent portfolio and other means of protecting our intellectual property rights;
- the availability, consistency and sources of our raw materials, including krill oil;
- our expectation to be able to rely on third parties to manufacture CaPre whose manufacturing processes and facilities are in compliance with current good manufacturing practices, or cGMP;
- the potential for OM3s in other cardiovascular medicine, or CVM, indications;
- our intention to pursue development and/or distribution partnerships to support the development and commercialization of CaPre, and to pursue strategic opportunities to provide capital and market access;
- our need for additional financing and our estimates regarding our future financing and capital requirements;
- our expectation regarding our financial performance, including our revenues, profitability, research and development, costs and expenses, gross margins, liquidity, capital resources and capital expenditures; and
- our projected capital requirements to fund our anticipated expenses, including our research and development and general and administrative expenses.

Although the forward-looking information in this annual report is based upon what we believe are reasonable assumptions, you should not place undue reliance on that forward-looking information since actual results may vary materially from it. Important assumptions by us when making forward-looking statements include, among other things, assumptions by us that:

- we successfully and timely complete all required clinical and nonclinical trials necessary for regulatory approval of CaPre;
- we successfully enroll patients in our Phase 3 program;
- the timeline and costs for our clinical programs are not materially underestimated or affected by unforeseen circumstances;
- CaPre is safe and effective;
- the FDA confirms our 505(b)(2) regulatory pathway with NCE status towards NDA approval in the United States and we finalize the protocols for our Phase 3 program for CaPre within our anticipated timeframe;
- outcome study data from two of our competitors in mild to moderate HTG patients is positive;
- we obtain and maintain regulatory approval for CaPre on a timely basis;
- we are able to attract, hire and retain key management and skilled scientific personnel;
- third parties provide their services to us on a timely and effective basis;
- we are able to maintain our required supply of raw materials, including krill oil;

- we are able to find and retain a third-party to manufacture CaPre in compliance with cGMP;
- we are able to secure distribution arrangements for CaPre, if it reaches commercialization;
- we are able to manage our future growth effectively;
- we are able to gain acceptance of CaPre in its markets and we are able to serve those markets;
- our patent portfolio is sufficient and valid;
- we are able to secure and defend our intellectual property rights and to avoid infringing upon the intellectual property rights of third parties;
- we are able to take advantage of business opportunities in the pharmaceutical industry and receive strategic partner support;
- we are able to continue as a going concern;
- we are able to obtain additional capital and financing, as needed, on favorable terms;
- there is no significant increase in competition for CaPre from other companies in the pharmaceutical, medical food and natural health product industries;
- CaPre would be viewed favorably by payers at launch and receive appropriate healthcare reimbursement;
- market data and reports reviewed by us are accurate;
- there are no adverse changes in relevant laws or regulations; and
- we face no product liability lawsuits and other proceedings or any such matters, if they arise, are satisfactorily resolved.

In addition, the forward-looking information in this annual report is subject to a number of known and unknown risks, uncertainties and other factors, including those described in this annual report under the heading “Item 3.D. Risk Factors”, many of which are beyond our control, that could cause our actual results and developments to differ materially from those that are disclosed in or implied by the forward-looking information, including, among others:

- risks related to timing and possible difficulties, delays or failures in our planned Phase 3 program for CaPre;
- pre-clinical and clinical trials may be more costly or take longer to complete than anticipated, and may never be initiated or completed, or may not generate results that warrant future development of CaPre;
- CaPre may not prove to be as safe and effective or as potent as we currently believe;
- our planned Phase 3 program may not produce positive results;
- our anticipated studies and submissions to the FDA may not occur as currently anticipated, or at all;
- the FDA could reject our 505(b)(2) regulatory pathway;
- outcome study data from two of our competitors in mild to moderate HTG patients may be negative, which could also negatively affect the market perception of CaPre;
- we may encounter difficulties, delays or failures in obtaining regulatory approvals for the initiation of clinical trials or to market CaPre;
- we may need to conduct additional future clinical trials for CaPre, the occurrence and success of which cannot be assured;
- CaPre may have unknown side effects;
- the FDA may refuse to approve CaPre, or place restrictions on our ability to commercialize CaPre;

- CaPre could be subject to extensive post-market obligations and continued regulatory review, which may result in significant additional expense and affect sales, marketing and profitability;
- we may fail to achieve our publicly announced milestones on time;
- we may encounter difficulties in completing the development and commercialization of CaPre;
- third parties we will rely upon to conduct our Phase 3 program for CaPre may not effectively fulfill their obligations to us, including complying with FDA requirements;
- there may be difficulties, delays, or failures in obtaining health care reimbursements for CaPre;
- recently enacted and future laws may increase the difficulty and cost for us to obtain marketing approval of and commercialize CaPre and affect the prices we can charge;
- new laws, regulatory requirements, and the continuing efforts of governmental and third-party payors to contain or reduce the costs of healthcare through various means could adversely affect our business;
- the market opportunity for, and demand and market acceptance of, CaPre may not be as strong as we anticipate;
- third parties that we will rely upon to manufacture, supply and distribute CaPre may not effectively fulfill their obligations to us, including complying with FDA requirements;
- there may not be an adequate supply of raw materials, including krill oil, in sufficient quantities and quality and to produce CaPre under cGMP standards;
- Neptune has significant influence with respect to matters submitted to our shareholders for approval;
- Neptune's interest may not align with those of us or our other shareholders;
- we may not be able to meet applicable regulatory standards for the manufacture of CaPre or scale-up our manufacturing successfully;
- we may not be able to produce clinical batches of CaPre in a timely manner or at all;
- as a company, we have limited sales, marketing and distribution experience;
- our patent applications may not result in issued patents, our issued patents may be circumvented or challenged and ultimately struck down, and we may not be able to successfully protect our trade secrets or other confidential proprietary information;
- we may face claims of infringement of third party intellectual property and other proprietary rights;
- we may face product liability claims and product recalls;
- we face intense competition from other companies in the pharmaceutical, medical food and natural health product industries;
- we have a history of negative operating cash flow and may never become profitable or be able to sustain profitability;
- we have significant additional future capital needs and may not be able to raise additional financing required to fund further research and development, clinical studies, obtain regulatory approvals, and meet ongoing capital requirements to continue our current operations on commercially acceptable terms or at all;
- we may acquire businesses or products or form strategic partnerships in the future that may not be successful;
- we may be unable to secure development and/or distribution partnerships to support the development and commercialization of CaPre, provide development capital, or market access;
- we rely on key management and skilled scientific personnel; and
- general changes in economic and capital market conditions could adversely affect us.

All of the forward-looking information in this annual report is qualified by this cautionary statement. There can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the consequences or effects on our business, financial condition or results of operations that we anticipate. As a result, you should not place undue reliance on the forward-looking information. Except as required by applicable law, we do not undertake to update or amend any forward-looking information, whether as a result of new information, future events or otherwise. All forward-looking information is made as of the date of this annual report.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected Financial Data

The following information should be read in conjunction with "Item 5. Operating and Financial Review and Prospects" and our audited financial statements and the related notes for our fiscal year ended March 31, 2017, which are prepared in accordance with IFRS as issued by the IASB and are included in this annual report. The selected financial information below includes financial information derived from our audited financial statements. Our historical results from any prior period are not necessarily indicative of results to be expected for any future period. The following table is a summary of our selected consolidated financial information in accordance with IFRS as issued by the IASB for each of our five most recently completed fiscal years.

	For the fiscal year ended				
	March 31, 2017	February 29, 2016	February 28, 2015	February 28, 2014	February 28, 2013
Revenue from sales	$ nil	$ nil	$ nil	$ 501	$ 724
Loss from operating activities	$ (11,210)	$ (9,612)	$ (12,395)	$ (10,800)	$ (6,980)
Net loss and total comprehensive loss	$ (11,247)	$ (6,317)	$ (1,655)	$ (11,612)	$ (6,892)
Basic and diluted loss per share	$ (1.01)	$ (0.59)	$ (0.16)	$ (1.38)	$ (0.95)
Total assets	$ 25,456	$ 28,517	$ 37,208	$ 45,632	$ 12,170
Total liabilities	$ 3,753	$ 1,297	$ 3,980	$ 12,352	$ 2,446
Share capital	$ 66,576	$ 61,973	$ 61,628	$ 61,027	$ 28,923
Warrants and rights	$ 453	$ —	$ —	$ 407	$ 407
Weighted average number of shares outstanding	11,094,512	10,659,936	10,617,704	8,436,893	7,275,444
Dividends declared per share	—	—	—	—	—

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Investing in our securities involves a high degree of risk due to, among other things, the nature of our business and the present stage of our development. Prospective and current investors should carefully consider the following risks and uncertainties, together with all other information in this annual report, as well as our financial statements included in this annual report and "Item 5. Operating and Financial Review and Prospects." If any of these risks actually occur, our business, financial condition, prospects, results of operations or cash flow could be materially and adversely affected and you could lose all or a part of the value of your investment. Additional risks or uncertainties not currently known to us, or that we currently deem immaterial, may also negatively affect our business operations.

Risks Facing Our Business and Industry

We may not be able to maintain our operations and advance our research and development of CaPre without additional funding.

We have incurred operating losses and negative cash flows from operations since our inception. To date, we have financed our operations through public offerings and private placements of securities, proceeds from exercises of warrants, rights and options, and receipt of research tax credits. Our cash and cash equivalents (including restricted investments) were $9.8 million as of March 31, 2017 and $12.6 million as of February 29, 2016. We will require substantial additional funds to conduct further research and development and our planned Phase 3 program, obtain regulatory approvals and commercialize CaPre. In addition to completing nonclinical and clinical trials, we expect that additional time and capital will be required by us to file an NDA to obtain FDA approval for CaPre in the United States and to complete marketing and other pre-commercialization activities. We will also most likely require additional capital to fund our daily operating needs. To achieve our business plan, we will need to raise the necessary capital primarily through additional securities offerings and strategic alliances. We have no committed source of additional capital from our parent company, Neptune Technologies and Bioressources Inc., or Neptune, which owns approximately 34% of our common shares, or any other party, and if we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we may have to significantly delay, scale back or discontinue our development or commercialization of CaPre or our other research and development initiatives. Funding needs could also force us to seek strategic partners for CaPre at an earlier stage than we desire or on terms that are less favorable to us or force us to relinquish or license our rights to CaPre on unfavorable terms or in markets where we would prefer to pursue development or commercialization ourselves. Additional funding from third parties may not be available on acceptable terms or at all to enable us to continue and complete our research and development of CaPre.

Our financial statements have been prepared on a going-concern basis, which assumes we will continue our operations in the foreseeable future and will be able to realize our assets and discharge our liabilities and commitments in the ordinary course of business. If we are unable to continue as a going concern, material writedowns to the carrying value of our assets, including intangible assets, could be required. If we fail to obtain additional financing, we may not be able to continue as a going concern.

We may never become profitable or be able to sustain profitability.

We are a clinical-stage biopharmaceutical company with a limited operating history. The likelihood of success of our business plan must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered when developing and expanding early-stage businesses and the regulatory and competitive environment in which we operate. Biopharmaceutical product development is a highly speculative undertaking, involves a substantial degree of risk and is a capital-intensive business. We expect to incur expenses without any meaningful corresponding revenues unless and until we are able to obtain regulatory approval and sell CaPre in significant quantities. We have been engaged in developing CaPre since 2008. To date, we have not generated any revenue from CaPre, and we may never be able to obtain regulatory approval for marketing CaPre in any indication. Even we are able to commercialize CaPre, we may still not generate significant revenues or achieve profitability. We have incurred net losses of $11.2 million for the thirteen month period ended March 31, 2017, and $6.3 million and $1.7 million for our fiscal years ended 2016 and 2015, respectively. As of March 31, 2017, we had an accumulated deficit of $50.9 million.

If we obtain FDA approval for CaPre, we expect that our expenses will increase as we prepare for the commercial launch of CaPre. We also expect that our research and development expenses will continue to increase if we pursue FDA approval for CaPre for other indications. As a result, we expect to continue to incur substantial

losses for the foreseeable future, and these losses may be increasing. We are uncertain about when or if we will be able to achieve or sustain profitability. If we fail to become and remain profitable our ability to sustain our operations and to raise capital could be impaired and the price of our common shares could decline.

We have no marketing and sales organization and, as a company, no experience in marketing products. If we are unable to establish marketing and sales capabilities or enter into agreements with a strategic partner to market and sell CaPre, we may not be able to generate revenue.

We have no sales, marketing or distribution capabilities and, as a company, we have no experience in marketing products. If CaPre or another of our future product candidates is approved for commercialization, unless we find a strategic partner to assist us with sales, marketing and distribution, we will be required to develop in-house marketing and sales force capability, which would require significant capital expenditures, management resources and time. Also, we would have to compete with other biotechnology and pharmaceutical companies to recruit, hire, train and retain marketing and sales personnel. We face competition in our search for strategic partners to assist us with sales, marketing and distribution, and we may not be able to establish or maintain any such arrangements. If we do find a strategic partner, any revenue we receive from CaPre would partly depend upon the efforts of that strategic partner, which may not be successful. We may have little or no control over the marketing and sales efforts by any strategic partner we find for CaPre and our revenue may be lower than if we had commercialized CaPre independently.

If we are not successful in attracting and retaining highly qualified personnel, we may not be able to successfully implement our business strategy.

Our ability to compete in the highly competitive pharmaceuticals industry largely depends upon our ability to attract and retain highly qualified managerial, scientific and medical personnel. Competition for skilled personnel in our market is intense and competition for experienced scientists may limit our ability to hire and retain highly qualified personnel on acceptable terms. We are highly dependent on our management, scientific and medical personnel. Despite our efforts to retain valuable employees, members of our management, scientific and medical teams may terminate their employment with us on short notice or, potentially, without any notice at all. The loss of the services of any of our executive officers or other key employees could potentially harm our business, operating results or financial condition. Our success may also depend on our ability to attract, retain and motivate highly skilled junior, mid-level, and senior managers and scientific personnel. In addition, we do not maintain “key person” insurance policies on the lives of our executives or those of any of our other employees. Other pharmaceutical companies with which we compete for qualified personnel have greater financial and other resources, different risk profiles, and a longer history in the industry than we do. They also may provide more diverse opportunities and better chances for career advancement. Some of these characteristics may be more appealing to high-quality candidates than what we can offer. If we are unable to continue to attract and retain high-quality personnel, the rate and success at which we can develop and commercialize CaPre and any other future product candidates would be limited.

Neptune has significant influence over matters we put to a vote of our shareholders.

Neptune currently owns approximately 34% of our outstanding common shares and we are a subsidiary of Neptune. As a result, Neptune has significant influence with respect to all matters submitted to our shareholders for approval, such as the election and removal of directors, amendments to our articles of incorporation and by-laws and the approval of certain business combinations. This concentration of holdings may cause the market price of our common shares to decline, delay or prevent any acquisition, delay or discourage take-over attempts that shareholders may consider to be favourable, or make it more difficult or impossible for a third party to acquire control of us or effect a change in our board of directors and management. Any delay or prevention of a change of control transaction could deter potential acquirors or prevent the completion of a transaction in which our shareholders could receive a premium over the then current market price for our common shares.

Neptune’s interests may not align with those of us or our other shareholders.

Neptune’s interests may not in all cases be aligned with interests of us or our other shareholders. Neptune may have an interest in pursuing acquisitions, divestitures and other transactions that may ultimately be detrimental to our business and negatively affect the market price of our common shares.

Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.

Our operations, and those of our suppliers, third party manufacturers and other contractors and consultants could be subject to earthquakes, power shortages, telecommunications failures, water shortages, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics and other natural or man-made disasters or business interruptions, for which we are predominantly self-insured. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses. We rely on third-party manufacturers to manufacture CaPre. Our ability to obtain supplies of CaPre could be disrupted if the operations of our manufacturers and suppliers are affected by a man-made or natural disaster or other business interruption.

Our prospects currently depend entirely on the success of CaPre, which is still in clinical development, and we may not be able to generate revenues from CaPre.

We have no prescription drug products that have been reviewed or approved by the FDA, Health Canada or any similar regulatory authority. Our only prescription drug candidate is CaPre, for which we have not yet filed an NDA, and for which we must conduct a Phase 3 program, undergo further development activities and seek and receive regulatory approval prior to commercial launch, which we do not anticipate will occur until 2021 at the earliest. We have invested significant effort and financial resources in researching and developing CaPre. Further development of CaPre will require substantial investment, access to sufficient commercial manufacturing capacity and significant marketing efforts before we can generate any revenue from sales of CaPre, if it is ever approved for commercialization.

We do not have any other prescription drug candidates in development and so our business prospects currently depend entirely on the successful development, regulatory approval and commercialization of CaPre, which may never occur. Most prescription drug candidates never reach the clinical development stage and even those that do reach clinical development have only a small chance of successfully completing clinical development and gaining regulatory approval. If we are unable to successfully commercialize CaPre, we may never generate meaningful revenues. In addition, if CaPre reaches commercialization and there is low market demand for CaPre or the market for CaPre develops less rapidly than we anticipate, we may not have the ability to shift our resources to the development of alternative products.

If we encounter difficulties enrolling patients in our planned Phase 3 program, our development activities for CaPre could be delayed or otherwise adversely affected.

We may experience difficulties in patient enrollment in our clinical trials, including our planned Phase 3 program for CaPre, for a variety of reasons. Timely completion of our clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of patients who remain in the trial until its conclusion. The enrollment of patients depends on many factors, including:

- the number of clinical trials for other product candidates in the same therapeutic area that are currently in clinical development, and our ability to compete with those trials for patients and clinical trial sites;
- patient eligibility criteria defined in the protocol;
- the size of the patient population;
- the risk that disease progression will result in death before the patient can enroll in clinical trials or before the completion of any clinical trials in which the patient is enrolled;
- the proximity and availability of clinical trial sites for prospective patients;
- the design of the trial;
- our ability to recruit clinical trial investigators with the appropriate competencies and experience;
- our ability to obtain and maintain patient consents; and
- the risk that patients enrolled in clinical trials will drop out of the trials before completion.

Our planned Phase 3 program for CaPre may compete with other clinical trials for product candidates that are in the same therapeutic areas as CaPre. This competition could reduce the number and types of patients and qualified clinical investigators available to us, because some patients who might have opted to enroll in our Phase 3 program may instead opt to enroll in a trial being conducted by one of our competitors or a clinical trial site may not allow us to conduct our clinical program at that site if competing trials are already being conducted there. We may

also encounter difficulties finding adequate clinical trial sites at which to conduct our Phase 3 program. Delays in patient enrollment may result in increased costs or may affect the timing or outcome of our planned Phase 3 program, which could impair or prevent its completion and adversely affect our ability to advance the development of CaPre.

We may not be able to obtain required regulatory approvals for CaPre.

We have limited experience in conducting and managing the clinical trials necessary to obtain regulatory approvals, including approval by the FDA and, as a company, we have no experience in obtaining approval of any product candidates. The research, testing, manufacturing, labeling, packaging, storage, sale, marketing, pricing, export, import and distribution of prescription drug products are subject to extensive regulation by the FDA and other regulatory authorities in the United States and other countries and those regulations differ from country to country. We are not permitted to market CaPre in the United States until we receive approval of an NDA from the FDA and similar restrictions apply in other countries. In the United States, the FDA generally requires the completion of preclinical testing and clinical trials of each drug to establish its safety and efficacy and extensive pharmaceutical development to ensure its quality before an NDA is approved. Regulatory authorities in other jurisdictions impose similar requirements. Of the large number of drugs in development, only a small percentage result in the submission of an NDA to the FDA and even fewer are approved for commercialization. To date, we have not submitted an NDA for CaPre to the FDA or comparable applications to other regulatory authorities.

Our receipt of required regulatory approvals for CaPre is uncertain and subject to a number of risks, including:

- the FDA or comparable foreign regulatory authorities or independent institutional review boards, or IRBs, may disagree with the design or implementation of our clinical trials;
- we may not be able to provide acceptable evidence of the safety and efficacy of CaPre;
- the results of our clinical trials may not meet the level of statistical or clinical significance required by the FDA or other regulatory agencies for marketing approval;
- the dosing of CaPre in a particular clinical trial may not be at an optimal level;
- patients in our clinical trials may suffer adverse effects for reasons that may or may not be related to CaPre;
- we may be unable to demonstrate that CaPre's clinical and other benefits outweigh its safety risks;
- the data collected from our clinical trials may not be sufficient to support the submission of an NDA for CaPre or to obtain regulatory approval for CaPre in the United States or elsewhere;
- the FDA or comparable foreign regulatory authorities may not approve the manufacturing processes or facilities of third party manufacturers with which we contract for clinical and commercial supplies of CaPre; and
- the approval policies or regulations of the FDA or comparable foreign regulatory authorities may significantly change in a manner rendering our clinical data insufficient for approval.

The FDA and other similar regulators have substantial discretion in the approval process and may refuse to accept our application or may decide that our data is insufficient for approval and require additional clinical trials, or preclinical or other studies for CaPre. If regulatory approval for CaPre is obtained in one jurisdiction, that does not necessarily mean that CaPre will receive regulatory approval in all jurisdictions in which we seek approval. If we fail to obtain approval for CaPre in one or more jurisdictions, our ability to obtain approval in a different jurisdiction may be negatively affected.

Even if we receive regulatory approval for CaPre, it may just be for a limited indication.

If we obtain regulatory approval for CaPre, we will only be permitted to market it for the indication approved by the FDA, and any such approval may put limits on the indicated uses or promotional claims we may make for it, or otherwise not permit labeling that sufficiently differentiates CaPre from competitive products with comparable therapeutic profiles. For example, while our initial objective is to seek regulatory approval for the treatment of severe HTG, afterwards obtaining approval for CaPre to address mild to moderate HTG could greatly expand our potential market for CaPre. However, even if CaPre is approved for severe HTG, it may never be

approved for the treatment of mild to moderate HTG. In addition, any approval we receive for CaPre could contain significant use restrictions for specified age groups, warnings, precautions or contraindications, or may be subject to burdensome post-approval study or risk management requirements. If any regulatory approval for CaPre contains significant limits, we may not be able to obtain sufficient funding or generate meaningful revenue from CaPre or be able to continue developing, marketing or commercializing CaPre.

We may be unable to find successful strategic partnerships to develop and commercialize CaPre.

We intend to seek co-development, licensing and/or marketing partnership opportunities with third parties that we believe will complement or augment our development and commercialization efforts for CaPre. Entering into partnership relationships may require us to incur non-recurring and other charges, increase our near and long-term expenditures, issue securities that dilute our existing shareholders or disrupt our management and business. Entering into partnership relationships could also delay the development of CaPre and our other future product candidates if we become dependent upon a strategic partner and that strategic partner does not prioritize the development of CaPre relative to its other development activities. In addition, we face significant competition in seeking strategic partners and the negotiation process is time-consuming and complex. We may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for CaPre on our anticipated timeline, or at all, because CaPre may be deemed to be at too early of a stage of development for collaborative effort and third parties may not view CaPre as having the requisite potential to demonstrate safety and efficacy. Even if we do enter into strategic partnerships, those partnerships may not achieve our objectives.

We may be unable to develop alternative product candidates.

To date, we have not commercialized any prescription drug candidates and, other than CaPre, we do not have any compounds in clinical trials, nonclinical testing, lead optimization or lead identification stages. If we fail to obtain regulatory approval for and successfully commercialize CaPre as a treatment for severe HTG or any other indication, whether as a stand-alone therapy or in combination with other treatments, we would have to develop, acquire or license alternative product candidates or drug compounds to expand our product candidate pipeline beyond CaPre. In such a scenario, we may not be able to identify and develop or acquire product candidates that prove to be successful products, or to develop or acquire them on terms that are acceptable to us.

We may not be able to compete effectively against our competitors' pharmaceutical products.

The biotechnology and pharmaceutical industries are highly competitive. There are many pharmaceutical companies, biotechnology companies, public and private universities and research organizations actively engaged in the research and development of products that may be similar to CaPre. It is probable that the number of companies seeking to develop products and therapies similar to CaPre will increase. Many of these and other existing or potential competitors have substantially greater financial, technical and human resources than we do and may be better equipped to develop, manufacture and market products. These companies may develop and introduce products and processes competitive with or superior to CaPre. In addition, other technologies or products may be developed that have an entirely different approach or means of accomplishing the intended purposes of CaPre, which might render our technology and CaPre non-competitive or obsolete.

Our competitors in the United States and globally include large, well-established pharmaceutical companies, specialty pharmaceutical sales and marketing companies, and specialized cardiovascular treatment companies. GlaxoSmithKline plc, which currently sells LOVAZA, a prescription-only OM3 fatty acid indicated for patients with severe HTG, was approved by FDA in 2004 and has been on the market in the United States since 2005. Multiple generic versions of LOVAZA are now available in the United States. Amarin launched its prescription-only OM3 drug VASCEPA in 2013, and reached a market share of approximately 20% by the end of 2015. In addition, EPANOVA (OM3-carboxylic acids) capsules, a free fatty acid form of OM3 (comprised of 55% EPA and 20% DHA), is FDA-approved for patients with severe HTG. Omtryg, another OM3 fatty acid composition developed by Trygg Pharma AS, received FDA approval for severe HTG. Neither EPANOVA nor Omtryg have yet been commercially launched, but could launch at any time. Other large companies with products competing indirectly with CaPre include AbbVie, Inc., which currently sells Tricor and Trilipix for the treatment of severe HTG, and Niaspan, which is primarily used to raise HDL-C but is also used to lower TGs. Generic versions of Tricor, Trilipix and Niaspan are also now available in the United States. In addition, we are aware of a number of other pharmaceutical companies that are developing products that, if approved and marketed, would compete with CaPre.

Even if it receives regulatory approval, CaPre may need to demonstrate compelling comparative advantages in efficacy, convenience, tolerability and safety to be commercially successful. Other competitive factors, including generic drug competition, could force us to lower prices or could result in reduced sales of CaPre. In addition, new products developed by others could emerge as competitors to CaPre. If we are not able to compete effectively against our current and future competitors, our business will not grow and our financial condition and operations will suffer.

CaPre could face competition from products for which no prescription is required.

If it receives regulatory approval, CaPre will be a prescription-only OM3. Mixtures of OM3 fatty acids are naturally occurring substances in various foods, including fatty fish. OM3 fatty acids are also marketed by other companies as dietary supplements or natural health products. Dietary supplements may generally be marketed without a lengthy FDA premarket review and approval process and do not require a prescription. However, unlike prescription drug products, manufacturers of dietary supplements may not make therapeutic claims for their products; dietary supplements may be marketed with claims describing how the product affects the structure or function of the body without premarket approval, but may not expressly or implicitly represent that the dietary supplement will diagnose, cure, mitigate, treat, or prevent disease. We cannot be certain that physicians or consumers will view CaPre as superior to these alternatives or that physicians will be more likely to prescribe CaPre. If the price of CaPre is significantly higher than the prices of commercially available OM3 fatty acids marketed by other companies as dietary supplements or natural health products, physicians may recommend these commercial alternatives instead of CaPre or patients may elect on their own to take commercially available non-prescription OM3 fatty acids. Either of these outcomes could limit how we price CaPre and negatively affect our revenues.

If outcome studies being conducted by two of our competitors testing the impact of OM3 on treating patients with mild to moderate HTG are negative, there could also be an adverse impact for CaPre.

We are currently awaiting outcome study data from two of our competitors that are testing the effects of OM3 on patients with mild to moderate HTG. If those studies show that OM3 effectively treats patients with mild to moderate HTG, we believe that the potential to expand CaPre's indication in the future to include the treatment of moderate to high HTG would be significantly advanced. Conversely, if outcome study data from one or both of those competitors is negative, or if one or both clinical trials fail to be completed, our potential target market for CaPre could be limited solely to patients with severe HTG and our ability to realize greater market potential of CaPre could be harmed.

Recent and future legal developments could make it more difficult and costly for us to obtain regulatory approvals for CaPre and negatively affect the prices we may charge.

In the United States and elsewhere, recent and proposed legal and regulatory changes to healthcare systems could prevent or delay our receipt of regulatory approval for CaPre, restrict or regulate our post-approval marketing activities, and adversely affect our ability to profitably sell CaPre. Proposals have also been made to expand post-approval requirements and to restrict sales and promotional activities for pharmaceutical products. We do not know whether additional legislative changes will be enacted, or whether the FDA's regulations, guidance or interpretations will be changed, or what impact any such changes will have, if any, on our ability to obtain regulatory approvals for CaPre. Further, the Centers for Medicare and Medicaid Services, or CMS, frequently changes product descriptors, coverage policies, product and service codes, payment methodologies and reimbursement values. Also, increased scrutiny by the U.S. Congress of the FDA's approval process could significantly delay or prevent our receipt of regulatory approval for CaPre and subject us to more stringent product labeling and post-marketing testing and other requirements.

In the United States, the Medicare Modernization Act, or the MMA, changed the way Medicare covers and pays for pharmaceutical products. The MMA expanded Medicare coverage for drug purchases by the elderly and introduced a new reimbursement methodology based on average sales prices for drugs. In addition, the MMA authorized Medicare Part D prescription drug plans to use formularies where they can limit the number of drugs that will be covered in any therapeutic class. As a result of the MMA and the expansion of federal coverage of drug products, we expect there will be additional pressure to contain and reduce healthcare costs. These healthcare cost reduction initiatives and other provisions of the MMA could decrease the coverage and price that we would receive for CaPre. While the MMA applies only to drug benefits for Medicare beneficiaries, private health insurance companies often follow Medicare coverage policy and payment limitations in setting their own reimbursement rates, and any reduction in reimbursement that results from the MMA may result in a similar reduction in payments from private health insurance companies.

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act (the Health Care Reform Law), has broadened access to health insurance, reduced or constrained the growth of healthcare spending, enhanced remedies against fraud and abuse, added new transparency requirements for the healthcare and health insurance industries, imposed new taxes and fees on the health industry and imposed additional health policy reforms. Provisions of the Health Care Reform Law affecting pharmaceutical companies include requirements to offer discounts on brand-name drugs to patients who fall within the Medicare Part D coverage gap, commonly referred to as the "donut hole", and to pay an annual non-tax deductible fee to the federal government based on each company's market share of prior year total sales of branded products to certain federal healthcare programs, such as Medicare, Medicaid, Department of Veterans Affairs and Department of Defense.

Despite initiatives to invalidate the Health Care Reform Law, the U.S. Supreme Court has upheld key aspects of it. Due to the results of the recent presidential election, the Health Care Reform Law may be significantly changed and we do not know whether any such changes could have significant negative financial impact on the development or potential profitability of CaPre. At this time, it remains unclear whether there will be any changes made to the Health Care Reform Law, whether to certain provisions or its entirety. The Health Care Reform Law or any replacement of it could continue to apply downward pressure on pharmaceutical pricing, especially under the Medicare program, and may also increase our regulatory burdens and operating costs. Additional federal healthcare reform measures could be adopted in the future limiting the amounts that federal and state governments will pay for healthcare products and services, which could negatively affect the value of CaPre and our ability to achieve profitability.

In Canada, most new patented drug prices are limited so that the cost of therapy is in the range of the cost of therapy for existing drugs sold in Canada used to treat the same disease. As a result:

- prices of moderate and substantial improvement drugs and breakthrough drugs are also restricted by a variety of tests;
- existing patented drug prices cannot increase by more than the Canadian Consumer Price Index; and
- the Canadian prices of patented medicines can never be the highest in the world.

If CaPre receives regulatory approval in Canada, restrictions on the price we can charge there for CaPre could reduce the value of CaPre and our ability to generate revenue and achieve profitability.

In many jurisdictions outside the United States, a product candidate must be approved for health care reimbursement before it can be approved for sale. In some cases, the price that we intend to charge for CaPre will also be subject to approval. If we fail to comply with the regulatory requirements in our target international markets or to receive required marketing approvals, our potential market for CaPre will be reduced and our ability to realize the full market potential for CaPre will be harmed.

Reimbursement decisions by third-party payors may have an adverse effect on pricing and market acceptance. If there is not sufficient reimbursement for CaPre, it is less likely that it will be widely used.

Even if CaPre is approved for sale by the appropriate regulatory authorities, market acceptance and sales of CaPre will depend on reimbursement policies and may be affected by future healthcare reform measures. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which drugs they will reimburse and establish payment levels. We cannot be certain that reimbursement will be available for CaPre. If reimbursement is not available or is available on a limited basis, we may not be able to successfully commercialize CaPre.

There may be significant delays in obtaining coverage and reimbursement for newly-approved drugs, and coverage may be more limited than the purposes for which the drug is approved by the FDA or other regulatory authorities. Moreover, eligibility for coverage and reimbursement does not imply that a drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution expenses. Interim reimbursement levels for new drugs, if applicable, may also be insufficient to cover our costs and may not be made permanent. Reimbursement rates may vary according to the use of a drug and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost drugs and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payors for CaPre could have a material adverse effect on our operating results and our overall financial condition.

Even if we obtain FDA approval of CaPre, we may never obtain approval or commercialize it outside of the United States, which would limit our ability to realize CaPre's full market potential.

In order to market CaPre outside of the United States, we must establish and comply with numerous and varying regulatory requirements of other countries regarding safety and efficacy. Clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and regulatory approval in one country does not mean that regulatory approval will be obtained in any other country. Approval procedures vary among countries and can involve additional product testing and validation and additional administrative review periods. Seeking foreign regulatory approvals could result in significant delays, difficulties and costs for us and may require additional preclinical studies or clinical trials, which would be costly and time consuming. Regulatory requirements can vary widely from country to country and could delay or prevent the introduction of CaPre in those countries. In addition, our failure to obtain regulatory approval in any country may delay or have negative effects on the process for regulatory approval in other countries. If we fail to comply with regulatory requirements in international markets or to obtain and maintain required approvals, our target market will be reduced and our ability to realize the full market potential of CaPre will be harmed.

If we or our third-party service providers fail to comply with healthcare laws and regulations or government price reporting laws, we could be subject to civil or criminal penalties.

In addition to the FDA's restrictions on marketing pharmaceutical products, several other types of federal and state healthcare fraud and abuse laws restrict marketing practices in the pharmaceutical industry. These laws include the U.S. Anti-Kickback Statute, U.S. False Claims Act and similar state laws. The U.S. Anti-Kickback Statute prohibits, among other things, offering, paying, soliciting or receiving remuneration to induce, or in return for, purchasing, leasing, or ordering any healthcare item or service reimbursable under Medicare, Medicaid or other federally financed healthcare programs. A person or entity does not need to have actual knowledge of the U.S. Anti-Kickback Statute or special intent to violate the law in order to have committed a violation. This statute has been interpreted broadly to apply to arrangements between pharmaceutical manufacturers and prescribers, dispensers, purchasers and formulary managers. The exemptions and safe harbors from prosecution are drawn narrowly and we may fail to meet all of the criteria for safe harbor protection from anti-kickback liability.

In addition, the Health Care Reform Law provides that the government may assert that a claim including items or services resulting from a violation of the U.S. Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the U.S. False Claims Act. Federal false claims laws prohibit any person from knowingly presenting, or causing to be presented, a false claim for payment to the federal government or knowingly making, or causing to be made, a false statement to get a false claim paid. The "qui tam" provisions of the False Claims Act allow a private individual to bring civil actions on behalf of the federal government alleging that the defendant has submitted a false claim to the federal government. These individuals, sometimes known as "relators" or, more commonly, as "whistleblowers", may share in any amounts paid by the entity to the government in fines or settlement. The number of filings of qui tam actions has increased significantly in recent years, causing more healthcare companies to have to defend a case brought under the federal False Claim Act. If an entity is determined to have violated the federal False Claims Act, it may be required to pay up to three times the actual damages sustained by the government, plus attorneys' fees and costs, and civil penalties of up to US$21,563 for each separate false claim. Certain administrative sanctions, up to and including exclusion of an entity from participation in the federal healthcare programs, may also ensue.

Additional laws and regulations include:

- the U.S. federal Health Insurance Portability and Accountability Act (HIPAA), as amended by the Health Information Technology for Economic and Clinical Health Act (HITECH), which created additional federal criminal statutes that prohibit, among other things, schemes to defraud healthcare programs and imposes requirements on certain types of people and entities relating to the privacy, security, and transmission of individually identifiable health information, and requires notification to affected individuals and regulatory authorities of breaches of security of individually identifiable health information;

- the federal Physician Payment Sunshine Act, which requires certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid, or the Children's Health Insurance Program, to report annually to the CMS information related to payments and other transfers of value to physicians, other healthcare providers and teaching hospitals, and ownership and investment interests held by physicians and other healthcare providers and their immediate family members, which is published in a searchable form on an annual basis; and
- the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws, which generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. Violations of these laws, or allegations of such violations, could result in fines, penalties or prosecution and have a negative impact on our business, results of operations and reputation.

Over the past few years, a number of pharmaceutical and other healthcare companies have been prosecuted under these laws for a variety of alleged prohibited promotional and marketing activities, such as providing free trips, free goods, sham consulting fees and grants and other monetary benefits to prescribers; reporting to pricing services inflated average wholesale prices that were then used by federal programs to set reimbursement rates; engaging in off-label promotion that caused claims to be submitted to Medicaid for non-covered, off-label uses; and submitting inflated best price information to the Medicaid Rebate Program to reduce liability for Medicaid rebates. Most states also have statutes or regulations similar to the U.S. Anti-Kickback Statute and the U.S. False Claims Act, which apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payor. Sanctions under these federal and state laws may include civil monetary penalties, exclusion of a manufacturer's products from reimbursement under government programs, criminal fines and imprisonment. Settlements of U.S. government litigation may include Corporate Integrity Agreements with commitments for monitoring, training, and reporting designed to prevent future violations.

Any action against us for an alleged or suspected violation of these laws could cause us to incur significant legal expenses and could divert our management's attention from the operation of our business, even if our defense is successful. In addition, achieving and sustaining compliance with these laws and regulations may be costly to us in terms of money, time and resources. If we or any strategic partners, manufacturers or service providers fail to comply with these laws, we could be subject to enforcement actions, including:

- adverse regulatory inspection findings;
- warning letters;
- voluntary or mandatory product recalls or public notification or medical product safety alerts to healthcare professionals;
- restrictions on, or prohibitions against, marketing our products;
- restrictions on, or prohibitions against, importation or exportation of our products;
- suspension of review or refusal to approve pending applications or supplements to approved applications;
- exclusion from participation in government-funded healthcare programs;
- exclusion from eligibility for the award of government contracts for our products;
- suspension or withdrawal of product approvals;
- product seizures;
- injunctions; and
- civil and criminal penalties and fines.

We rely on third parties to conduct our clinical trials for CaPre.

We rely heavily on contract research organizations, or CROs, to monitor and manage data for our preclinical studies and clinical trials for CaPre. While we only control certain aspects of the CRO's activities, we nevertheless are responsible for ensuring that our clinical trials are conducted in accordance with applicable protocols, legal, regulatory and scientific standards, and our reliance on the CRO does not relieve us from those responsibilities. We and the CRO are required to comply with cGCPs, which are regulations and guidelines enforced by the FDA, Health Canada and comparable foreign regulatory authorities for any products in clinical development.

The FDA enforces these cGCP regulations through periodic inspections of trial sponsors, principal investigators and trial sites. If we or the CRO fail to comply with applicable cGCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA, Health Canada or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications for CaPre. Upon inspection, the FDA could determine that our clinical trials do not comply with cGCPs. In addition, our clinical trials must be conducted with products produced under cGMP regulations and require a large number of test subjects. If we or the CRO fail to comply with these regulations, we may have to repeat preclinical studies or clinical trials for CaPre, which would delay the regulatory approval process and could also subject us to enforcement action up to and including civil and criminal penalties.

If our relationship with a CRO terminates, we may not be able to enter into arrangements with alternative CROs. If the CRO does not successfully carry out its duties or obligations or meet expected deadlines, if it needs to be replaced or if the quality or accuracy of the clinical data it obtains is compromised due to the failure to adhere to our clinical protocols, regulatory requirements or for other reasons, we may have to extend, delay or terminate our preclinical studies or clinical trials, and we may not be able to obtain regulatory approval for or successfully commercialize CaPre.

The third parties conducting our preclinical studies and clinical trials at CROs will not be our employees and, except for remedies available to us under our agreements with the CROs, we cannot control whether or not they devote sufficient time and resources to our preclinical, clinical and nonclinical programs. These third parties may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical studies or other drug development activities, which could affect their performance on our behalf.

We rely on third parties to manufacture, produce and supply CaPre and we may be adversely affected if those third parties are unable or unwilling to fulfill their obligations, including complying with FDA requirements.

Producing pharmaceutical products requires significant expertise and capital investment, including the development of advanced manufacturing techniques and process controls. We do not own or operate manufacturing facilities for the production of CaPre, nor do we have plans to develop our own manufacturing operations in the foreseeable future. Accordingly, we need to rely on one or more third party manufacturers to produce and supply our required drug product for our nonclinical research and clinical trials for CaPre.

Although we are currently working with CordenPharma at its Chenôve facility in Dijon, France to develop a commercially viable manufacturing process for CaPre, doing so is a difficult and uncertain task, and there are risks associated with scaling to the level required for advanced clinical trials or commercialization, including, among others, cost overruns, potential problems with process scale up, process reproducibility, stability issues, lot consistency and timely availability of reagents or raw materials. Any of these challenges could delay completion of our preclinical studies or clinical trials for CaPre, require bridging or repetition of studies or trials, increase development costs, delay approval of CaPre, impair our commercialization efforts, and increase our costs. We may have to delay or suspend the production of CaPre if a third-party manufacturer:

- becomes unavailable for any reason, including as a result of the failure to comply with current good manufacturing practices, or cGMP, regulations;
- experiences manufacturing problems or other operational failures, such as equipment failures or unplanned facility shutdowns required to comply with cGMP or damage from any event, including fire, flood, earthquake, business restructuring or insolvency; or
- fails or refuses to perform its contractual obligations under its agreement with us, such as failing or refusing to deliver the quantities of CaPre requested by us on a timely basis.

If our third-party manufacturers fail to achieve and maintain high manufacturing standards in compliance with cGMP regulations, we may be subject to sanctions, including fines, product recalls or seizures, injunctions, delays or suspensions of our clinical trials for CaPre, total or partial suspension of production of CaPre, civil penalties, withdrawals of previously granted regulatory approvals, and criminal prosecution. We do not currently have arrangements in place for redundant supply. If any one of our current contract manufacturers cannot perform as agreed, we may be required to replace that manufacturer. Although we believe that there are several potential alternative manufacturers who could manufacture CaPre, we may incur added costs and delays in identifying and qualifying any such replacement.

The research, development and manufacture of CaPre involves using potentially hazardous materials.

Our research and development activities relating to CaPre involve the controlled use of potentially hazardous substances, including chemical and biological materials. Our manufacturers for CaPre will be subject to federal, provincial, state and local laws and regulations in Canada, the United States and in other jurisdictions governing laboratory procedures and the use, manufacture, storage, handling and disposal of medical and hazardous materials. Although we believe that our manufacturers' procedures for using, handling, storing and disposing of these materials comply with legally prescribed standards, we cannot completely eliminate the risk of contamination or injury resulting from medical or hazardous materials. If any such contamination or injury were to occur, we may incur liability or local, city, provincial, state or federal authorities may curtail the use of these materials and interrupt our business operations and the production of CaPre. In the event of an accident, we could be held liable for damages or penalized with fines, and the liability could exceed our resources. We do not have any insurance for liabilities arising from medical or hazardous materials. Complying with environmental, health and safety laws and regulations is expensive, and current or future environmental regulations may impair our research, development and production efforts relating to CaPre, which could harm our business, prospects, financial condition or results of operations. Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage or disposal of biological, hazardous or radioactive materials. In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These laws and regulations may make it more difficult for us to conduct our research, development or production activities relating to CaPre and if we fail to comply with them, we could have substantial fines, penalties or other sanctions imposed against us.

We depend on Neptune for some important services.

Neptune provides us with some shared back office services and functions, including corporate affairs, public company reporting, accounting, payroll, information technology, accounts payable, accounts receivable and shared premises. If our arrangements with Neptune for these services were to be terminated or not renewed, we may have to incur additional costs to provide them ourselves or to source them from another third party.

We rely on Neptune to supply us with the krill oil we need to produce CaPre for our clinical programs and commercial supply.

We depend on krill oil sourced from Neptune to produce CaPre. If we are not able to acquire krill oil in sufficient quantities from Neptune, we may need to seek alternative suppliers of krill oil and may be required to pay higher prices. Any alternative supply of krill oil may not be of comparable quality to that provided by Neptune, which could negatively affect the efficacy, or the markets' perception of the efficacy, of CaPre. Our reliance on Neptune or other third-party suppliers for krill oil exposes us to risks such as potential fluctuations in supply and reduced control over our production costs and delivery schedules for CaPre.

Interruptions of our supply of CaPre could disrupt our planned Phase 3 program and, if CaPre reaches commercialization, impair any future revenue streams.

We will require much larger amounts of CaPre for purposes of our planned Phase 3 program and potential commercialization than we have in the past. Supply interruptions for CaPre could occur and our inventory of CaPre may not always be sufficient due to a number of factors, including:

- failure to have a third-party supply chain partner's process validated in a timely manner;
- shortages of required raw materials, such as krill oil, and the packaging components required by our manufacturers;
- changes in our sources for manufacturing or packaging;
- failure to timely locate and obtain replacement manufacturers, as needed; and
- conditions affecting the cost and availability of raw materials.

We are also in the process of scaling-up our production of CaPre and CaPre may not be of comparable quality when produced in large 100 kilogram batches. If we experience interruptions in the production of CaPre, our ability to complete our planned Phase 3 program could be interrupted. If CaPre receives regulatory approval, interruptions in the production of CaPre or insufficient inventory levels of CaPre could have a material adverse effect on our results of operations.

If product liability lawsuits are brought against us, we may incur substantial liabilities and be required to cease the sale, marketing and distribution of CaPre.

We face a potential risk of product liability associated with any future commercialization of CaPre or any other future product candidate we develop. For example, we may be sued if CaPre allegedly causes injury. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability and a breach of warranties. Claims could also be asserted under U.S. state or Canadian provincial or other foreign consumer protection legislation. If we cannot successfully defend against product liability claims, we may incur substantial liabilities or be required to cease the sale, marketing and distribution of CaPre. Even successful defense against product liability claims would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for CaPre or any future products that we may develop;
- injury to our reputation;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to consumers, trial participants or patients;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue;
- an inability to commercialize CaPre; and
- a decline in the price of our common shares.

If we are unable to obtain and retain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims, the commercialization of CaPre or any other product candidates we develop could be hindered or prevented. We currently carry product liability insurance, shared with Neptune, in the amount of $10.0 million in the aggregate. Any claim that may be brought against us could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by our insurance or that is in excess of the limits of our insurance coverage. Our insurance policies also have various exclusions, and we may be subject to a product liability claim for which we have no coverage. In the event of a successful product liability claim against us, we may have to pay from our own resources any amounts awarded by a court or negotiated in a settlement that exceed coverage limitations or that is not covered by our insurance, and we may not have, or be able to obtain, sufficient funds to pay such amounts.

We may not achieve our publicly announced milestones on time, or at all.

From time to time, we may publicly announce the timing of certain events we expect to occur, such as the anticipated timing of results from our clinical trials. These statements are forward-looking and are based on the best estimate of management at the time relating to the occurrence of the events. However, the actual timing of these events may differ from what has been publicly disclosed. The timing of events such as completion of a clinical trial, discovery of a new product candidate, filing of an application to obtain regulatory approval, beginning of commercialization of products, or announcement of additional clinical trials for a product candidate may ultimately vary from what is publicly disclosed. For example, we cannot provide assurances that we will conduct our planned Phase 3 clinical trial for CaPre, that we will make regulatory submissions or receive regulatory approvals as planned, or that we will be able to adhere to plans for the scale-up of manufacturing and launch of CaPre. These variations in timing may occur as a result of different events, including the nature of the results obtained during a clinical trial or during a research phase, problems with a supplier or a distribution partner or any other event having the effect of delaying the publicly announced timeline. We undertake no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. Any variation in the timing of previously-announced milestones could have a material adverse effect on our business, financial condition or operating results and the trading price of our common shares.

We may be subject to foreign exchange rate fluctuations.

Our reporting currency is the Canadian dollar. However, many of our expenses, such as CaPre's chief manufacturing organization's production activities and certain CRO arrangements for our planned Phase 3 program, currently are and/or are expected to be, denominated in foreign currencies, including European euros and U.S. dollars. Though we plan to implement measures designed to reduce our foreign exchange rate exposure, the U.S. dollar/Canadian dollar and European euro/Canadian dollar exchange rates have fluctuated significantly in the recent past and may continue to do so, which could have a material adverse effect on our business, financial position and results of operations.

Risks Related to Intellectual Property

It is difficult and costly to protect our intellectual property rights.

The success of our business will largely depend on our ability to:

- obtain and maintain patents, trade secret protection and operate without infringing the intellectual proprietary rights of third parties;
- successfully defend our patents, including patents licensed to us by Neptune, against third-party challenges; and
- successfully enforce our patents against third party competitors.

Our patents and/or proprietary technologies could be circumvented through the adoption of competitive, though non-infringing, processes or products. The patent positions of pharmaceutical companies can be highly uncertain and involve complex legal, scientific and factual questions for which important legal principles remain unresolved. Changes in either the patent laws or in interpretations of patent laws may diminish the value of our intellectual property. We cannot predict the breadth of claims that may be allowable or enforceable in our patents, including the patents licensed to us by Neptune.

We face risks that:

- our rights under our Canadian, U.S. or foreign patents or other patents that Neptune or other third parties license to us could be curtailed;
- we may not be the first inventor of inventions covered by our issued patents or pending applications or be the first to file patent applications for those inventions;
- our pending or future patent applications may not be issued with the breadth of claim coverage sought by us, or be issued at all;
- our competitors could independently develop or patent technologies that are substantially equivalent or superior to our technologies;
- our trade secrets could be learned independently by our competitors;
- the steps we take to protect our intellectual property may not be adequate; and
- effective patent, trademark, copyright and trade secret protection may be unavailable, limited or not sought by us in some foreign countries.

Further, patents have a limited lifespan. In the United States, a patent generally expires 20 years after it is filed (or 20 years after the filing date of the first non-provisional U.S. patent application to which it claims priority). While extensions may be available, the life of a patent, and the protection it affords, is limited. Without patent protection for CaPre or any other of our future product candidates, we may be open to competition from generic versions of CaPre or our other future product candidates. Further, the extensive period of time between patent filing and regulatory approval for a product candidate limits the time during which we can market that product candidate under patent protection. Patents owned by third parties could have priority over patent applications filed or in-licensed by us, or we or our licensors could become involved in interference, opposition or invalidity proceedings before U.S., Canadian or foreign patent offices. The cost of defending and enforcing our patent rights against infringement charges by other patent holders may be significant and could limit our operations.

CaPre is partly covered by patents that are not owned by us but are instead licensed to us by Neptune.

In addition to our proprietary patent applications, we have an exclusive worldwide license under a license agreement with Neptune to use certain patents and know-how owned by Neptune to develop and commercialize CaPre within a specified field of use. This limitation on our field of use may prevent us from developing and commercializing CaPre in other fields. Also, our license from Neptune is subject to termination for breach of its terms, and therefore our license rights are only available to us for as long as Neptune agrees that our development and commercialization activities meet the terms of the license.

Disputes may arise between us and Neptune regarding the intellectual property that is subject to the license agreement, including with respect to:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- whether and the extent to which our technology and processes infringe on intellectual property of Neptune that is not subject to the licensing agreement;
- our right to sublicense patent and other rights to third parties under collaborative development relationships;
- our diligence obligations with respect to our use of the licensed technology in relation to our development and commercialization of our product candidates, and what activities satisfy those diligence obligations; and
- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by Neptune and us and our partners.

If our license is terminated for any reason and we are not able to negotiate another agreement with Neptune for use of its patents and know-how, we would not be able to manufacture and market CaPre, which would have a material adverse effect on our business and financial condition.

CaPre may infringe the intellectual property rights of others, which could increase our costs and delay or prevent our development and commercialization efforts.

Our success depends in part on avoiding infringement of the proprietary technologies of others. The pharmaceutical industry has been characterized by frequent litigation regarding patent and other intellectual property rights. Identification of third party patent rights that may be relevant to our proprietary or licensed technology is difficult because patent searching is imperfect due to differences in terminology among patents, incomplete databases and the difficulty in assessing the meaning of patent claims. Additionally, because patent applications are maintained in secrecy until the application is published, we may be unaware of third-party patents that may be infringed by our development and commercialization of CaPre or any other future product candidate. There may be certain issued patents and patent applications claiming subject matter that we may be required to license in order to research, develop or commercialize CaPre, and any such patents and patent applications may not be available to license on commercially reasonable terms, or at all. If claims of patent infringement are asserted by third parties against us, they could be time-consuming and may:

- result in costly litigation;
- divert the time and attention of our technical personnel and management;
- delay our clinical trials for CaPre;
- prevent us from commercializing CaPre until the asserted patent expires or is held finally invalid or not infringed in court;
- require us to cease or to modify our use of the technology and/or develop non-infringing technology; or
- require us to enter into royalty or licensing agreements.

Others may hold proprietary rights that could prevent CaPre from being marketed. Any patent-related legal action against us claiming damages and seeking to enjoin commercial activities relating to CaPre or our processes could subject us to potential liability for damages and require us to obtain a license to continue to manufacture or market CaPre or any other future prescription drug candidates. We might not prevail in any such actions or if any license is required under any of these patents it may not be available on commercially acceptable terms, if at all.

Even if a license can be obtained on acceptable terms, the rights may be non-exclusive, which could give our competitors access to the same technology or intellectual property rights licensed to us. We could be forced to redesign CaPre or any other future product candidates or processes to avoid infringement.

In addition, we may find it necessary to pursue claims or initiate lawsuits to protect or enforce our patent or other intellectual property rights. The cost to us in defending or initiating any litigation or other proceeding relating to patent or other proprietary rights, even if resolved in our favor, could be substantial, and litigation would divert our management's attention. Some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could delay our research and development efforts and limit our ability to continue our operations.

A number of companies, including several major pharmaceutical companies, have conducted research on pharmaceutical uses of OM3 fatty acids, which has resulted in the filing of many patent applications related to this research. We are aware of third-party U.S., Canadian or other foreign patents that contain broad claims related to methods of using these general types of compounds, which may be construed to include potential uses of CaPre. If we were to challenge the validity of these or any other issued U.S., Canadian or other foreign patents in court, we would need to overcome a statutory presumption of validity that attaches to every U.S. and Canadian patent. This means that, in order to prevail, we would have to present clear and convincing evidence as to the invalidity of the other party's patent's claims. If we were to challenge the validity of any issued U.S. patent in an administrative trial before the Patent Trial and Appeal Board in the United States Patent and Trademark Office, or USPTO, we would have to prove that the claims are unpatentable by a preponderance of the evidence. If there are disputes over our intellectual property rights, a jury and/or court may not find in our favor on questions of infringement, validity or enforceability.

If we do not protect our trademark for CaPre, we may not be able to build name recognition in our markets of interest.

We have trademarked CaPre. Our trademark may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to this trademark or may be forced to stop using this name, which we need for name recognition by potential strategic partners and customers. If we are unable to establish name recognition based on our trademark, we may not be able to compete effectively and our business may be adversely affected.

We may be involved in lawsuits to protect or enforce our patents or the patents of our licensors, which could be expensive, time-consuming and unsuccessful.

Competitors may infringe our patents or the patents of our licensors. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time-consuming. If we or our licensors were to initiate legal proceedings against a third party to enforce a patent covering CaPre or our technology, the defendant could counterclaim that our or our licensor's patent is invalid or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements; for example, lack of novelty, obviousness or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. The outcome following legal assertions of invalidity and unenforceability during patent litigation is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we or our licensors and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on CaPre or certain aspects of our platform technology. Such a loss of patent protection could have a material adverse impact on our business. Patents and other intellectual property rights also will not protect our technology if competitors design around our protected technology without legally infringing our patents or other intellectual property rights.

In addition, in an infringement proceeding, a court may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation or defense proceedings could put one or more of our patents at risk of being invalidated, held unenforceable, or interpreted narrowly and could put our patent applications at risk of not issuing. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business.

Interference proceedings provoked by third parties or brought by the USPTO may be necessary to determine the priority of inventions with respect to our patents or patent applications or those of our licensors. An unfavorable outcome could result in a loss of our current patent rights and could require us to cease using the related technology or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms, or at all. Litigation or interference proceedings may result in a decision adverse to our interests and, even if we are successful, may result in substantial costs and distract our management and other employees. We may not be able to prevent, alone or with our licensors, misappropriation of our trade secrets or confidential information, particularly in countries where the laws may not protect those rights as fully as in the United States. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common shares.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect CaPre and any of our other future product candidates.

Numerous recent changes to the patent laws and proposed changes to the rules of the USPTO may have a significant impact on our ability to protect our technology and enforce our intellectual property rights. For example, the Leahy-Smith America Invents Act, or AIA, enacted in 2011, involves significant changes in patent legislation. An important change introduced by the AIA is that, as of March 16, 2013, the United States transitioned to a "first-to-file" system for deciding which party should be granted a patent when two or more patent applications are filed by different parties claiming the same invention. A third party that files a patent application in the USPTO after that date but before us could therefore be awarded a patent covering an invention of ours even if we had made the invention before it was made by the third party. This will require us to be cognizant going forward of the time from invention to filing of a patent application. Further, the Supreme Court of the United States has ruled on several patent cases in recent years, some of which cases either narrow the scope of patent protection available in certain circumstances or weaken the rights of patent owners in certain situations. These changes have led to increasing uncertainty with regard to the scope and value of our issued patents and to our ability to obtain patents in the future.

Among some of the other changes introduced by the AIA are changes that limit where a patentee may file a patent infringement suit and providing opportunities for third parties to challenge any issued patent in the USPTO. This applies to all of our U.S. patents, even those issued before March 16, 2013. Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in United States federal court necessary to invalidate a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if first presented in a district court action. Accordingly, a third party may attempt to use the USPTO procedures to invalidate our patent claims that would not have been invalidated if first challenged by the third party as a defendant in a district court action.

Once granted, patents may remain open to opposition, interference, re-examination, post-grant review, *inter partes* review, nullification derivation and opposition proceedings in court or before patent offices or similar proceedings for a given period after allowance or grant, during which time third parties can raise objections against the initial grant. In the course of any such proceedings, which may continue for a protracted period of time, the patent owner may be compelled to limit the scope of the allowed or granted claims attacked, or may lose the allowed or granted claims altogether. Depending on decisions by the U.S. Congress, the U.S. federal courts, the USPTO or similar authorities in foreign jurisdictions, the laws and regulations governing patents could change in unpredictable ways that may weaken our and our licensors' ability to obtain new patents or to enforce existing patents we and our licensors or partners may obtain in the future.

We may not be able to protect our intellectual property rights throughout the world.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of some countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property protection, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our

proprietary rights generally. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Risks Relating to Our Common Shares

The trading price of our common shares may be volatile.

Market prices for securities in general, and those of pharmaceutical companies in particular, tend to fluctuate. The trading price for our common shares has experienced volatility in the past. Factors that could affect the trading price of our common shares and cause volatility include, among others:

- results or delays of pre-clinical and clinical studies by us or others;
- the commencement, enrollment or results of future clinical trials we may conduct, or changes in the development status of CaPre or any of our other future product candidates;
- any delay in our regulatory filings for CaPre or any of our other future product candidates and any adverse development or perceived adverse development with respect to the applicable regulatory authority's review of our filings;
- filing or granting or invalidity of patents;
- exclusive rights obtained by us or others;
- disputes or other developments relating to proprietary rights, including patents;
- litigation matters and our ability to obtain patent protection for our technologies;
- changes in regulations;
- additions or departures of key scientific or management personnel;
- overall performance of the equity markets;
- general political and economic conditions;
- publications;
- failure to meet the estimates and projections of the investment community or that we may otherwise provide to the public;
- research reports or positive or negative recommendations or withdrawal of research coverage by securities analysts;
- announcements of significant acquisitions, strategic partnerships, joint ventures or capital commitments by us or our competitors;
- public concerns over the risks of pharmaceutical products and dietary supplements;
- unanticipated serious safety concerns related to the use of CaPre; and
- future sales of securities by us in financings or by our shareholders.

As a result, the market price of our common shares may fluctuate significantly in the future. In addition, the stock market in general, and pharmaceutical companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our common shares, regardless of our actual operating performance. In the past, securities class action litigation has often been instituted against companies following periods of volatility of the market price of a company's securities. This type of litigation, if brought against us, could result in substantial costs and liabilities for us and divert our management's attention and resources, which would harm our business, operating results or financial condition.

Future securities issuances by us could result in significant dilution for existing shareholders.

Our articles of incorporation permit us to issue an unlimited number of common shares and preferred shares, issuable in series, and our shareholders will have no pre-emptive rights in connection with further issuances of securities by us. Our directors have the discretion to determine the provisions attaching to any series of preferred shares and the price of issue of further issuances of our common shares. Also, additional common shares may be issued by us upon the exercise of outstanding stock options and warrants. The issuance of these additional equity securities or the issuance of new stock options or warrants may have a dilutive effect on existing holders of our common shares and, as a result, the market price for our common shares could decline. The market price of our common shares could also decline as a result of future issuances by us in connection with strategic partnerships, or sales by our existing shareholders, or the perception that these sales could occur. Sales by our shareholders, including Neptune, might also make it more difficult for us to sell equity securities at a time and price that we deem appropriate, which could reduce our ability to raise capital and have an adverse effect on our business.

Raising additional capital may cause dilution to our existing shareholders, restrict our operations or require us to relinquish rights to our technologies or product candidates.

We may seek additional capital through a combination of public and private equity offerings, debt financings, strategic partnerships and alliances and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interests of our shareholders will be diluted, and the terms may include liquidation or other preferences that adversely affect the rights of our common shareholders. The incurrence of indebtedness would result in increased fixed payment obligations and could involve certain restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. If we raise additional funds through strategic partnerships and licensing arrangements with third parties, we may have to relinquish valuable rights relating to CaPre or our other future product candidates, or grant licenses on terms unfavorable to us.

An active market for our common shares might not be sustained.

If an active market for our common shares is not sustained, holders of our common shares may be unable to sell their investments on satisfactory terms. Declines in the value of our common shares may adversely affect the liquidity of the market for our common shares. Factors unrelated to our performance may also have an effect on the price and liquidity of our common shares including:

- extent of analyst coverage of us;
- lower trading volume and general market interest in our common shares;
- the size of our public float; and
- any event resulting in a delisting of our common shares from the NASDAQ Stock Market or the TSX Venture Exchange, or TSXV.

A large number of our common shares may be issued and subsequently sold upon the exercise of our outstanding warrants and under our convertible debentures, which could depress the trading price for our common shares.

As of March 31, 2017, we had up to 5,254,535 common shares issuable under our outstanding warrants and convertible debentures. To the extent that holders of our warrants and convertible debentures sell underlying common shares issued under those warrants and convertible debentures, the market price of our common shares may decrease due to the additional selling pressure in the market and could encourage short sales by third parties. In a short sale, a prospective seller borrows common shares from a shareholder or broker and sells the borrowed common shares. The prospective seller anticipates that the common share price will decline, at which time the seller can purchase common shares at a lower price for delivery back to the lender. The risk of dilution from issuances of our common shares underlying our warrants and convertible debentures could also cause shareholders to sell their common shares, which could result in a decline in their market price.

We do not intend to pay dividends on our common shares for the foreseeable future.

We have never paid dividends on our common shares and we do not anticipate paying any dividends on our common shares for the foreseeable future because, among other reasons, we currently intend to retain any future earnings to finance our business. Any future payment of dividends by us will depend on factors such as cash on hand

and whether we achieve profitability, our financial requirements to fund our growth, our general financial condition and other factors our board of directors may consider appropriate in the circumstances. Until we pay dividends, which we may never do, our shareholders will not be able to receive a return on their common shares unless they sell them.

If we fail to meet applicable listing requirements, the NASDAQ Stock Market or the TSXV may delist our common shares from trading, in which case the liquidity and market price of our common shares could decline.

Our common stock is currently listed on the NASDAQ Stock Market and the TSXV, but we cannot assure you that our securities will continue to be listed on the NASDAQ Stock Market and the TSXV in the future. In the past, we have received notices from the NASDAQ Stock Market that we have not been in compliance with its continued listing standards, and we have taken responsive actions and regained compliance. If we fail to comply with listing standards and the NASDAQ Stock Market or TSXV delists our common shares, we and our shareholders could face significant material adverse consequences, including:

- a limited availability of market quotations for our common shares;
- reduced liquidity for our common shares;
- a determination that our common shares are "penny stock", which would require brokers trading in our common shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our common shares;
- a limited amount of news about us and analyst coverage of us; and
- a decreased ability for us to issue additional equity securities or obtain additional equity or debt financing in the future.

We may pursue opportunities or transactions that adversely affect our business and financial condition.

In the ordinary course of our business, our management regularly explores potential strategic opportunities and transactions, which may involve:

- significant debt or equity investments in us by third parties;
- the acquisition or disposition by us of material assets;
- the licensing, acquisition or disposition by us of material intellectual property;
- the development of new product lines or new applications for our existing products;
- entering into distribution arrangements;
- issuance of our common shares; and
- other similar matters.

Public announcement by us of strategic opportunities or transactions might have a significant effect on the trading price of our common shares. Our policy is to not publicly disclose our pursuit of a potential strategic opportunity or transaction unless we are required to do so by applicable law. Investors who buy or sell our common shares could be doing so at a time when we are pursuing a particular strategic opportunity or transaction that, when announced, could have a significant effect on the trading price for our common shares.

In addition, any strategic transactions we enter into could carry significant risks, including:

- exposure to unknown liabilities;
- higher than anticipated transaction costs and expenses;
- the difficulty and expense of integrating operations and personnel of any acquired companies;
- disruption of our ongoing business;
- diversion of our management's time and attention; and
- possible dilution to our existing shareholders.

As a foreign private issuer, we are subject to different U.S. securities laws and regulations than a domestic U.S. issuer, which may limit the information publicly available to our U.S. shareholders.

We are a foreign private issuer under applicable U.S. federal securities laws, and therefore, we are not required to comply with all the periodic disclosure and current reporting requirements of the U.S. Securities and Exchange Act of 1934, or the Exchange Act. As a result, we do not file the same reports that a U.S. domestic issuer would file with the SEC, although we are required to file with or furnish to the SEC the continuous disclosure documents that we are required to file in Canada under Canadian securities laws. In addition, our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions of Section 16 of the Exchange Act. Therefore, our shareholders may not know on as timely a basis when our officers, directors and principal shareholders purchase or sell common shares as the reporting periods under the corresponding Canadian insider reporting requirements are longer. In addition, as a foreign private issuer, we are exempt from the proxy rules under the Exchange Act.

As an "emerging growth company", we are exempt from the requirement to comply with the auditor attestation requirements of the Sarbanes-Oxley Act.

We are an "emerging growth company", as defined in the U.S. Jumpstart Our Business Start-ups Act, and we use the exemption provided to emerging growth companies from the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002. Therefore, our internal controls over financial reporting will not receive the level of review provided by the process relating to the auditor attestation included in annual reports of issuers that are not using an exemption. In addition, we cannot predict if investors will find our common shares less attractive because we rely on this exemption. If some investors find our common shares less attractive as a result, there may be a less active trading market for our common shares and trading price for our common shares may be negatively affected.

U.S. investors may be unable to enforce certain judgments.

We are a company existing under the *Business Corporations Act* (Québec). Some of our directors and officers are residents of Canada, and substantially all of our assets are located outside the United States. As a result, it may be difficult to effect service within the United States upon us or upon some of our directors and officers. Execution by U.S. courts of any judgment obtained against us or any of our directors or officers in U.S. courts may be limited to assets located in the United States. It may also be difficult for holders of securities who reside in the United States to realize in the United States upon judgments of U.S. courts predicated upon civil liability of us and our directors and executive officers under the U.S. federal securities laws. There may be doubt as to the enforceability in Canada against non-U.S. entities or their controlling persons, directors and officers who are not residents of the United States, in original actions or in actions for enforcement of judgments of U.S. courts, of liabilities predicated solely upon U.S. federal or state securities laws.

Item 4. Information on the Company

A. History and Development of the Company

We were incorporated on February 1, 2002 under Part 1A of the *Companies Act* (Québec) under the name "9113-0310 Québec Inc." On February 14, 2011, the *Business Corporations Act* (Québec) came into effect and replaced the *Companies Act* (Québec). We are now governed by the *Business Corporations Act* (Québec). On August 7, 2008, under a Certificate of Amendment, we changed our name to "Acasti Pharma Inc.", our share capital description, the provisions regarding restrictions on transfers of our securities and our borrowing powers. On November 7, 2008, under a Certificate of Amendment, we changed the provisions regarding our borrowing powers. We became a reporting issuer in Québec on November 17, 2008.

Our head and registered office is located at 545 Promenade du Centropolis, Suite 100, Laval, Québec H7T 0A3. We currently employ 15 full-time employees, with the majority working out of our headquarters in Laval and our laboratory in Sherbrooke, Québec. Our website address is http://www.acastipharma.com. We do not incorporate the information on or accessible through our website into this annual report, and you should not consider any information on, or that can be accessed through, our website as part of this annual report.

Intercorporate Relationships

We have no subsidiaries. As of the date of June 26, 2017, Neptune owns 5,064,694 of our common shares, representing 34.4% of our issued and outstanding common shares.

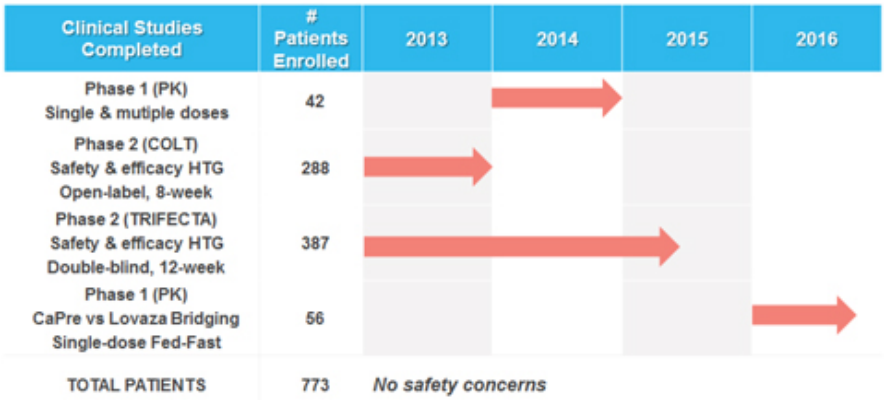
B. Our Business

We are a biopharmaceutical innovator focused on the research, development and commercialization of prescription drugs using omega-3, or OM3, fatty acids derived from krill oil. OM3 fatty acids have extensive clinical evidence of safety and efficacy in lowering triglycerides, or TGs, in patients with hypertriglyceridemia, or HTG. Our lead product candidate is CaPre, an OM3 phospholipid, which we are developing initially for the treatment of severe HTG, a condition characterized by abnormally high levels of TGs in the bloodstream (over 500 mg/dL). Market research commissioned by us from DP Analytics suggests there is a significant unmet medical need for an effective, safe and well-absorbing OM3 therapeutic that demonstrates a positive impact on the major blood lipids associated with cardiovascular disease risk. We believe that, if supported by our Phase 3 program that we plan to initiate during the second half of 2017, CaPre will address this unmet medical need. We also believe the potential exists to expand CaPre's initial indication to the mild to moderate HTG (200 – 499 mg/dL) segment, although at least one additional clinical trial will likely be required to expand CaPre's indications to this segment. We may seek to identify new potential indications for CaPre that may be appropriate for future studies and pipeline expansion. In addition, we may also seek to in-license other cardiometabolic drug candidates for drug development and commercialization.

In four clinical trials conducted to date, we saw the following beneficial effects with CaPre, and we are seeking to demonstrate similar safety and efficacy in our planned Phase 3 program:

- significant reduction of TGs and non-high density lipoprotein cholesterol (non-HDL-C) levels in the blood of patients with mild to severe HTG;
- no deleterious effect on low-density lipoprotein cholesterol (LDL-C), or "bad" cholesterol, with the potential to reduce LDL-C;
- potential to increase high-density lipoprotein cholesterol (HDL-C), or "good" cholesterol;
- good bioavailability (absorption by the body), even under fasting conditions;
- no significant food effect when taken with either low-fat or high-fat meals; and
- an overall safety profile similar to that demonstrated by currently marketed OM3s.

Our Successful Phase 1 and Phase 2 Studies Helps Reduce Phase 3 Program Risk



About Hypertriglyceridemia

According to The American Heart Association Scientific Statement on Triglycerides and Cardiovascular Disease from 2011, TG levels provide important information as a marker associated with the risk for heart disease and stroke, especially when an individual also has low levels of HDL-C, and elevated levels of LDL-C. HTG can be caused by both genetic and environmental factors, including obesity, sedentary lifestyle and high-calorie diets. HTG is also associated with comorbid conditions such as chronic renal failure, pancreatitis, nephrotic syndrome and diabetes. Multiple epidemiological, clinical, genetic studies suggest that patients with elevated TG levels (greater

than or equal to 200 mg/dL) are at a greater risk of coronary artery disease, or CAD, and pancreatitis, a life-threatening condition, as compared to those with normal TG levels. The genes regulating TGs and LDL-C are equally strong predictors of CAD, but HDL-C is not. Other studies suggest that lowering and managing TG levels may reduce these risks. In addition, the Japan EPA Lipid Intervention Study, or JELIS, demonstrated the long-term benefit of an OM3 eicosapentaenoic acid, or EPA, in preventing major coronary events in hypercholesterolemic patients receiving statin treatment. JELIS found a 19% relative risk reduction in major coronary events in patients with relatively normal TGs but a more pronounced 53% reduction in the subgroup with TGs ³ 150mg/dL and HDL-C < 40mg/dL.

Predictor	CAD Risk Effect and Interpretations		P-Value
TG	0.36	*Genes regulating TGs and LDL-C are equally strong predictors of CAD*	<<<0.0001
LDL-C	0.38		<<<0.0001
HDL-C	-0.04	HDL-C is a weak CAD predictor	0.35

Table modified from Do R et al. Nature Genetics 2013;45(11):1345-1352 (N=86,995)

About CaPre

CaPre is a krill oil-derived mixture containing polyunsaturated fatty acids, or PUFAs, primarily composed of OM3 fatty acids, principally EPA, and docosahexaenoic acid, or DHA. EPA and DHA are well known to be beneficial for human health, and according to numerous recent clinical studies, may promote healthy heart, brain and visual function, and may also contribute to reducing inflammation and blood TGs. Krill is a natural source of phospholipids and OM3 fatty acids. The EPA and DHA contained in CaPre are delivered as a combination of OM3s as free fatty acids and OM3s bound to phospholipid esters, allowing these PUFAs to reach the small intestine where they undergo rapid absorption and transformation into complex fat molecules that are required for lipid transport in the bloodstream. We believe that EPA and DHA are more efficiently transported by phospholipids sourced from krill oil than the EPA and DHA contained in fish oil that are transported either by TGs (as in dietary supplements) or as ethyl esters in other prescription OM3 drugs (such as LOVAZA and VASCEPA), which must then undergo additional digestion before they are ready for transport into the bloodstream. The digestion and absorption of OM3 ethyl ester drugs requires a particular enzymatic process that is highly dependent on the fat meal content – the higher the fat content of the meal, the better the OM3 ethyl ester absorption. High fat meal content is not recommended in patients with HTG. We believe that CaPre's superior absorption profile could represent a significant clinical advantage, since taking it with a low-fat meal represents a more realistic and attractive regimen for patients with HTG who must follow a restricted low-fat diet.

CaPre is intended to be used as a therapy combined with positive lifestyle changes, such as a healthy diet, and to be administered either alone or with other drug treatment regimens such as statins (a class of drug used to reduce LDL-C). CaPre is intended to be taken orally once or twice per day in capsule form.

Potential Market for CaPre

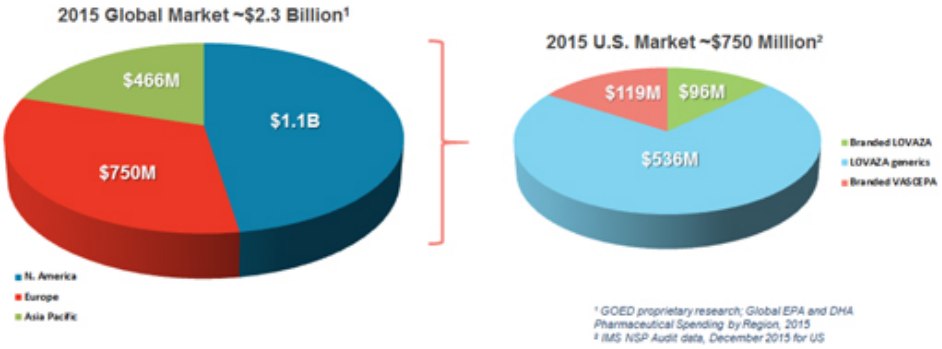
We believe a significant opportunity exists for OM3 market expansion because, among other things:

- cardiovascular diseases, or CVD, and stroke are the leading causes of morbidity and mortality in the United States. The burden of CVD and stroke in terms of life-years lost, diminished quality of life, and direct and indirect medical costs also remains enormous;
- evidence suggests potential for OM3s in other cardiometabolic indications; and
- based on the assumption that the REDUCE-IT trial sponsored by Amarin and the STRENGTH trial sponsored by Astra Zeneca, or the CV outcome trials, will be positive, key opinion leaders interviewed by DP Analytics in the study described further below estimated that they would increase their own prescribing of OM3s by 42% in mild to moderate HTG patients (200 – 499 mg/dL) and by 35% in severe HTG patients.

According to the American Heart Association, the prevalence of HTG in the United States and globally correlates to the aging of the population and the increasing incidence of obesity and diabetes. Market participants, including the American Heart Association, have estimated that one-third of adults in the United States have elevated levels of TGs (TGs ³150 mg/dL), including approximately 36 million people diagnosed with mild to moderate HTG, and 3 to 4 million people diagnosed with severe HTG. Moreover, according to Ford, Archives of Internal Medicine in a study conducted between 1999 and 2004, 18% of adults in the United States, corresponding to approximately 40 million people, had elevated TG levels equal to or greater than 200 mg/dl, of which only 3.6% were treated specifically with TG-lowering medication. We believe this data indicates there is a large underserved market opportunity for CaPre.

In 2015, CaPre's target market in the United States for severe HTG was estimated by IMS NSP Audit data to be approximately $750 million, with approximately 5 million prescriptions written annually over the prior four years. The total global market was estimated by GOED Proprietary Research in 2015 to be approximately $2.3 billion. We believe there is the potential to greatly expand the treatable market in the United States to the approximately 36 million people with mild to moderate HTG, assuming favorable results from the CV outcome studies that are currently ongoing. These CV outcome trials are expected to report in mid-2018 (the REDUCE-IT trial sponsored by Amarin) and 2019 (the STRENGTH trial sponsored by Astra Zeneca) and are designed to evaluate the long-term benefit of lowering TGs on cardiovascular risks with prescription drugs containing OM3 fatty acids. If these trials are successful, additional clinical trials would likely be required for CaPre to also expand its label claims to the mild to moderate HTG segment. Given the large portion of the adult population in the United States that have elevated levels of TGs but who go largely untreated, we believe there is the potential for a very significant increase in the total number of patients eligible for treatment if the CV outcome trials are positive.

The following charts illustrate the estimated global and U.S. markets for HTG in 2015, according to IMS NSP Audit data:



CaPre has two FDA-approved and marketed branded competitors (LOVAZA and VASCEPA). In addition, Astra Zeneca has an FDA-approved product, EPANOVA, which has not yet been launched. LOVAZA generics became available on the U.S. market in 2013. In spite of generic options, audited prescription data from IMS NSP Audit data suggests that over 50% of OM3 prescriptions are written for branded products (LOVAZA or VASCEPA). By 2015, there had been only an approximately 25% decline in total market value, in spite of some generic switching that occurs at pharmacies. This stability of branded products is due in part to the fact that the pricing differential between branded and generic OM3 products is smaller than is typically the case between branded and generic products in the pharmaceutical industry. Based on both primary market research with pharmacy benefit managers, or PBMs, and audited prescription reports, the average pricing of generics is currently approximately $160 per month, while pricing for branded products averages $250 - $300 per month. Amarin has raised prices for VASCEPA annually since its launch in late 2013. PBMs offer "Preferred Brand" status (Tier 2 or Tier 3), without significant restrictions (i.e. no prior authorization, step edits, or high co-payments) for these branded OM3s.

Except as otherwise indicated, all of the information that follows under this heading has been derived from secondary sources, including audited U.S. prescribing data, and from a qualitative U.S. commercial and primary market research assessment conducted for us by DP Analytics, A Division of Destum Partners, Inc., or Destum, a market research firm, dated August 19, 2016, which we refer to as the Destum Market Research. In its market analysis for CaPre, Destum utilized secondary market data and reports and conducted primary qualitative market research with physicians and third-party payers, such as PBMs. One-on-one in-depth phone interviews lasting on

average 30-60 minutes were conducted with 22 physicians and 5 PBMs, and key qualitative data was obtained by Destum on current clinical practice for treating patients with HTG, and their perceptions of the current unmet medical need in treating patients with HTG. All interviews were conducted by the same individual at Destum and recorded to ensure consistency and collection of key data points. Destum utilized OM3 prescription data from 2009 to 2015 to estimate the size of CaPre's potential market. Based on its discussions with the PBMs, Destum also assumed CaPre would be viewed favorably by payers at launch (e.g., Tier 2 or 3, depending on payer plan, which is comparable to LOVAZA and VASCEPA). Upon completing the screening questionnaire and being approved for inclusion in Destum's study, key opinion leaders, or KOLs, and high volume prescribers, or HVPs, were provided with a study questionnaire and were asked to comment on a target profile for a potential new OM3 "Product X" offering a "trifecta" of cardio-metabolic benefits similar to the potential efficacy and safety benefits demonstrated by CaPre in our two Phase 1 pharmacokinetic studies and two Phase 2 clinical trials, which we refer to as the Target Product Profile. Respondents were told that the unidentified product was being prepared for a Phase 3 program designed to confirm with statistical significance the product's safety and efficacy in patients with severe HTG. The Target Product Profile was used by Destum strictly for market research analysis purposes and should not be construed as an indication of future performance of CaPre and should not be read as an expectation or guarantee of future performance or results of CaPre, and will not necessarily be an accurate indication of whether or not such results will be achieved by CaPre in our planned Phase 3 program. We subsequently retained Destum as our exclusive advisor and business development consultant to identify potential strategic partners for CaPre, under which Destum may be entitled to a success fee if a business arrangement or transaction is consummated. Destum's market research and its conclusions were substantially completed prior our entry into this agreement with Destum.

During the Destum Market Research, KOLs and HVPs interviewed by Destum were asked to assess the level of unmet medical need associated with treating patients with severe HTG based on currently available treatment options. 91% of physicians interviewed by Destum indicated that they believe that the current unmet medical need for treating HTG was moderate to high. The reasons identified by these physicians for their dissatisfaction with the currently available OM3s included insufficient lowering of TGs (principally relating to VASCEPA), negative LDL-C effects (principally relating to LOVAZA), gastrointestinal side effects, and the fishy taste from fish oil-derived OM3s. Despite the availability of other drug classes to treat severe HTG, interviewed physicians indicated that they would welcome the introduction of new and improved OM3 products, particularly if they can address these perceived deficiencies.

Interviewed physicians responded favorably in the Destum Market Research to the Target Product Profile. They indicated that their weighted prescribing percentages of the Target Product Profile would increase by approximately 35% to 53% (with the range depending on the specific profile presented) in the severe HTG patient population within two years of the Target Product Profile's approval. Approximately 60% of the interviewed physicians indicated that they would switch primarily due to the "trifecta effect" of the Target Product Profile on reducing TGs and LDL-C while elevating HDL-C, and the remaining 40% indicated they would switch primarily due to the Target Product Profile's effective reduction of TGs alone. In connection with their responses, the interviewed physicians were instructed to assume the Target Product Profile and all currently available OM3 products were not subject to any reimbursement or coverage hurdles (e.g., all products were on an equal health care coverage playing field). This assumption was supported by our interviews with leading PBMs in the United States.

We plan to conduct additional market research with KOLs, HVPs, primary care physicians and payers to further develop and refine our understanding of the potential marketplace for CaPre.

Our Clinical Data

CaPre is being developed by us for the treatment of patients with severe HTG. In two Phase 2 clinical trials conducted by us in Canada (our COLT and TRIFECTA trials), CaPre was found to be safe and well-tolerated at all doses tested, with no serious adverse events that were considered treatment-related. Among the reported adverse events with an occurrence of greater than 2% of subjects and greater than placebo, only diarrhea had an incidence of 2.2%.

In both Phase 2 clinical trials, CaPre significantly lowered TGs in patients with mild to severe HTG. Importantly, in these studies, CaPre also demonstrated no deleterious effect on LDL-C (unlike LOVAZA and EPANOVA, which have been shown to significantly increase LDL-C in patients with severe HTG). Further, our Phase 2 data indicated that CaPre may actually reduce LDL-C. LDL-C is undesirable because it accumulates in the walls of blood vessels, where it can cause blockages (atherosclerosis). In the Phase 2 trials, CaPre also reduced non-HDL-C (all cholesterol contained in the bloodstream except HDL-C), which is also considered to be a marker of

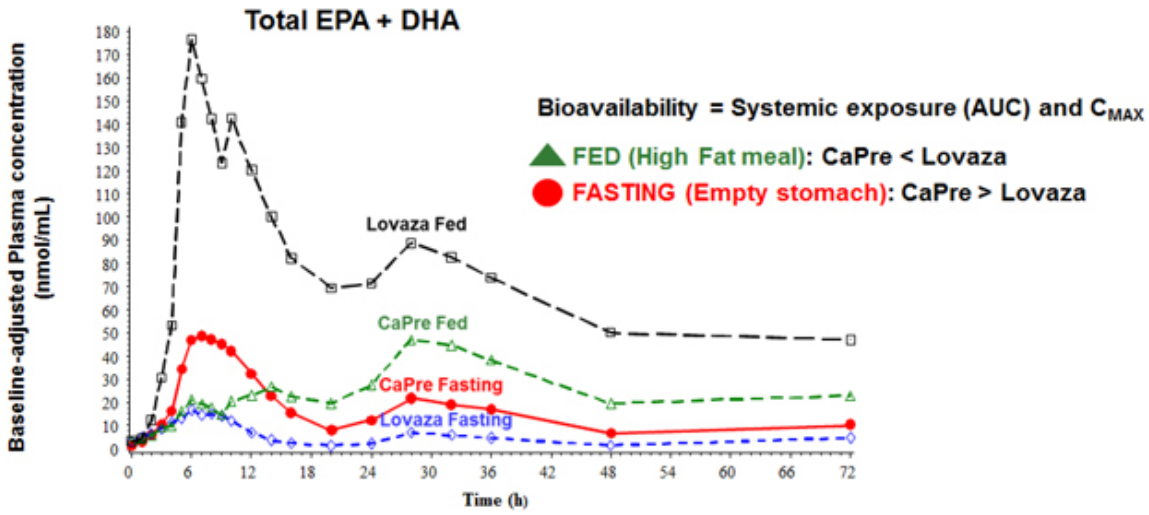
cardiovascular disease. The COLT trial data showed a mean increase of 7.7% in HDL-C with CaPre at 4 grams per day (p=0.07). Further studies in our planned Phase 3 program are required to demonstrate CaPre's statistical significance with HDL-C.

We believe that these multiple potential cardiovascular benefits, if confirmed in our planned Phase 3 program, could be significant differentiators for CaPre in the marketplace, as no currently approved OM3 drug has shown an ability to positively modulate these four major blood lipid categories (TGs, non-HDL-C, LDL-C and HDL-C) in the treatment of severe HTG. We also believe that if supported by additional clinical trials, CaPre has the potential to become the best-in-class OM3 compound for the treatment of mild to moderate HTG.

On September 14, 2016, we announced positive data from our completed comparative bioavailability study, or the Bridging Study. The Bridging Study was an open-label, randomized, four-way, cross-over, bioavailability study comparing CaPre, given as a single dose of 4 grams in fasting and fed (high-fat) states, as compared to the FDA-approved HTG drug LOVAZA (OM3-acid ethyl esters) in 56 healthy volunteers. The protocol was reviewed and approved by the FDA. The primary objective of the Bridging Study was to compare the bioavailability of CaPre to LOVAZA, each administered as a single 4 gram dose with a high-fat meal, which is the condition under which administration of OM3 drugs will yield the highest levels of EPA and DHA in the blood, and therefore has the highest potential for toxicity. To allow us to rely on the long-term safety data of LOVAZA to support a 505(b)(2) NDA for CaPre, our results had to show that the blood levels of EPA and DHA resulting from a single 4 gram dose of CaPre are not significantly higher than from a single 4 gram dose of LOVAZA under fed (high-fat meal) conditions. The Bridging Study met all of its objectives and demonstrated that the levels of EPA and DHA following administration of CaPre did not exceed corresponding levels following administration of LOVAZA in subjects who were fed a high-fat meal. We expect that these results will support a claim by us that CaPre and LOVAZA have a comparable safety profile. Also, among subjects in a fasting state, CaPre demonstrated better bioavailability than LOVAZA, as measured by significantly higher blood levels of EPA and DHA. Since most HTG patients must follow a restricted low-fat diet, we believe that CaPre's strong bioavailability profile could provide a more effective clinical solution for these patients.

We summarized and submitted data from our Bridging Study to the FDA for review and discussed it with the FDA at an End of Phase 2 meeting during the first quarter of 2017. We also presented our Bridging Study data at the National Lipid Association Conference in May 2017 and we plan to submit the data from our Bridging Study for peer review and publication.

The graph below illustrates that the Bridging Study achieved all of its objectives:



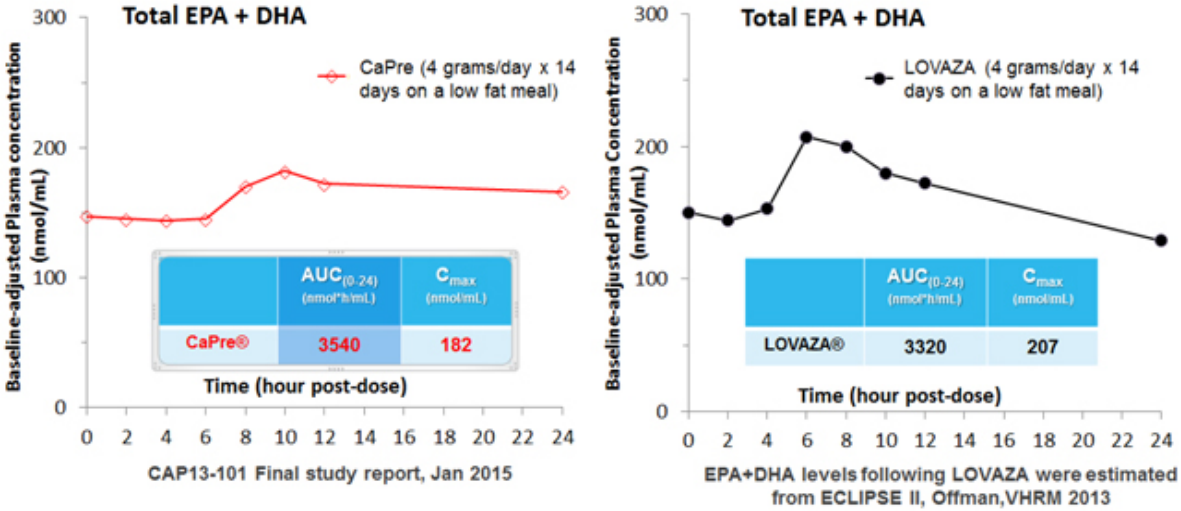
Absorption of EPA and DHA as ethyl ester formulations in the currently available prescription OM3 drugs derived from fish oil (such as LOVAZA and VASCEPA) require the breakdown of the ethyl esters by pancreatic enzymes (lipases) to be released into the blood. These particular enzymes are produced in response to the consumption of high-fat content meals, leading to optimal absorption of EPA and DHA. As a result, these OM3 ethyl ester formulations have demonstrated lower absorption and bioavailability when taken with a low-fat meal or on an empty stomach. As shown in our CAP13-101 study described further below, absorption of CaPre, which is

formulated as OM3 phospholipids and free fatty acids, is not meaningfully affected by the fat content of a meal consumed prior to drug administration. Since a low-fat diet is typically a critical component for treatment of patients with severe HTG, we believe that being able to effectively combine CaPre with a low-fat diet could give CaPre a significant clinical and marketing advantage over the ethyl ester-based OM3s, such as LOVAZA and VASCEPA, that must be taken with a high-fat meal to achieve optimal absorption.

Our CAP13-101 study was an open-label, randomized, multiple-dose, single-center, parallel-design study in healthy volunteers. 42 subjects were enrolled into 3 groups of 14 subjects who took 1 gram, 2 grams or 4 grams of CaPre, administered once a day 30 minutes after breakfast. The objectives of the study were to determine the pharmacokinetic, or PK, profile and safety on Day 1 following a single oral dose and Day 14 following multiple oral doses of CaPre in individuals pursuing a low-fat diet (therapeutic lifestyle changes diet). The effect of a high-fat meal on the bioavailability of CaPre was also evaluated at Day 15. Blood samples were collected for assessment of EPA and DHA total lipids in plasma to derive the PK parameters.

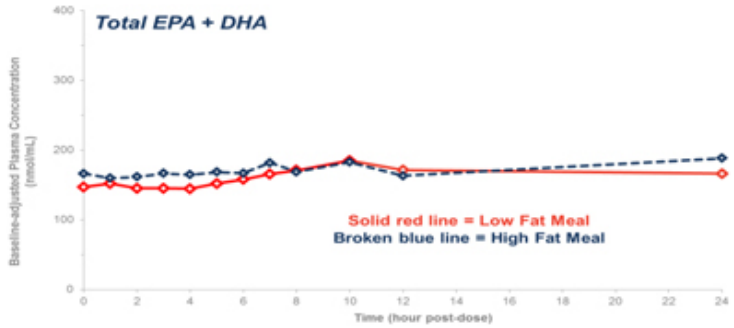
The PK profile of CaPre following multiple 4 gram doses obtained in the CAP13-101 study at Day 14 was compared to the results obtained in a similar PK study (Offman 2013 - ECLIPSE 2) where LOVAZA was also administered at 4 grams a day for 14 days with a low-fat diet. Although CaPre contains approximately 2.5 times less EPA and DHA compared to LOVAZA (approximately 310 mg/1g capsule for CaPre versus 770 mg/1g capsule for LOVAZA), when administered with a low-fat meal, CaPre plasma levels of EPA and DHA are very similar to those of LOVAZA, as indicated by the area under the plasma drug concentration against time curve, or AUC, and the maximal plasma drug concentration. This study gives us confidence in the dosing and design of our planned Phase 3 program.

As illustrated by the two graphs below, CaPre reached similar blood and therapeutic levels to LOVAZA after 14 daily doses of CaPre at 4 grams/day, despite CaPre containing 2.5 times less EPA and DHA compared to LOVAZA:



The graph below illustrates that the bioavailability of CaPre (total EPA+DHA levels in the blood) does not appear to be meaningfully affected by the fat content of a meal after multiple daily doses of CaPre at 4 grams/day (< 20% difference in AUC). We believe that CaPre's strong bioavailability could represent a significant clinical advantage for CaPre since taking it with a low-fat meal represents a more realistic and attractive regimen for patients with HTG who must follow a restricted low-fat diet.

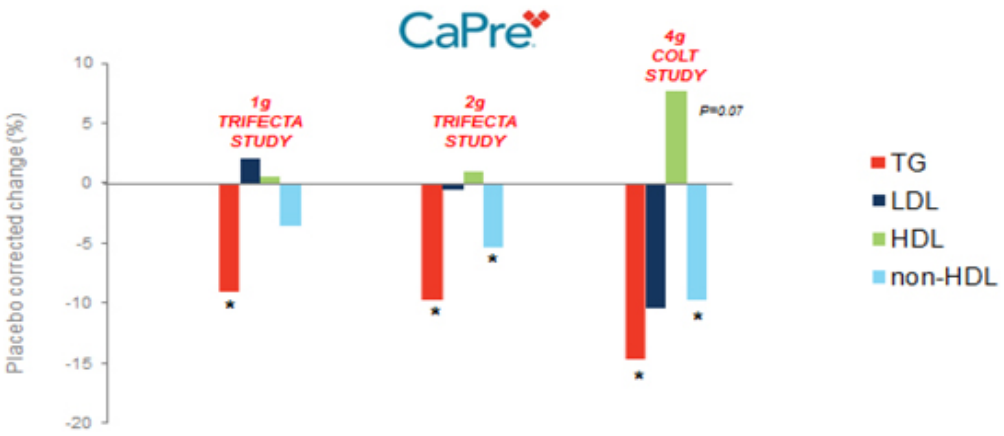
Our Study CAP13-101 CaPre Pharmacokinetics Shows No Significant Food Effect



The graph below presents a summary of the effects of CaPre on patients' lipid profiles as obtained in our completed TRIFECTA and COLT Phase 2 clinical trials. 90% of the patients in these clinical trials had mild to moderate HTG (levels between 200 – 499 mg/dL) and 10% of patients had severe HTG (levels between 500 and 877 mg/dL), which was the maximum level of TGs permitted by Health Canada's study protocol. Only 30% of the participating patients were taking statins, which we believe is important because statins appear to enhance the TG-lowering effect of OM3s. In contrast, in our competitors' summary data that follows, 100% of the patients in those studies with mild to moderate HTG were taking statins with their OM3s.

The summary data from our COLT and TRIFECTA clinical trials shows that CaPre significantly reduces TGs, but unlike some other prescription EPA/DHA-based OM3s, it has no deleterious effect on LDL-C and may potentially increase HDL-C (p=0.07), which we refer to as the "trifecta effect". Also, a dose response was seen for all of the major lipid markers; the greater the dose of CaPre, the greater the beneficial effect of CaPre.

Our Phase 2 Study Results Show CaPre Dose Response and Potential for "Trifecta" Lipid Effect

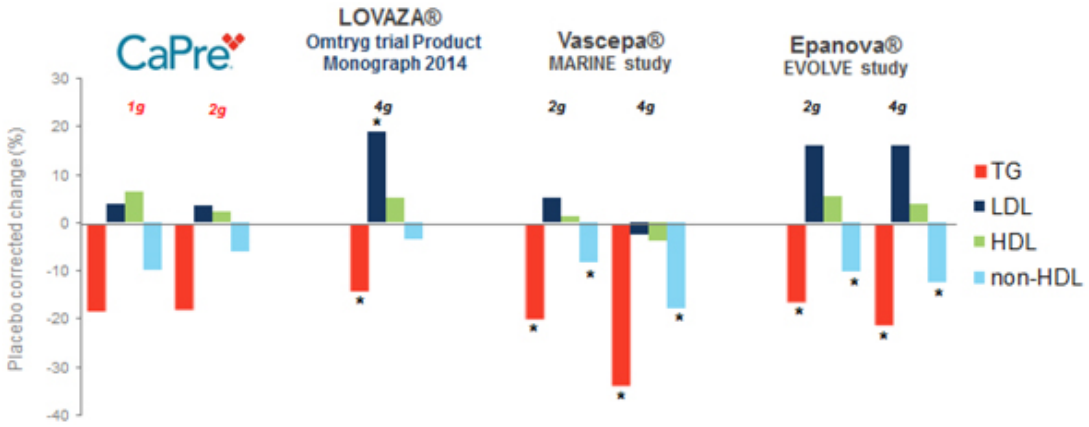


* Indicates results reached statistical significance

TRIFECTA for 1g (N=130) & 2g (N=128) and COLT for 4g (N=62). HDL-C results at 4g from COLT approached statistical significance at P=0.07.

We conducted a subgroup analysis including only patients with severe HTG, consisting of approximately 10% of the patients from our TRIFECTA study, to compare the effects of CaPre versus other OM3 drugs in the initial target population of patients with severe HTG. Despite being given at a lower dose (only 1 gram and 2 grams), CaPre's results compared very well with data from independent studies for the other prescription OM3 drugs that are FDA-approved for the treatment of severe HTG at higher doses of 2 grams and 4 grams. While the results of this subgroup analysis were not statistically significant for CaPre (potentially due to the small sample size), numerically, the results compared well with the other OM3 drugs, even though CaPre was given at a much lower dose. The results for LDL-C, HDL-C and non-HDL-C levels in the subgroup shown in the table below are based on descriptive statistics only and are solely directional, meaning that no statistical testing was conducted and so no "p" values were generated.

Our Sub-Group Analysis in Patients with Severe HTG: CaPre[1] at 1g and 2g Compares Well with Our Competitors[2] at 2g and 4g



Only ~1/3 of all patients across all studies were on statins

* Indicates results reached statistical significance

1. Subgroup analysis on CaPre Phase 2 TRIFECTA study data in patients with severe HTG; (N=10 for 1g & N=14 for 2g). Results are not statistically significant for TGs, which may be explained by the small number of patients in this subgroup analysis. Results for LDL-C, HDL-C and non-HDL-C are based on descriptive statistics only (no statistical testing conducted).
2. LOVAZA 4g (N=103), VASCEPA 2g/4g (N=73/76), EPANOVA 2g/4g (N=100/99).

Since statins appear to enhance the TG-lowering property of OM3 drugs, we conducted a subgroup analysis that only included patients who were taking a statin at baseline in the COLT and TRIFECTA studies (approximately 30% of the population of both trials, combined). The graph below compares the TG-lowering effects of CaPre to other OM3s, all on a background of a statin drug, and shows that CaPre's TG-lowering effects compare well with other FDA-approved OM3 drugs. We believe it is noteworthy that only 39 patients on 2 grams of CaPre in our TRIFECTA study (out of a total of 128) and only 22 patients on 4 grams of CaPre in our COLT study (out of 62) were taking statins.

The CaPre 2 gram bar graph in the table below shows the results from patients in our TRIFECTA trial who were taking statins. A statistically significant reduction in TGs (-25.7% placebo corrected) was seen in that statin subgroup. The CaPre 4 gram bar graph in the table below shows patient results only from our COLT trial (as there was no 4 gram component for our TRIFECTA). None of the results were statistically significant at 4 grams of CaPre, potentially due to the small number of patients (22) in the statins subgroup.

As seen in the larger full study analyses in the tables above, CaPre does not show any deleterious effect on LDL, and shows the potential to decrease LDL and increase HDL (p=0.07). These observations will need to be confirmed in our planned Phase 3 program.

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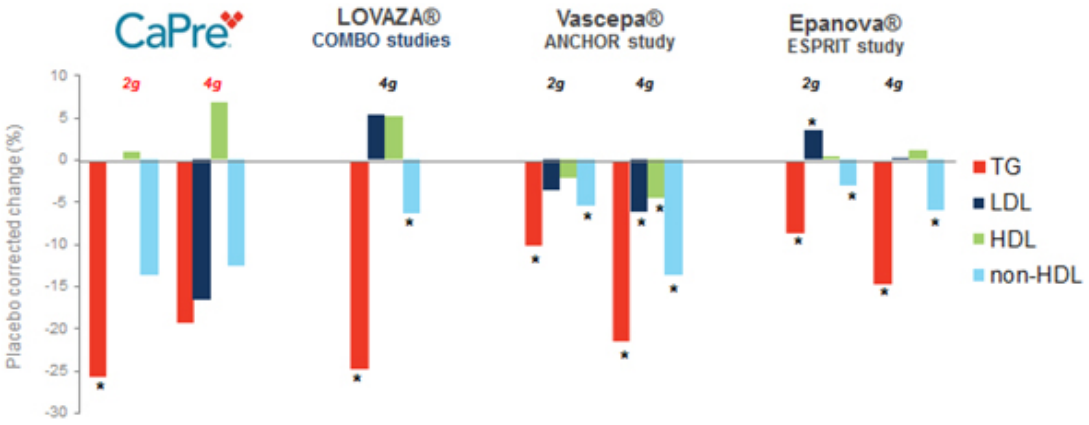
Our Sub-Group Analysis in Patients Treated with Statins[1] vs Independent Competitor Data[2]: Potential for CaPre Trifecta Effect



* Indicates results reached statistical significance

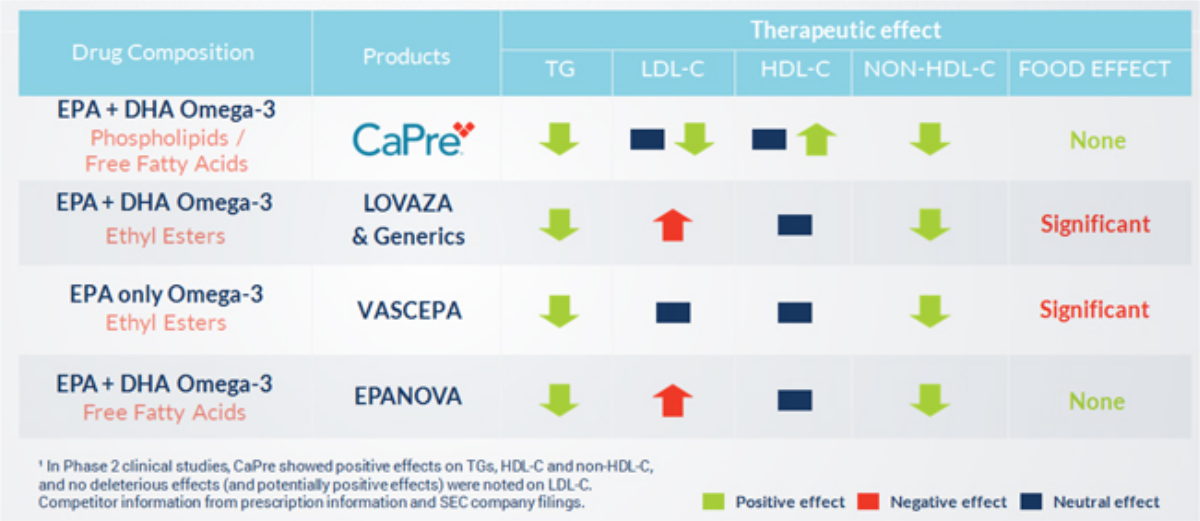
1. CaPre subgroup analyses on patients treated with statins: TRIFECTA for 2g (N=39) and COLT for 4g (N=22). For CaPre 2g, results for LDL-C, HDL-C, and non-HDL-C are based on descriptive statistics only (no statistical testing was conducted). For CaPre 4g, no results are statistically significant which may be explained by the small number of patients.
2. All patients on a statin background: LOVAZA (N=122 for 4g), VASCEPA (N= 234 for 2g, N=227 for 4g), EPANOVA (N=209 for 2g, N=207 for 4g). Statins have been shown to enhance the efficacy of OM3 products – VASCEPA NDA 202057. Statistical review, section 4.2 ‘‘Other special/Subgroup populations’, p. 107; and Maki K et al. Clin. Ther. 2013.

In summary, in addition to effectively reducing TG levels in patients with mild to severe HTG, clinical data collected by us to date indicates that CaPre may also have:

- beneficial effects on other blood lipids, such as HDL-C (good cholesterol) and non-HDL-C;
- no deleterious effect on, and may potentially reduce, LDL-C (bad cholesterol) levels; and
- absorption capability that is not meaningfully affected by the fat content of a meal consumed prior to drug administration, providing patients with the reassurance that following their physician-recommended low-fat diet will still result in high absorption.

We believe that these features could set CaPre apart from currently available FDA-approved OM3 treatment options in the marketplace and could give us a significant clinical and marketing advantage.

CaPre’s potential clinical benefits as compared to currently available FDA-approved OM3 treatment options are summarized in the table below and indicate that CaPre may deliver a more complete lipid management solution for patients with severe HTG:



Our Nonclinical Research

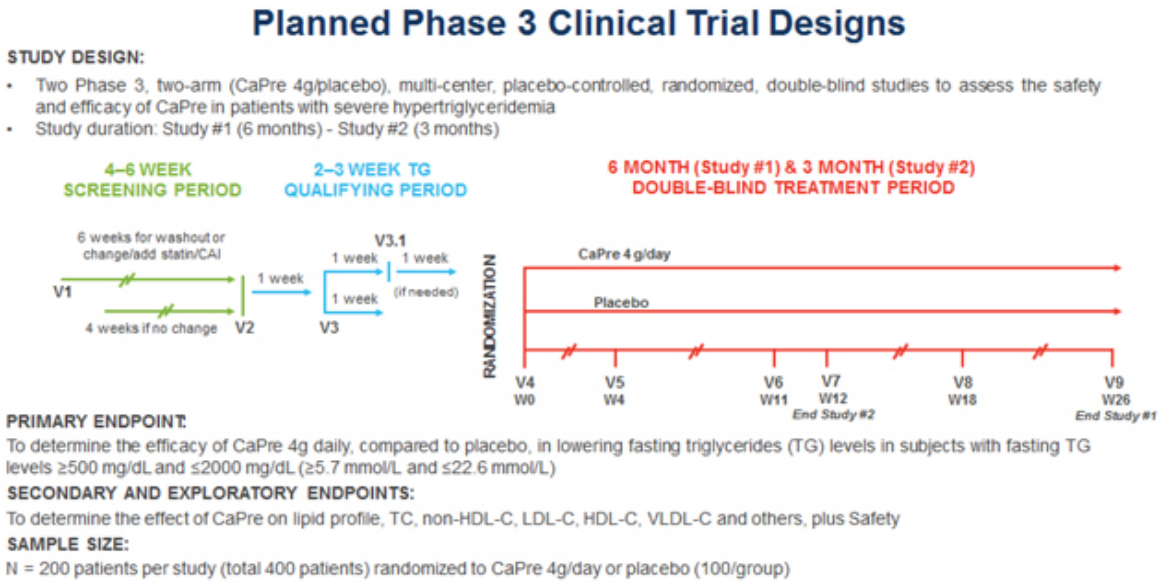
In addition to our Phase 2 clinical trials, we carried out an extensive nonclinical program to demonstrate the safety of CaPre in a defined set of studies required by the FDA. These studies were carried out by contract research organizations with Good Laboratory Practice certification and conducted on various species of animals recommended by the FDA to investigate the long-term effects of CaPre at doses of up to 65 grams of human equivalent dose over 39 weeks. In these studies, hematological, biochemical, coagulation and overall health parameters of CaPre were evaluated and no toxic effects were observed in any of the segments of the studies. Other studies focused on the potential toxic effects of CaPre on vital systems, such as the cardiovascular, respiratory and central nervous system as evaluated by behavioural studies of the various species. These studies showed that CaPre did not have any adverse or toxic effects on any of the vital systems investigated, again up to doses well above the recommended clinical dose of CaPre. To rule out short term toxic effects of CaPre on genes, genomic toxicity studies were undertaken on accepted cellular and animal models. These studies showed no toxic effects of CaPre on any of the genetic markers indicative of potential gene altering toxic effects.

We believe the studies conducted to date indicate that CaPre is well-tolerated and shows no toxic effects on any of the physiological and vital systems of the tested animals or their genes or molecules at doses well above CaPre's anticipated clinical therapeutic dose of 4 grams daily.

In parallel to our planned Phase 3 program, we will have to complete additional nonclinical studies, including a pre- and postnatal development study in rodents and a 26-week oral carcinogenicity study in transgenic hemizygous rasH2 mice. These nonclinical studies will be required to support a NDA for CaPre.

Our Planned Phase 3 Program Design

In March 2017, we announced our plans to proceed with our Phase 3 program following our End-of-Phase 2 meeting with the FDA in February 2017. Based on the guidance we received from the FDA, we plan to conduct two pivotal, randomized, placebo-controlled Phase 3 studies to evaluate the safety and efficacy of CaPre in patients with severe HTG (TG levels >500 mg/dL). These studies will evaluate CaPre's ability to lower TGs from baseline in approximately 400 patients randomized to either 4 grams daily or placebo. The FDA's feedback supports our plan to conduct two studies instead of one large study, potentially shortening the time to an NDA submission, as no open label extension to the studies is planned. We intend to initiate our Phase 3 program during the second half of 2017. The following chart illustrates the expected design and dosing of our planned Phase 3 program for CaPre.



Our Regulatory Strategy for CaPre

Our strategy is to develop and initially commercialize CaPre for the treatment of severe HTG. Our goal is to initiate our Phase 3 program during the second half of 2017, which would be specifically designed to fully evaluate the clinical effect of CaPre on TGs, non-HDL-C, LDL-C, and HDL-C levels together with a variety of other cardiometabolic biomarkers in patients with severe HTG.

In December 2015, we announced that we intend to pursue a 505(b)(2) regulatory pathway towards an NDA approval in the United States. A 505(b)(2) regulatory pathway is defined in the U.S. Federal Food Drug and Cosmetic Act (FDCA) as an NDA containing investigations of safety and effectiveness that are being relied upon for approval and were not, in whole, conducted by or for the applicant, and for which the applicant has not obtained a right of reference. 505(b)(2) regulatory pathways differ from a typical NDA because they allow a sponsor to rely, at least in part, on the FDA's findings of safety and/or effectiveness for a previously-approved drug. We intend to pursue the 505(b)(2) regulatory pathway as a strategy to leverage the large body of safety data for LOVAZA, which could accelerate and streamline the development of CaPre and reduce associated costs and risks.

In connection with our intended use of the 505(b)(2) pathway, the FDA supported our proposal to conduct our Bridging Study that compared CaPre (which has an OM3 free fatty acid/phospholipid composition) with the FDA-approved HTG drug LOVAZA (which has an OM3-acid ethyl esters composition) in healthy volunteers. In February 2017, we met with the FDA to review our Bridging Study data. We confirmed with the FDA the 505(b)(2) regulatory approach to use the safety data for LOVAZA, and finalized the study design for our Phase 3 clinical trials, which will be required for NDA approval. We expect to continue our dialogue with the FDA during the second half of 2017 to obtain feedback on our regulatory and clinical plans and to clarify or answer specific questions prior to our initiation of our Phase 3 clinical studies.

Our planned key milestones and development timeline are presented below.

CaPre Development Timeline and Key Milestones

Our Intellectual Property Strategy

Under a license agreement we entered into with Neptune in August 2008, which we refer to as the "license agreement", we received an exclusive license to use Neptune's intellectual property portfolio related to cardiovascular pharmaceutical applications. The license agreement allows us to develop and commercialize CaPre and our novel and active pharmaceutical ingredients, or APIs, for the prescription drug and medical food markets. As a result of a royalty prepayment transaction we entered into with Neptune on December 4, 2012, we are no longer required to pay any royalties to Neptune under the license agreement during its term for the use of the licensed intellectual property. The license agreement expires on the date of the last to expire patent, which is 2031.

In addition to the license agreement, we continue to expand our own intellectual property, or IP, portfolio and patents. We have now filed patent applications in 22 jurisdictions, including Europe, North America, Asia and Australia for our "Concentrated Therapeutic Phospholipid Composition" to treat HTG, and we currently have 17 issued or allowed patents and 17 patents pending. The last to expire of our patents is valid until 2031.

Patent Description	WO (PCT) Application # & U.S. Patent #	Expiration Date of Patent Family	Number of Patents Worldwide
Composition of Matter			
CONCENTRATED THERAPEUTIC PHOSPHOLIPID COMPOSITION	*WO2011050474 & US8,586,567;*	*2031**	14* (20 patents pending in approx. 19 countries)

* Five Australian innovation patents are valid until 2018, patent (ZL 201080059930.4) granted by the Chinese Patent Office is valid until 2030 and patent (US 9475830) granted by the United States Patent and Trademark Office is valid until 2031. Our Australian patent AU 2010312238 expires in 2030.

U.S. patents were granted to us protecting a method of reducing serum TG levels comprising administering a composition comprising about 66% phospholipid, or PL, (US 8,586,567), and a method of treating HTG comprising administering a composition comprising about 60% PL (US 9,475,830). We later filed a U.S. continuation patent application to pursue prosecution of composition of matter claims encompassing an extract comprising a PL content between about 60% to about 99%. The U.S. patent covers concentrated therapeutic phospholipid compositions useful for treating or preventing diseases associated with cardiovascular disease, metabolic syndrome, inflammation and associated diseases associated, neurodevelopmental diseases, and neurodegenerative diseases, comprising administering an effective amount of a concentrated therapeutic phospholipid composition. The U.S. patent is valid until 2031. The corresponding US 8,586,567 patent has also been granted in South Africa and Japan. Chinese patent (ZL 201080059930.4), which is valid until 2030, relates to concentrated therapeutic phospholipid OM3 compositions and covers methods for treating or preventing diseases associated with cardiovascular diseases, metabolic syndrome, inflammation, neurodevelopmental diseases, and neurodegenerative diseases. The patent had also been granted in Japan, Mexico and Taiwan.

A patent is generally valid for 20 years from the date of first filing. Patent terms can vary slightly for other jurisdictions, with 20 years from filing being the norm. In certain jurisdictions, exclusivity can be formally extended beyond the normal patent term to compensate for regulatory delays during the pre-market approval process.

We believe these patents increase potential commercial opportunities for CaPre, including through possible licensing and partnership opportunities. We are committed to building a global portfolio of patents to ensure long-lasting and comprehensive intellectual property protection and to safeguard potentially valuable market expansion opportunities.

Our patent No. 600167 in New Zealand, which is enforceable until 2030 and relates to a concentrated phospholipid composition comprising 60% PL and method of using the same for treating cardiovascular diseases, has been opposed by BIO-MER Ltd. Our corresponding Australian patent No. 2010312238 was opposed by Enzymotec Ltd., but that opposition has been since been dropped. The New Zealand patent opposition is in its early stages. In our view, no new prior art has been presented that was not already considered in other jurisdictions, such as in the United States and Japan, where our patents are in force.

The following table summarizes the patent applications related to our license agreement with Neptune.

Patent Description	US Patent #	Expiration Date of Patent	Holder
Composition of Matter (NATURAL PHOSPHOLIPIDS OF MARINE ORIGIN CONTAINING FLAVONOIDS AND POLYUNSATURATED PHOSPHOLIPIDS AND THEIR USES)	US8,030,348 (1)	2022	Neptune
Method of Use for Dyslipidemia (KRILL AND/OR MARINE EXTRACTS FOR PREVENTION AND/OR TREATMENT OF CARDIOVASCULAR DISEASES, ARTHRITIS, SKIN CANCER, PREMENSTRUAL SYNDROME, DIABETES AND TRANSDERMAL TRANSPORT)	US8,057,825	2022	Neptune
Method of Extraction (METHOD OF EXTRACTING LIPIDS FROM MARINCE AND AQUATIC ANIMAL TISSUE)	US6,800,299	2019	Neptune

(1) Three continuations also stem from U.S. Pat. 8,030,348 (U.S. Pat. 8,278,351; and 8,383,675).

We have applied for trademark protection of CaPre, and we are the owner of the trademark BREAKING DOWN THE WALLS OF CHOLESTEROL in Canada, the United States and the European Union. The trademark CaPre® is registered in the United States, Canada, Australia, China, Japan and Europe. In addition, we also protect our optimization and extraction processes through industrial trade secrets and know-how.

Manufacturing of CaPre

We are developing CaPre as a NCE and we plan to implement our Phase 3 program using good manufacturing practices, or cGMP, good clinical practices, or cGCP, and good laboratory practices, or cGLP. The contract manufacturing organizations, or CMOs, selected by us for manufacturing and packaging are all cGMP compliant. As batch sizes of 10 to 12 kilograms of CaPre have already been successfully produced and tested clinically, we are now scaling up to 100 kg/day to fulfill the clinical product requirements for our planned Phase 3 program and initial commercial launch.

In preparation for our planned Phase 3 program, working together with our pharmaceutical CMOs, we have advanced the installation and qualification of the proprietary extraction and purification equipment used to manufacture CaPre. We ran our first engineered production run of CaPre in December 2016 and our first scaled cGMP batches of CaPre at CordenPharma's Chenôve facility in Dijon, France during the first half of 2017.

The graphic below illustrates the manufacturing sequence for CaPre:

CaPre is manufactured under strict cGMP as per 21 CFR parts 210 and 211:

- Developed as a new molecular entity using robust, unique *Quality-by-Design* manufacturing process
- All CMOs are cGMP compliant (manufacturing and packaging sites)
- Proprietary process with small footprint (future patents, trade secrets, and know-how)
- Scale up completed from 10-15 kg batch size to 100 kg/day (first year or two of commercial volume)

Our Business and Commercialization Strategy

Key elements of our business and commercialization strategy include initially obtaining regulatory approval for CaPre in the United States for severe HTG. We do not have in-house sales and marketing capabilities. We are currently evaluating several alternative approaches to commercializing CaPre in the United States. Our preferred strategy is to commercialize CaPre outside the United States through strategic partnerships, and to potentially seek funding support from strategic partnerships for these development and commercialization activities. We believe that a late development-stage and differentiated drug candidate like CaPre could be attractive to various global, regional or specialty pharmaceutical companies, and we are taking an opportunistic approach to partnering and licensing in various geographies and indications.

If we reach commercialization of CaPre, as part of our sales and marketing strategy, we expect to focus our U.S. launch initially on lipid specialists, cardiologists and primary care physicians who comprise the top prescribers of lipid-regulating therapies for patients with severe HTG.

Our key commercialization goals include:

- initiating and completing our planned Phase 3 program and, assuming the results are positive, filing an NDA to obtain regulatory approval for CaPre in the United States, initially for the treatment of severe HTG, with the potential to afterwards expand CaPre's indication to the treatment of mild to moderate HTG;
- continuing to strengthen our patent portfolio and other intellectual property rights;
- continuing to evaluate the optimal strategic approach for commercializing CaPre in the United States; and
- pursuing strategic opportunities outside of the United States, such as licensing or similar transactions, joint ventures, partnerships, strategic alliances or alternative financing transactions, to provide development capital, market access and other strategic sources of capital for us.

In addition to completing our planned Phase 3 program, we expect that additional time and capital will be required to complete the filing of an NDA to obtain FDA pre-market approval for CaPre in the United States, and to complete business development collaborations, marketing and other pre-commercialization activities before reaching the commercial launch of CaPre.

Competition

The biotechnology and pharmaceutical industries are highly competitive. There are many pharmaceutical companies, biotechnology companies, public and private universities and research organizations actively engaged in the research and development of products that may be similar to CaPre. We believe that the number of companies seeking to develop products and therapies similar to CaPre will likely increase, particularly if the CV outcome trials by Amarin and/or Astra Zeneca are successful.

Our competitors in the United States and globally include large, well-established pharmaceutical companies, specialty pharmaceutical sales and marketing companies, and specialized cardiovascular treatment companies. GlaxoSmithKline plc, which currently sells LOVAZA, a prescription-only OM3 fatty acid indicated for patients with severe HTG, was approved by the FDA in 2004 and has been available in the U.S. market since 2005. Multiple generic versions of LOVAZA are now available in the United States. Amarin launched its prescription-only OM3 drug VASCEPA in 2013, and reached a market share of approximately 20% by the end of 2015. In addition, EPANOVA (OM3-carboxylic acids) capsules, a free fatty acid form of OM3 (comprised of 55% EPA and 20% DHA), is FDA-approved for patients with severe HTG. Omtryg, another OM3-acid fatty acid composition developed by Trygg Pharma AS, received FDA approval for severe HTG. Neither EPANOVA nor Omtryg have yet been commercially launched, but could launch at any time. Other large companies with products that would compete indirectly with CaPre include AbbVie, Inc., which currently sells Tricor and Trilipix for the treatment of severe HTG, and Niaspan, which is primarily used to raise HDL-C but is also used to lower TGs. Generic versions of Tricor, Trilipix, and Niaspan are also now available in the United States. In addition, we are aware of a number of other pharmaceutical companies that are developing products that, if approved and marketed, would compete with CaPre.

Raw Materials

We use semi-refined raw krill oil as our primary raw material to produce CaPre. Krill is generally harvested in Antarctic waters. The total quantity of the krill species is estimated to be at least 500,000,000 metric tons. The krill biomass is the world's most abundant biomass and is monitored to help ensure sustainable cultivation. Currently, we source all of our krill oil from Neptune.

Employees, Specialized Skills and Knowledge

Our management consists of professionals from business development, sales and marketing, clinical development, pharmaceutical manufacturing, finance and science backgrounds. Our research team includes scientists with expertise in pharmaceutical development, chemistry, manufacturing and controls, nonclinical and clinical studies, pharmacology, regulatory affairs, quality assurance/quality control, intellectual property and strategic alliances. As of March 31, 2017, we employed 15 people in Canada and the United States, eight of whom have advanced biology, engineering, chemistry, biochemistry or microbiology degrees. We generally require all of our employees to enter into invention assignment, non-disclosure and non-compete agreements. We rely, in part, on some administrative and general accounting support from Neptune, and we also rely on third-party consultants from time to time. Our employees are not covered by any collective bargaining agreement or represented by a trade union.

Additional Information About Our Phase 2 Clinical Trials

Our COLT Trial

Our COLT clinical trial, which was completed in 2014, was a randomized, open-label, dose-ranging, multi-center trial in Canada designed to assess the safety and efficacy of CaPre in the treatment of patients with TG levels between 200-877 mg/dL. The primary objectives of the COLT study were to evaluate the safety and efficacy of 0.5 grams, 1 gram, 2 grams and 4 grams of CaPre per day in reducing fasting plasma TGs over 4 and 8 weeks, as compared to the standard of care alone.

The secondary objectives of the COLT study were to evaluate:

- the effect of CaPre on fasting plasma TGs in patients with TGs between 200-499 mg/dL (mild to moderate HTG);
- the dose dependent effect on fasting plasma triglycerides in patients with TGs between 500-877 mg/dL (severe HTG); and
- the effect of CaPre on fasting plasma levels of LDL-C (direct measurement), HDL-C, non-HDL-C, hs-CRP and OM3 index.

The final results of the COLT trial indicated that CaPre was safe and effective in reducing TGs in patients with mild to severe HTG with significant mean (average) TG reductions above 20% after 8 weeks of treatment with daily doses of 4 grams and 2 grams. Demographics and baseline characteristics of the patient population were balanced in terms of age, race and gender. A total of 288 patients were enrolled and randomized and 270 patients completed the study, which exceeded our targeted number of evaluable patients. From this patient population, approximately 90% had mild to moderate HTG.

The proportion of patients treated with CaPre that experienced one or more adverse events in the COLT trial was similar to that of the standard of care group (30.0% versus 34.5%, respectively). A substantial majority of adverse events were mild (82.3%) and no severe treatment-related adverse effects were reported. Only one patient was discontinued from the study due to an adverse event of moderate intensity. While the rate of gastrointestinal side effects was higher in the CaPre groups compared to standard of care alone and appeared to increase in a dose-related manner, none of the subjects participating in the study suffered from a serious adverse event. The COLT study results showed that even at higher doses, CaPre is safe and well tolerated with only transient and predominantly mild adverse events occurring at low rates.

The COLT trial met its primary objective of showing CaPre to be safe and effective in reducing TGs in patients with mild to severe HTG. After only a 4-week treatment, CaPre achieved a statistically significant TG reduction as compared to standard of care alone. Standard of care could be any treatment physicians considered appropriate in a real-life clinical setting and included lifestyle modifications as well as statins and/or ezetimibe. Patients treated with 4 grams of CaPre per day over 4 weeks reached a mean TG decrease of 15.4% from baseline and a mean improvement of 18.0% over the standard of care. Results also showed increased benefits after 8 weeks of treatment, with patients on a daily dose of 4 grams of CaPre registering a mean TG decrease of 21.6% from baseline and a mean improvement of 14.4% over the standard of care.

After 8 weeks of treatment, patients treated with 1 gram of CaPre for the first 4 weeks of treatment and 2 grams for the following 4 weeks, showed a statistically significant TG mean improvement of 16.2% over the standard of care, corresponding to a 23.3% reduction for the 1-2 grams patient population as compared to a 7.1% reduction for the standard of care. After 8 weeks of treatment, patients treated with 2 grams of CaPre for the entire 8 weeks showed statistically significant TG mean improvements of 14.8% over the standard of care, corresponding to a 22.0% reduction for the 2 grams as compared to a 7.1% reduction for the standard of care. Also, after 8 weeks of treatment, patients treated with 4 grams for the entire 8 weeks showed statistically significant TG, non-HDL-C and HbA1C mean improvements of 14.4% and 9.8% and 15.0%, respectively, as compared to standard of care. The 4 grams group showed mean improvements in:

- TGs of 14.4%, corresponding to a reduction of 21.6% as compared to a reduction of a 7.1% for the standard of care group,
- non-HDL-C of 9.8%, corresponding to a reduction of 12.0% as compared to a reduction of 2.3% for the standard of care group, and
- HbA1C of 15.0%, corresponding to a reduction of 3.5% as compared to an increase of 11.5% for the standard of care group.

In addition, all combined doses of CaPre showed a statistically significant treatment effect on HDL-C levels, with an increase of 7.4% as compared to standard of care. Trends (p-value < 0.1) were also noted on patients treated with 4 grams of CaPre for the entire 8-week treatment period with mean reduction of total cholesterol of 7.0% and increase of HDL-C levels of 7.7%, as compared to the standard of care. The results of the COLT trial indicated that CaPre has no significant deleterious effect on LDL-C (bad cholesterol) levels.

Our TRIFECTA Trial

Our TRIFECTA clinical trial, which was completed in 2015, was a 12-week, randomized, placebo-controlled, double-blind, dose-ranging trial in Canada, designed to assess the safety and efficacy of CaPre at a dose of 1 gram or 2 grams on fasting plasma TGs as compared to a placebo in patients with TG levels between 200-877 mg/dL. A total of 387 patients were randomized and 365 patients completed the 12-week study, consistent with our targeted number of evaluable patients. From this patient population, approximately 90% had mild to moderate HTG with baseline TGs between 200 and 499 mg/dL. The remainder had severe HTG with baseline TGs between 500 and 877 mg/dL. Approximately 30% of patients were on lipid-lowering medications, such as statins, and approximately 10% were diabetic.

Similar to our COLT study, the primary objective of the TRIFECTA study was to evaluate the effect of CaPre on fasting plasma TGs in patients with TGs between 200-877 mg/dL and to assess the tolerability and safety of CaPre. The secondary objectives of the TRIFECTA study were to evaluate:

- the effect of CaPre on fasting plasma TGs in patients with TGs between 200-499 mg/dL;
- the dose dependent effect on fasting plasma TGs in patients with TGs between 500-877 mg/dL; and

- the effect of CaPre in patients with mild to moderate HTG and severe HTG on fasting plasma levels of LDL-C (direct measurement), and on fasting plasma levels of HDL-C, non-HDL-C, hs-CRP and OM3 index.

CaPre successfully met the TRIFECTA's study's primary objective. The placebo-corrected percentage change in TGs were decreases of 9.1% (p=0.049) and 9.7% (p=0.044) for 1 gram and 2 grams of CaPre, respectively. Key secondary objectives were also met:

- there was a statistically significant decrease in non-HDL-C versus placebo (p=0.038), with the 2 gram group decreasing by 5.3% from baseline versus placebo over the 12-week period;
- HDL-C (good cholesterol) slightly increased at both the 1 gram and 2 gram levels; and
- LDL-C (bad cholesterol) and slightly decreased at the 2 gram level.

Finally, a statistically significant dose response increase in the OM3 index for patients on 1 gram and 2 grams versus placebo was noted. The OM3 index reflects the percentage of EPA and DHA in red blood cell fatty acids and the risk of cardiovascular disease is considered to be lower as the OM3 index increases.

CaPre was found to be safe and well tolerated at all doses tested, with no serious adverse events that were considered treatment-related. Out of 387 randomized patients, a total of 7 (1.8%) were discontinued as a result of adverse events, three were on placebo, two were on 1 gram and two were on 2 grams. The predominant incidence was gastrointestinal-related, with no difference between CaPre and placebo. The safety profiles of patients on CaPre and placebo were similar.

The COLT and TRIFECTA clinical trials were conducted by JSS Medical Research, a CRO specializing in the pharmaceutical, biotechnology, nutraceutical and medical device industries, which is both owned and managed by Dr. John Sampalis, the brother of Dr. Tina Sampalis, who previously was our President and Chief Global Strategy Officer. JSS was selected by us following a rigorous due diligence process. Our board of directors appointed an external independent auditor, SNC Lavalin Pharma, to confirm and validate the clinical trials' achievements, milestones and payments.

Government Regulation

United States Drug Development

Government authorities in the United States, at the federal, state and local level, and in other countries extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing and export and import of drug products such as CaPre. Generally, before a new drug can be marketed, considerable data demonstrating its quality, safety and efficacy must be obtained, organized into a format specific to each regulatory authority, submitted for review and approved by the regulatory authority.

FDA Regulatory Process

In the United States, the FDA regulates drugs under the FDCA and its implementing regulations. Drugs are also subject to other federal, state and local statutes and regulations. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state and local statutes and regulations require the expenditure of substantial time and financial resources.

In order to be marketed in the United States, CaPre must be approved by the FDA through the NDA review process. The process required before a drug may be marketed in the United States generally involves the following:

- completion of extensive nonclinical (animal) and formulation studies in accordance with applicable regulations, including the FDA's Good Laboratory Practice, or GLP, regulations;
- submission of an investigational new drug, or IND, which must become effective before human clinical trials may begin in the United States;
- performance of adequate and well-controlled clinical trials in accordance with the applicable IND and other clinical study-related regulations, such as current Good Clinical Practices, to establish the safety and efficacy of the proposed drug for its proposed indication;
- submission of an NDA for a new drug;

- satisfactory completion of an FDA pre-approval inspection of the manufacturing facility or facilities where the drug is produced to assess compliance with cGMP to assure that the facilities, methods and controls are adequate to preserve the drug's identity, strength, quality and purity;
- satisfactory completion of potential FDA audit of the nonclinical and/or clinical trial sites that generated the data in support of the NDA; and
- FDA review and approval of the NDA prior to any commercial marketing or sale of the drug in the United States.

The data required to support an NDA is generated in two distinct development stages: nonclinical and clinical. The nonclinical development stage generally involves synthesizing or otherwise producing the active component, developing the formulation and determining the manufacturing process, as well as carrying out non-human toxicology, pharmacology and drug metabolism studies in the laboratory, which support subsequent clinical testing. The sponsor must submit the results of the nonclinical tests, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, to the FDA as part of the IND, which is a request for authorization from the FDA to administer an investigational drug product to humans. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises concerns or questions regarding the proposed clinical trials. The FDA may also place the IND on clinical hold within that 30-day time period. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. A clinical hold may be imposed at any time before or during a clinical trial due to safety concerns or non-compliance.

The clinical stage of development first involves the administration of the investigational drug to healthy volunteers and then to patients with the disease being targeted with the drug, all done under the supervision of qualified investigators, generally physicians not employed by or under the trial sponsor's control, in accordance with cGCP. All research subjects must provide their informed consent for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria, data collection, and the parameters to be used to monitor subject safety and assess the investigational drug's efficacy. Each protocol, and any subsequent amendments to the protocol or new investigator's information, must be submitted to the FDA as part of the IND. Further, each clinical trial must be reviewed and approved by an independent institutional review board, or IRB, at or servicing each institution at which the clinical trial will be conducted. An IRB is charged with protecting the welfare and rights of trial participants and considers such items as whether the risks to individuals participating in the clinical trials are minimized and are reasonable in relation to anticipated benefits. The IRB also approves the informed consent form that must be provided to each clinical trial subject or its legal representative. There are also requirements governing the reporting of ongoing clinical trials and completed clinical trial results to public registries, as well as reporting of safety information under the IND.

Clinical studies are generally conducted in three sequential phases that may overlap, known as Phase 1, Phase 2 and Phase 3 clinical trials. Phase 1 generally involves a small number of healthy volunteers who are initially exposed to a single dose and then multiple doses of the investigational drug. The primary purpose of these studies is to assess the metabolism, pharmacologic action, side effect tolerability and safety of the drug. Phase 2 trials typically involve studies in disease-affected patients to determine the dose required to produce the desired benefits. At the same time, safety and further pharmacokinetic and pharmacodynamic information is collected, as well as identification of possible adverse effects and safety risks and preliminary evaluation of efficacy. Phase 3 clinical trials generally involve large numbers of patients at multiple sites, often in multiple countries (from several hundred to several thousand subjects) and are designed to provide the data necessary to demonstrate the effectiveness of the product for its intended use, its safety in use, and to establish the overall benefit/risk relationship of the product and provide an adequate basis for product approval. Phase 3 clinical trials should, if possible, include comparisons with placebo and may include a comparison to approved therapies. The duration of treatment is often extended to mimic the actual use of a product during marketing. Generally, two adequate and well-controlled Phase 3 clinical trials are required by the FDA for approval of an NDA (Pivotal Studies).

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA. In addition, written IND safety reports must be submitted to the FDA and the investigators for serious and unexpected adverse events or any finding from tests in laboratory animals that suggests a significant risk for human subjects. The FDA, the IRB, or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk.

Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board or committee. This group provides oversight and will determine whether or not a trial may move forward at designated check points based on review of interim data from the study. A clinical trial may be terminated or suspended based on evolving business objectives and/or competitive climate.

The manufacturing process must be capable of consistently producing quality batches of the investigational drug and, among other things, must develop methods for testing the identity, strength, quality and purity of the final drug product. The sponsor must develop appropriate labeling that sets forth the conditions of intended use. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the drug candidate does not undergo unacceptable deterioration over its shelf life.

Post-approval studies, sometimes referred to as Phase 4 clinical trials, may be conducted after initial marketing approval. These studies are used to gain additional experience from the treatment of patients in the intended therapeutic indication. In certain instances, the FDA may mandate the performance of Phase 4 studies as part of a post-approval commitment, such as pediatric studies.

NDA and FDA Review Process

Nonclinical and clinical information is filed with the FDA in an NDA along with proposed labeling. The NDA is a request for approval to market the drug and must contain proof of safety, purity, potency and efficacy, which is demonstrated by extensive nonclinical and clinical testing. Data may come from company-sponsored clinical trials intended to test the safety and effectiveness of a use of a product, or from a number of alternative sources, including studies initiated by investigators. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and effectiveness of the investigational drug product to the satisfaction of the FDA.

The submission of an NDA is subject to the payment of substantial user fees; a waiver of such fees may be obtained under certain limited circumstances. FDA approval of an NDA must be obtained before marketing a drug in the United States. In addition, under the Pediatric Research Equity Act, an NDA or supplement to an NDA must contain data to assess the safety and effectiveness of the drug for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDA may grant deferrals for submission of data or full or partial waivers.

The FDA reviews all NDAs submitted before it accepts them for filing and may request additional information. The FDA must make a decision on accepting an NDA for filing within 60 days of receipt. Once the submission is accepted for filing, the FDA begins an in-depth review of the NDA. Under the goals and policies agreed to by the FDA under the Prescription Drug User Fee Act, or PDUFA, the FDA has ten months from the filing date in which to complete its initial review of a standard NDA and respond to the applicant. This review typically takes 12 months from the date the NDA is submitted to the FDA including the screening which takes a period of 60 days. The FDA does not always meet its PDUFA goal dates for standard NDAs, and the review process is often significantly extended by FDA requests for additional information or clarification.

After the NDA submission is accepted for filing, the FDA reviews the NDA to determine, among other things, whether the proposed product is safe and effective for its intended use, and whether the product is being manufactured in accordance with cGMP to assure and preserve the product's identity, strength, quality and purity. The FDA will likely re-analyze the clinical trial data, which could result in extensive discussions with the FDA.

Before approving an NDA, the FDA will conduct a pre-approval inspection of the manufacturing facilities for the new product to determine whether they comply with cGMP. The FDA will not approve the product unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. In addition, before approving an NDA, the FDA may also audit data from clinical trials to ensure compliance with cGCP requirements. After the FDA evaluates the application, manufacturing process and manufacturing facilities, it will issue a Complete Response Letter, or CRL. A CRL indicates that the review cycle of the application is complete and whether the application is approved and, when applicable, the CRL describes the specific deficiencies in the NDA and may require additional clinical data and/or an additional Phase 3 clinical trial(s), and/or other significant and time-consuming requirements related to clinical trials, nonclinical studies or manufacturing. The applicant may either resubmit the NDA, addressing all of the deficiencies identified in the letter, or withdraw the application. Even if such data and information is submitted, the FDA may ultimately decide that the NDA does not satisfy the criteria for approval.

If a product receives marketing approval, the approval may be significantly limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling, may condition the approval of the NDA on other changes to the proposed labeling, or may require a Risk Evaluation and Mitigation Strategy (REMS), which could limit the ability to market the drug once approved. The FDA may also require the development of adequate controls and specifications, or a commitment to conduct post-market testing or clinical trials and surveillance to monitor the effects of approved products.

U.S. Post-Marketing Requirements

Following approval of a new product, a pharmaceutical company and the approved product are subject to continuing regulation by the FDA, including, among other things, monitoring and recordkeeping activities, reporting to the applicable regulatory authorities of adverse experiences with the product, providing the regulatory authorities with updated safety and efficacy information, product sampling and distribution requirements, and complying with promotion and advertising requirements, which include, among others, standards for direct-to-consumer advertising, restrictions on promoting drugs for uses or in patient populations that are not described in the drug's approved labeling, or "off-label use", limitations on industry-sponsored scientific and educational activities, and requirements for promotional activities involving the internet. Although physicians may prescribe legally available drugs for off-label uses, manufacturers and distributors may not market or promote such off-label uses. Modifications or enhancements to the product or its labeling or changes of the site of manufacture are often subject to the approval of the FDA and other regulators, which may or may not be received or may result in a lengthy review process. In some cases, these changes will require the submission of clinical data and the payment of a user fee.

U.S. Patent Term Restoration and Marketing Exclusivity

Depending upon the timing, duration and specifics of the FDA approval of our prescription drug candidates, some of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The patent term restoration period is generally one-half the time between the effective date of an IND and the submission date of an NDA plus the time between the submission date of an NDA and the approval of that application. Only one patent applicable to an approved drug is eligible for the extension and the application for the extension must be submitted prior to the expiration of the patent. The USPTO in consultation with the FDA, reviews and approves the application for any patent term extension or restoration. In the future, we intend to apply for restoration of patent term for one of our currently owned or licensed patents to add patent life beyond its current expiration date, depending on the expected length of the clinical trials and other factors involved in the filing and review of the relevant NDA.

Non-U.S. Drug Regulation

In Canada, biopharmaceutical product candidates are regulated by the Food and Drugs Act and the related rules and regulations, which are enforced by the Therapeutic Products Directorate of Health Canada. In order to obtain approval for commercializing new drugs in Canada, the sponsor must satisfy many regulatory conditions. The sponsor must first complete preclinical studies in order to file a clinical trial application, or CTA, in Canada. The sponsor will then receive different clearance authorizations to proceed with Phase I clinical trials, which can then lead to Phase 2 and Phase 3 clinical trials. Once all three phases of trials are completed, the sponsor must file a registration file named a New Drug Submission, or NDS, in Canada. If the NDS demonstrates that the product was developed in accordance with the regulatory authorities' rules, regulations and guidelines and demonstrates favorable safety and efficacy and receives a favorable risk/benefit analysis, then the regulatory authorities issue a notice of compliance, which allows the sponsor to market the product.

In addition to regulations in the United States and Canada, we are subject to a variety of regulations governing clinical studies and commercial sales and distribution of our products in other jurisdictions around the world. These laws and regulations typically require the licensing of manufacturing and contract research facilities, carefully controlled research and testing of product candidates and governmental review and approval of results prior to marketing therapeutic product candidates. Additionally, they require adherence to good laboratory practices, good clinical practices and good manufacturing practices during production. The process of new drug approvals by regulators in the United States, Canada and the European Union are generally considered to be among the most rigorous in the world.

Whether or not the FDA or Health Canada approval is obtained for a product, we must obtain approval from the comparable regulatory authorities of other countries before we can commence clinical studies or marketing of the product in those countries. The approval process varies from country to country and the time may be longer or shorter than that required for the FDA or Health Canada approval. The requirements governing the conduct of clinical studies, product licensing, pricing and reimbursement vary greatly from country to country. In some international markets, additional clinical trials may be required prior to the filing or approval of marketing applications within the country.

Active Pharmaceutical Ingredient Regulation

The FDA will regulate finished products containing APIs developed or under development by us. Depending on its intended uses, a finished product containing the API may be regulated as a drug under the procedures described above. It may be possible to market a finished product containing an API developed or under development by us as a dietary supplement. Dietary supplements do not require FDA premarket approval. However, it may be necessary to submit a notification to the FDA that a company intends to market a dietary supplement containing a "new dietary ingredient." In general, the regulatory requirements in other countries also depend on the nature of the finished product and do not focus on the API itself.

C. Organizational Structure

We have no subsidiaries. As of June 26, 2017, Neptune owns 5,064,694 of our common shares, representing 34.4% of our common shares issued and outstanding. Our common shares are voting, participating and have no par value. Neptune also owns a warrant entitling it to acquire 592,500 common shares.

D. Property, Plants and Equipment

Our head office and operations are located at 545, Promenade Centropolis, suite 100, Laval, Québec, Canada, H7T 0A3. We do not own our own manufacturing facility for the production of CaPre; however, we do own the proprietary equipment for producing the API and drug product. We currently do not have plans to develop our own manufacturing facility. However, this could change in the foreseeable future, as we consider the most cost-effective approaches to producing CaPre while ensuring the highest level of quality. We currently depend on third party suppliers and manufacturers, such as Neptune, to produce our required raw krill oil and drug substance and products. If CaPre is approved for distribution by the FDA, we initially expect to rely on cGMP-compliant third parties to manufacture NKPL66, which is API in CaPre, encapsulate, bottle and package clinical supplies of CaPre.

We have entered into an agreement CordenPharma Chenôve, a third party CMO, for the manufacturing of CaPre clinical material for the purposes of our planned Phase 3 program in accordance with cGMP regulations imposed by the FDA.

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

This annual report contains forward-looking statements, principally in, but not limited to, "Item 4 - Information on the Company" and "Item 5 - Operating and Financial Review and Prospects". These statements may be identified by the use of words like "plan", "expect", "aim", believe", "project", "anticipate", "intend", "estimate", "will", "should", "could" and similar expressions in connection with any discussion, expectation, or projection of future operating or financial performance, events or trends. In particular, these include statements about our strategy for growth, future performance or results of current sales and production, interest rates, foreign exchange rates, and the outcome of contingencies, such as acquisitions and/or legal proceedings and intellectual property issues.

Forward-looking statements are based on certain assumptions and expectations of future events that are subject to risks and uncertainties. Actual future results and trends may differ materially from historical results or those projected in any forward-looking statements depending on a variety of factors, including, among other things, the factors discussed in this annual report under "Item 3.D - Risk Factors" and factors described in documents that

we may furnish from time to time to the SEC. Although the forward-looking information is based upon what we believe to be reasonable assumptions, no person should place undue reliance on forward-looking information since actual results may vary materially from the forward-looking information. Except as required by law, we undertake no obligation to update publicly or revise any forward-looking statements because of new information. Please refer to "Special Note Regarding Forward-Looking Statements" at the beginning of this annual report for additional details.

Management's Discussion and Analysis of Financial Situation and Operating Results
Fiscal Years Ended March 31, 2017, February 29, 2016 and February 28, 2015

Introduction

This management discussion and analysis, or MD&A, is presented in order to provide the reader with an overview of our financial results and changes to our financial position as at March 31, 2017 and for the year then ended. This MD&A also explains the material variations in our financial statements of operations, financial position and cash flows for our fiscal years ended March 31, 2017 February 29, 2016 and February 28, 2015.

This MD&A, should be read together with our audited financial statements for the fiscal years ended March 31, 2017, February 29, 2016 and February 28, 2015 under "Item 17. Financial Statements" in this annual report. Our audited financial statements were prepared in accordance with IFRS, as issued by the IASB. Our financial results are published in Canadian dollars. All amounts appearing in this MD&A are in thousands of Canadian dollars, except share and per share amounts or unless otherwise indicated.

Caution Regarding Non-IFRS Financial Measures

We use multiple financial measures for the review of our operating performance. These measures are generally IFRS financial measures, but one adjusted financial measure, Non-IFRS operating loss (adding to net loss, finance expenses, depreciation and amortization and impairment loss, change in fair value of derivative warrant liabilities, stock-based compensation and by subtracting finance income and deferred income tax recovery), is also used to assess our operating performance. This non-IFRS financial measure is derived from our financial statements and is presented in a consistent manner. We use this measure, in addition to the IFRS financial measures, for the purposes of evaluating our historical and prospective financial performance, as well as our performance relative to competitors. All of these measures also help us to plan and forecast future periods as well as to make operational and strategic decisions. We believe that providing this Non-IFRS information to investors, in addition to IFRS measures, allows them to see our results through the eyes of our management, and to better understand our historical and future financial performance.

Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. We use Non-IFRS operating loss to measure our performance from one period to the next without the variation caused by certain adjustments that could potentially distort the analysis of trends in our operating performance, and because we believe it provides meaningful information on our financial condition and operating results. Our method for calculating Non-IFRS operating loss may differ from that used by other corporations.

We calculate our Non-IFRS operating loss measurement by adding to net loss, finance expenses, depreciation and amortization and impairment loss, change in fair value of derivative warrant liabilities, stock-based compensation and by subtracting finance income and deferred tax recovery. Other items that do not impact our core operating performance are excluded from the calculation as they may vary significantly from one period to another. Finance income/costs include foreign exchange gain (loss). We also exclude the effects of certain non-monetary transactions recorded, such as stock-based compensation, from our Non-IFRS operating loss calculation. We believes it is useful to exclude this item as it is a non-cash expense. Excluding this item does not imply it is necessarily non-recurring. A reconciliation of net loss to Non-IFRS operating loss is presented further below.

Basis of Presentation of the Financial Statements

Beginning in fiscal 2017, our fiscal year end is on March 31. Fiscal 2017 is a transition year, and includes thirteen months of operations, beginning on March 1, 2016 and ending on March 31, 2017. As a result, the financial statements and corresponding notes to financial statements include two unaudited periods: the one-month period ended March 31, 2017 and the twelve-month period ended February 28, 2017.

Following the change of our year end to March 31, 2017 and the inclusion of thirteen months of operations, this MD&A discusses and compares the thirteen-month period ended March 31, 2017, the twelve-month period ended February 29, 2016 and the twelve-month period ended February 28, 2015. In addition, there is comparative discussion of our results of operations for the three-month periods ended February 28, 2017 and February 29, 2016 and a discussion on notable items related to the one-month result of operations ending March 31, 2017. The selected quarterly financial data includes the eight most recent fiscal quarters and are presented including the most recent quarter as the four-month quarter ended March 31, 2017.

We are subject to a number of risks associated with the conduct of our clinical program and their results, the establishment of strategic alliances and the successful development of new products and their marketing. We have incurred significant operating losses and negative cash flows from operations since inception. To date, we have financed our operations through the public offering and private placement of common shares and convertible debt, the proceeds from research grants and research tax credits, and the exercises of warrants, rights, and options. To achieve the objectives of our business plan, we plan to raise the necessary funds through additional securities offerings and the establishment of strategic alliances as well as additional research grants and research tax credits. We anticipate that the products developed by us will require approval from the FDA and equivalent regulatory organizations in other countries before their sale can be authorized. Our ability to ultimately achieve profitable operations is dependent on a number of factors outside of our control.

Our current assets of $10,187 as at March 31, 2017 include cash and cash equivalents totaling $9,772, mainly generated by the net proceeds from our public offering and private placement completed on February 21, 2017 as well as the public offering completed on December 3, 2013 and private offering completed on February 7, 2014, which we refer to as the previous offerings. Our liabilities total $3,753 at March 31, 2017 and are comprised primarily of $2,138 in amounts due to or accrued for creditors, $1,406 for unsecured convertible debentures and $209 for derivative warrant liabilities. Our current assets as at this date are projected to be significantly less than needed to support our current liabilities as at that date when combined with the projected level of our expenses for the next twelve months, including not only the preparation for, but the planned initiation of our Phase 3 program for our drug candidate, CaPre. Additional funds will also be needed for our expected expenses for the total CaPre Phase 3 research and development phase and other needed operations beyond the next twelve months. In addition to having raised additional funds during the thirteen-month period ended March 31, 2017, we are working towards development of strategic partner relationships and plan to raise additional funds in the future, but there can be no assurance as to when or whether we will complete any financing or strategic collaborations. In particular, raising financing is subject to market conditions and is not within our control. Additionally, although we intend to continue to rely on the support of Neptune for a portion of our general and administrative needs, the continuance of this support is outside of our control. If we do not raise additional funds, find one or more strategic partners or do not receive the continued support from Neptune, it may not be able to realize our assets and discharge our liabilities in the normal course of business. As a result, there exists a material uncertainty that casts substantial doubt about our ability to continue as a going concern and, therefore, realize our assets and discharge our liabilities in the normal course of business. We currently have no other arranged sources of financing.

Our financial statements have been prepared on a going concern basis, which assumes we will continue our operations in the foreseeable future and will be able to realize our assets and discharge our liabilities and commitments in the ordinary course of business. Our financial statements do not include any adjustments to the carrying values and classification of assets and liabilities and reported expenses that may be necessary if the going concern basis was not appropriate for our financial statements. If we are unable to continue as a going concern, material write-downs to the carrying values of our assets, including the intangible asset, could be required.

Selected Financial Information

(In thousands of dollars, except per share data)	One-month period ended March 31, 2017	Three-month period ended February 28, 2017	Three-month period ended February 29, 2016	Thirteen-month period ended March 31, 2017	Year ended February 29, 2016	Year ended February 28, 2015
	$	$	$	$	$	$
Net loss	(769)	(2,598)	(1,919)	(11,247)	(6,317)	(1,655)
Basic and diluted loss per share	(0.05)	(0.23)	(0.18)	(1.01)	(0.59)	(0.16)
Non-IFRS operating loss(1)	(406)	(1,745)	(1,163)	(7,798)	(6,569)	(8,507)
Total assets	25,456	26,367	28,517	25,456	28,517	37,208
Working capital(2)	8,049	8,510	12,185	8,049	10,184	18,020
Total non-current financial liabilities	1,615	1,576	156	1,615	156	2,357
Total equity	21,703	22,386	27,220	21,703	27,220	33,228

(1) Non-IFRS operating loss (adding to net loss financial expenses (income), depreciation and amortization and impairment of intangible asset, change in fair value of derivative warrant liabilities, stock-based compensation and by subtracting deferred income tax recovery) is not a standard measure endorsed by IFRS requirements. A reconciliation to our net loss is presented further below.

(2) Working capital is presented for information purposes only and represents a measurement of our short-term financial health mostly used in financial circles. Working capital is calculated by subtracting current liabilities from current assets. Because there is no standard method endorsed by IFRS requirements, the results may not be comparable to similar measurements presented by other public companies.

Reconciliation of Net Loss to Non-IFRS Operating Loss

(In thousands of dollars, except per share data)	One-month period ended March 31, 2017	Three-month period ended February 28, 2017	Three-month period ended February 29, 2016	Thirteen-month period ended March 31, 2017	Year ended February 29, 2016	Year ended February 28, 2015
	$	$	$	$	$	$
Net loss	(769)	(2,598)	(1,919)	(11,247)	(6,317)	(1,655)
Add (deduct):						
Stock-based compensation	86	158	108	674	309	1,553
Depreciation and amortization/ Impairment of intangible assets	226	669	938	2,738	2,734	2,335
Financial expenses (income)	29	28	(176)	113	(1,094)	(1,916)
Change in fair value of derivative warrant liabilities	22	127	(114)	53	(2,201)	(8,824)
Deferred income tax recovery	—	(129)	—	(129)	—	—
Non-IFRS operating loss	(406)	(1,745)	(1,163)	(7,798)	(6,569)	(8,507)

Stock-based compensation expense increased for the three-month period ended February 28, 2017 as 465,000 stock options were granted on February 24, 2017 compared to nil for the three-month period ended February 29, 2016. There are no notable matters in stock-based compensation expense and no grants for the one-month period ended March 31, 2017. The overall stock-based compensation expense increased for the thirteen-month period ending March 31, 2017 as a total of 1,300,400 stock options were granted compared to 109,188 stock options being granted for the year ended February 29, 2016. The stock-based compensation expense decreased for the year ended February 29, 2016 compared to the same period in 2015 as the 2012 grants had fully vested.

Depreciation, amortization and impairment expense totaled $669 for the three-month period ended February 28, 2017 or $269 less than $938 for the three-month period ended February 29, 2016 based on $70 increased depreciation in the current period associated primarily with the new production equipment first used during this period offset by no current period impairment charge compared to the $339 impairment charge recognized during the three-month period ended February 28, 2016. Depreciation, amortization and impairment expense totaled $2,738 for the thirteen-month period ended March 31, 2017 which approximated the same amount when compared to the year ended February 29, 2016. However, there was a change in the mix of this expense as the thirteen-month period ended March 31, 2017 included only depreciation and amortization with the impact of one additional month of depreciation and amortization expense and the addition of new equipment generating incremental depreciation expense, but not the $339 impairment charge recognized during the year ended February 29, 2016. If the impairment charge is excluded from the expense for the year ended February 29, 2016, then the depreciation and amortization expense totaling $2,395 approximates the expense for the year ended February 28, 2015.

Financial expenses (income) totaled $28 for the three-month period ended February 28, 2017 or $204 less than ($176) for the three-month period ended February 29, 2016 based primarily on a $134 foreign exchange gain in the prior period changing to a $22 foreign exchange loss in the current period combined with less interest income in

the current period without the prior year pledge impact supporting Neptune and interest expense associated with the convertible debt included in our recent private placement. The net financial expenses (income) totaling $29 for the month ended March 31, 2017 also resulted primarily from the interest expense from our recent private placement. Net financial expenses (income) totaling $113 for the thirteen-month period ended March 31, 2017 reflect a $1,207 decrease compared to ($1,094) for the year ended February 29, 2016 primarily resulting from the $1,023 foreign exchange gain recognized during the year ended February 29, 2016 changing to the $180 foreign exchange loss recognized during the thirteen-month period ended March 31, 2017. The foreign exchange changes resulted primarily from the utilization of US$-denominated cash and cash equivalents over the periods generating lower US$-denominated cash and cash equivalents throughout the periods and at March 31, 2017 compared to February 29, 2016 and, the periods then ended combined with a decrease in the reporting US$ exchange rate. The US$-denominated cash, cash equivalents and short-term investments totaled US$3,524 at March 31, 2017 and US$10,314 at February 29, 2016 and the exchange rate reporting of CA$ per US$ was $1.3299 at March 31, 2017 compared to $1.3531 at February 29, 2016. Additionally, interest income for the thirteen-month period ended March 31, 2017 totaled $125 compared to $73 for the year ended February 29, 2016, and $39 in interest expense was incurred in the current period, including $31 in March, in connection with the convertible debentures from the private placement. The net financial expenses (income) of ($1,094) for the year ended February 29, 2016 was $822 less than ($1,916) for the year ended February 28, 2015 based on the lower foreign exchange gain that year.

The fair value of the derivative warrant liabilities totaled $209 at March 31, 2017, or $53 more than the $156 fair value at February 29, 2016, $22 of which was recognized during the one-month ended March 31, 1017. The $156 fair value of the derivative warrant liabilities at February 29, 2016 was $2,201 less than the $2,357 value at February 28, 2015 and the decline in value for the year-ended February 28, 2015 was $8,824. The fair value of the warrants is estimated at each reporting date using the Black-Scholes option pricing model. The fair value of the warrants issued in connection with our previous offerings was determined to be $0.58 per warrant upon issuance, $0.09 per warrant at February 29, 2016 and $0.11 per warrant as of March 31, 2017. In fiscal years 2016 and 2015, the decline in our stock price resulted in gains based on the change in fair value of the warrant liabilities reducing the corresponding liability in the statement of financial position.

We recorded a $129 deferred income tax recovery at February 28, 2017 to reduce to nil an income tax liability that was attributable to the difference between the tax basis and the carrying amount of the unsecured convertible debentures.

The non-IFRS operating loss increased by $582 for the three-month period ended February 28, 2017 to $1,745 compared to $1,163 for the three-month period ended February 29, 2016, mainly due to an increase in general and administrative (G&A) expenses and a smaller increase in research and development or (R&D) expenses, before consideration of stock-based compensation, amortization and depreciation. The non-IFRS operating loss increased by $1,229 for the thirteen-month period ended March 31, 2017 to $7,798 compared to $6,569 for the year-ended February 29, 2016. This increase was primarily due to the incremental one-month period non-IFRS operating loss of $406 for March 2017 as well as increased G&A expenses compared to the prior period before consideration of stock-based compensation and amortization and depreciation. There were no notable matters for the one-month period ended March 31, 2017. The non-IFRS operating loss for the year ended February 29, 2015 totaled $8,507 or a $1,938 decrease compared to the year ended February 29, 2016.

Selected Quarterly Financial Data

Fiscal Year ended March 31, 2017

(In thousands of dollars, except per share data)	March 31, 2017(1) $	November 30, 2016 $	August 31, 2016 $	May 31, 2016 $
Net loss	(3,367)	(2,397)	(2,330)	(3,154)
Basic and diluted loss per share	(0.28)	(0.22)	(0.22)	(0.29)
Non-IFRS operating loss(2)	(2,151)	(1,737)	(1,625)	(2,286)

(1) This fiscal quarter represents a period of four months ended March 31, 2017.

(2) Non-IFRS operating loss (adding to net loss financial expenses (income), depreciation and amortization and impairment of intangible assets, change in fair value of derivative warrant liabilities, stock-based compensation and by subtracting deferred income tax recovery) is not a standard measure endorsed by IFRS requirements. A reconciliation to our net loss is presented above.

Fiscal Year ended February 29, 2016

(In thousands of dollars, except per share data)	February 29, 2016 $	November 30, 2015 $	August 31, 2015 $	May 31, 2015 $
Net loss	(1,919)	(2,191)	(1,241)	(966)
Basic and diluted loss per share	(0.18)	(0.20)	(0.12)	(0.09)
Non-IFRS operating loss(1)	(1,163)	(1,988)	(1,485)	(1,933)

(1) Non-IFRS operating loss (adding to net loss financial expenses (income), depreciation and amortization and impairment of intangible assets, change in fair value of derivative warrant liabilities, stock-based compensation and by subtracting deferred income tax recovery) is not a standard measure endorsed by IFRS requirements. A reconciliation to our net loss is presented above.

The increase in net loss, net loss per share and non-IFRS operating loss in the fourth quarter of 2017 can partially be explained by the inclusion of the additional month in comparison to the comparative three-month quarterly financial data. The month of March 2017 explains an increase in the fourth quarter net loss of $769 or ($0.05) per share as well as an increase in non-IFRS operating loss of $406. The variances in net loss from quarter to quarter are mainly due to the changes in fair value of the warrant liabilities, notably for the quarter ended May 31, 2015 with a gain of $1,708, as well as variations in foreign exchange gains or losses, particularly for the quarter ended August 31, 2015 with a foreign exchange gain of $890. The quarterly year-to-year non-IFRS operating loss variances are mainly attributable to fluctuations in research and development expenses from quarter-to-quarter as well as an increase in general and administrative expenses over the prior year in the last three quarters of fiscal 2017.

Results from Operations for the One-Month and Thirteen-Month Periods ended March 31, 2017 and the Three-Month Periods ended February 28, 2017 and February 29, 2016 and Years ended February 29, 2016 and February 28, 2015

The net loss totaling $2,598 or ($0.23) per share for the three-month period ended February 28, 2017 increased $679 or ($0.05) per share compared to a net loss totaling $1,919 or ($0.18) per share for the three-month period ended February 29, 2016. This resulted primarily from the $582 increased non-IFRS operating loss explained below, $241 from the increased loss due to the change in value of the warrant derivative liability due to the reduction in our share price and a $204 financial expense increase led by a foreign exchange gain during the prior period transitioning to a foreign exchange loss during the current period offset by no impairment charge in the current period compared to the $339 charge in the prior period combined with the $129 tax benefit recognized in the current period.

The net loss totaling $11,247 or ($1.01) per share for the thirteen-month period ended March 31, 2017 increased $4,930 or ($0.42) per share compared to the net loss totaling $6,317 or ($0.59) per share for the year ended February 29, 2016. This change resulted primarily based on the $1,229 increased non-IFRS operating loss explained below, $2,254 from the increased loss due to the change in value of the warrant derivative liability due to the reduction in our share price, a $1,207 financial expense increase (led by a foreign exchange gain during the prior period transitioning to a foreign exchange loss during the current period), and increased depreciation and stock compensation expense offset by no impairment charge in the current period compared to the $339 charge in the prior period combined with the $129 tax benefit recognized in the current period.

The net loss totaling $6,317 or ($0.59) per share for the year ended February 29, 2016 increased $4,662 or ($0.43) per share compared to the net loss totaling $1,655 or ($0.16) per share for the year ended February 28, 2015. This change resulted primarily based on the $7,445 decrease in net financial income, including a $6,623 decrease in the fair value of the warrant liabilities and the $810 decrease in the foreign exchange gain offset by the $1,527 decrease in G&A expenses and $1,256 decrease in R&D expenses.

Breakdown of Major Components of Statement of Earnings and Comprehensive Loss for the One-Month and Thirteen-Month Periods ended March 31, 2017; Three-Month Periods ended February 28, 2017 and February 29, 2016; and Fiscal Years ended February 29, 2016 and February 28, 2015

Research and development expenses	One-month period ended March 31, 2017	Three-month period ended February 28, 2017	Three-month period ended February 29, 2016	Thirteen-month period ended March 31, 2017	Year ended February 29, 2016	Year ended February 28, 2015
	$	$	$	$	$	$
Salaries and benefits	104	376	332	1,294	989	465
Stock-based compensation	18	27	12	107	53	258
Research contracts	63	435	761	3,149	2,730	5,062
Professional fees	57	238	(118)	634	1,171	865
Depreciation and amortization	226	668	611	2,738	2,395	2,335
Impairment of intangible assets	—	—	339	—	339	—
Other	3	30	88	61	238	101
Government grants and tax credits	(45)	(215)	(291)	(330)	(349)	(264)
Total	426	1,559	1,734	7,653	7,566	8,822

General and administrative expenses	One-month period ended March 31, 2017	Three-month period ended February 28, 2017	Three-month period ended February 29, 2016	Thirteen-month period ended March 31, 2017	Year ended February 29, 2016	Year ended February 28, 2015
	$	$	$	$	$	$
Salaries and benefits	110	493	64	1,198	409	617
Administrative fees	25	75	184	325	579	650
Stock-based compensation	68	132	95	567	256	1,296
Professional fees	52	231	137	1,053	616	593
Rent	10	30	(12)	121	67	99
Other	27	52	(37)	293	119	318
Total	292	1,013	431	3,557	2,046	3,573

Three-month period ended February 28, 2017 compared to three-month period ended February 29, 2016

During the three-month period ended February 28, 2017, we continued to move our R&D program forward as planned on its previously announced timeline for the conduct of our clinical program and production scale-up. Though the $1,559 in total R&D expenses for the three-month period ended February 28, 2017 decreased $175 from $1,734 in total R&D expenses for the three-month period ended February 29, 2016, R&D expenses, before depreciation, amortization, intangible asset impairment, and stock-based compensation, increased by $92 for the three-month period ended February 28, 2017 to $864 compared to $772 for the same period ended February 29, 2016. This increase was mainly attributable to the $356 increase in professional fees and a $76 reduction in government grants and tax credits mitigated by a $326 decrease in research contracts. This expense mix changed with the transition of expenses from completed contracts under our successful Phase 2 bioavailability bridging clinical study to consultants to support preparation for our clinical study program review with the FDA on the Phase 2 outcome combined with Phase 3 planning. This increase also resulted from $44 in incremental salaries and benefits primarily sourced from full-time compared to half-time direct leadership and management of R&D when compared to the same period last year.

G&A expenses totaling $1,013 for the three-month period ended February 28, 2017 increased $582 from $431 for the three-month period ended February 29, 2016. This increase primarily resulted from the $545 increase in G&A expenses, before consideration of stock-based compensation, to $881 for the three-month period ended February 28, 2017 compared to $336 for the same period ended February 29, 2016. This $545 increase was mainly

attributable to a $429 increase in salaries and benefits associated with the added full-time executive and managerial headcount to support our strategy and financing while becoming more independent from Neptune, which was demonstrated with a $109 reduction in its related administrative fee. This increase also resulted from increased professional fees of $94 due primarily to expenses for maintaining the reactivated public and investor relations programs, $42 in rent expense resulting primarily from a net credit recognized for the three-month period ended February 29, 2016 after a positive adjustment was negotiated with the lessor and other administration expense increase of $89 after another cost management credit impact during the prior year period.

Thirteen-Month and One-Month Periods ended March 31, 2017 compared to the Fiscal Year-Ended February 29, 2016

R&D expenses totaled $7,653 for the thirteen-month period ended March 31, 2017, or an increase of $87 compared to $7,566 in total R&D expenses for the year ended February 29, 2016. The R&D expense increase resulted primarily from $426 in total R&D expenses during March 2017, the thirteenth month of the period ended March 31, 2017, offset by no intangible asset impairment charge in the thirteen-month period ended March 31, 2017 compared to the $339 charge last year. R&D expenses, before consideration of stock-based compensation, amortization and depreciation and impairments of intangible assets, increased by $29 for the thirteen-month period ended March 31, 2017, including $182 during the month of March 2017, to $4,808 compared to $4,779 for the year ended February 29, 2016. The increase of $29 was mainly attributable to the increase in research contracts of $419 and salaries and benefits of $305, principally offset by decreases in professional fees of $537, other expenses of $177 and government grants of $19. The increase of $419 in research contracts during the thirteen-month period ended March 31, 2017 includes $63 relating to the additional one-month period ended March 31, 2017, but was primarily due to the cost of our Phase 2 bioavailability bridging clinical study initiated early in fiscal 2017 exceeding the cost of our other Phase 2 and non-clinical testing completed in fiscal 2016. The increased salaries and benefits represented the cost of the expanded team headcount, led by full-time dedicated management (only part time in prior years), needed for us to continue our pharmaceutical process and analytical development and chemistry manufacturing control scale-up, as planned on our previously announced timeline. The decrease of $537 in professional fees is primarily due to a decrease in the development consulting fees incurred last year for our prior Phase 2 clinical study analytics and the planning for our Phase 2 bridging clinical study during the thirteen-month period ended March 31, 2017.

G&A expenses totaled $3,557 for the thirteen-month period ended March 31, 2017, or an increase of $1,511 compared to total G&A expenses of $2,046 for the year ended February 29, 2016. This period-to-period increase includes $292 in total G&A expenses for the thirteenth month of March 2017, $243 in increased stock-based compensation expense and a $976 increase in other G&A expenses, excluding the thirteenth month and stock-based compensation expenses. G&A expenses, excluding the stock-based compensation, increased $1,200 to $2,990 for the thirteen-month period ended March 31, 2017, including $224 during the month of March 2017, compared to $1,790 for the year ended February 29, 2016. This increase was primarily attributable to a $789 increase in salaries and benefits offset by a $254 decrease in Neptune administrative fees, combined with increased professional fees of $437, rent of $54 and other expenses of $174. The increase in salaries and benefit expenses resulted from our need for the added full-time executive and managerial headcount to lead our strategy, incremental financing and back office while supporting continued and expanded R&D with the need for full-time leadership from our management (which was only part time in prior years). The increased professional fees were principally comprised of expenses associated with our investor and public relations program, the achievement of business development milestones, increased market research expenses, and non-recurring project legal and accounting fees associated with the year-end change and immigration-related fees for the U.S.-resident executives.

Fiscal Year ended February 29, 2016 compared to Fiscal Year ended February 28, 2015

R&D expenses totaled $7,566 for the year ended February 29, 2016, or $1,256 less than $8,822 in total R&D expenses for the year ended February 28, 2015. This R&D expense decrease resulted primarily from R&D expenses, before consideration of stock-based compensation, amortization and depreciation and impairment of intangible assets, decreasing by $1,450 to $4,779 from $6,229. This decrease is mainly attributable to a significant decrease in contract expenses related to our clinical studies of $2,332 and government grants increase of $85, partially offset by an increase in salaries and benefits of $524, professional fees of $306 and other expenses of $137.

G&A expenses totaled $2,046 for the year ended February 29, 2016, or $1,527 less than $3,573 for the year ended February 28, 2015. This G&A expense decrease resulted primarily from G&A expenses, before consideration of stock-based compensation, decreasing by $487 to $1,790 for the year ended February 29, 2016 from $2,277 for

the year ended February 28, 2015. This decrease is mainly attributable to decreases in salaries of $208, administrative fees of $71, rent of $32 and other expenses of $199 partially offset by an increase in professional fees of $23.

Liquidity and Capital Resources

Share Capital Structure

Our authorized share capital consists of an unlimited number of Class A (which we refer to in this annual report as our common shares), Class B, Class C, Class D and Class E shares, without par value. Our issued and outstanding fully paid shares, stock options, restricted shares units and warrants, were as follows as at March 31, 2017, February 28, 2017 and February 29, 2016:

	March 31, 2017	February 28, 2017	February 29, 2016
Class A shares, voting, participating and without par value	14,702,556	10,712,038	10,644,440
Stock options granted and outstanding	1,424,788	454,151	429,625
Restricted share units granted and outstanding	—	—	18,398
2017 Public offering warrants exercisable at $2.15, until February 21, 2022	1,965,259	—	—
Series 2017 BW Broker warrants exercisable at $2.15, until February 21, 2018	234,992	—	—
Series 2017 unsecured convertible debentures conversion option contingent warrants exercisable at $1.90, until February 21, 2020 (1)	1,052,630	—	—
Series 8 warrants exercisable at $1.50 USD, until December 3, 2018 (2)	1,840,000	1,840,000	1,840,000
Series 9 warrants exercisable at $13.30 until December 3, 2018	161,654	161,654	161,654
Total fully-diluted shares	21,381,879	13,167,843	13,094,117

(1) The debentures are convertible into common shares at a fixed price of $1.90 per common share, except if we pay before the maturity all or any portion of the convertible debentures. Should we pay all or any portion of the convertible debenture before maturity, then warrants become exercisable at $1.90 per common share for the equivalent convertible debenture amount prepaid.

(2) Total of 18,400,000 warrants, in order to obtain one common share, 10 warrants must be exercised for a total amount of $15.00 USD.

Cash Flows and Financial Condition between the One-Month Period ended March 31, 2017; Three-Month Periods ended February 28, 2017 and February 29, 2016; Thirteen-Month Period ended March 31, 2017; and Fiscal Years ended February 29, 2016 and February 28, 2015

Operating Activities

During the one-month period ended March 31, 2017, our operating activities used cash of $746, as primarily explained in the non-IFRS operating loss section above. The use of cash flow in operating activities for the one-month period ended March 31, 2017 is mainly attributable to net loss, as explained in the Reconciliation of Net Loss to Non-IFRS Operating Loss section above, further modified by changes in working capital, excluding cash.

During the three-month periods ended February 28, 2017 and February 29, 2016, our operating activities used cash of $1,425 and $1,691, respectively, as primarily explained in the non-IFRS operating loss section above. The use of cash flows in operating activities for the three-month periods ended February 28, 2017 and February 29, 2016 when compared to the net losses for each period are mainly attributable to the change in non-cash operating items, as explained in the Reconciliation of Net Loss to Non-IFRS Operating Loss section above, further modified by changes in working capital, excluding cash.

During the thirteen-month period ended March 31, 2017 and the years ended February 29, 2016 and February 28, 2015, our operating activities used cash of $6,958, $6,574 and 7,198, respectively, as primarily explained in the Reconciliation of Net Loss to Non-IFRS Operating Loss section above. The use of cash flows in operating activities for the thirteen-month period ended March 31, 2017 and the years ended February 29, 2016 and February 28, 2015 when compared to the net losses for each period are mainly attributable to the change in non-cash operating items, as explained in the Reconciliation of Net Loss to Non-IFRS Operation Loss section above, offset by reductions in working capital, excluding cash.

Investing Activities

During the three-month period ended February 28, 2017, our investing activities generated cash of $3,327, compared to using cash of $11 for the three-month period ended February 29, 2016. The cash generated by investing activities during the three-month period ended February 28, 2017 was mainly due to the maturity of short-term investments of $4,031, offset by the acquisition of equipment totaling $733.

During the thirteen-month period ended March 31, 2017 and the years ended February 29, 2016 and February 28, 2015, our investing activities generated cash of $6,888, $8,229 and $7,627, respectively. The cash generated by investing activities during the thirteen-month period ended March 31, 2017 was mainly due to the maturity of short-term investments of $22,030, offset by reinvestment in short-term investments totaling $12,765 and the acquisition of equipment totaling $2,527. The cash generated by investing activities during the year-ended February 29, 2016 was mainly due to the maturity of short-term investments of $20,437, offset by the reinvestment in short-term investments totaling $11,954 and acquisition of equipment of $276. The cash generated by investing activities during the year-ended February 28, 2015 was mainly due to the maturity of short-term investments of $22,150, offset by the reinvestment in short-term investments totaling $14,478.

Financing Activities

During the three-month period ended February 28, 2017, our financing activities generated cash of $6,924 The cash generated by financing activities during the three-month period ended February 28, 2017 was mainly due to the net proceeds from our public offering of $5,044 and net proceeds from our private placement of $1,882.

During the thirteen-month period ended March 31, 2017, our financing activities generated cash of $6,864 and decreased from the three-month period ending February 28, 2017, as certain transaction costs associated with the financing activities were paid. The cash generated by financing activities during the thirteen-month period ended March 31, 2017 was mainly due to the net proceeds from our public offering of $5,010 and net proceeds from our private placement of $1,872.

Overall, our cash increased by $6,745, $1,716 and by $635, for the thirteen-month period ended March 31, 2017 and the years ended February 29, 2016 and February 28, 2015, respectively. Cash and cash equivalents as at March 31, 2017 totaled $9,772.

We are subject to a number of risks associated with the conduct of our clinical program and their results, the establishment of strategic alliances and the successful development of new products and their marketing. We have incurred significant operating losses and negative cash flows from operations since inception. To date, we have financed our operations through the public offering and private placement of common shares and convertible debt, the proceeds from research grants and research tax credits, and the exercises of warrants, rights, and options. To achieve the objectives of our business plan, we plan to raise the necessary funds through additional securities offerings and the establishment of strategic alliances as well as additional research grants and research tax credits. We anticipate that the products developed by us will require approval from the FDA and equivalent regulatory organizations in other countries before their sale can be authorized. Our ability to ultimately achieve profitable operations is dependent on a number of factors outside of our control.

Our current assets of $10,187 as at March 31, 2017 include cash and cash equivalents totaling $9,772, mainly generated by the net proceeds from our public offering and private placement completed on February 21, 2017 as well as the public offering completed on December 3, 2013 and private offering completed on February 7, 2014, which we refer to as the previous offerings. Our liabilities total $3,753 at March 31, 2017 and are comprised primarily of $2,138 in amounts due to or accrued for creditors, $1,406 for unsecured convertible debentures and $209 for derivative warrant liabilities. Our current assets as at this date are projected to be significantly less than needed to support our current liabilities as at that date when combined with the projected level of our expenses for the next twelve months, including not only the preparation for, but the planned initiation of our Phase 3 program for our drug candidate, CaPre. Additional funds will also be needed for our expected expenses for the total CaPre Phase 3 research and development phase beyond the next twelve months. In addition to having raised additional funds during the thirteen-month period ended March 31, 2017, we are working towards development of strategic partner relationships and plan to raise additional funds in the future, but there can be no assurance as to when or whether we will complete any financing or strategic collaborations. In particular, raising financing is subject to market conditions and is not within our control. Additionally, although we intend to continue to rely on the support of Neptune for a portion of our general and administrative needs, the continuance of this support is outside of our control. If we do not raise additional funds, find one or more strategic partners or do not receive the continued

support from Neptune, it may not be able to realize our assets and discharge our liabilities in the normal course of business. As a result, there exists a material uncertainty that casts substantial doubt about our ability to continue as a going concern and, therefore, realize our assets and discharge our liabilities in the normal course of business. We currently have no other arranged sources of financing.

2017 Public Offering

On February 21, 2017, we closed a public offering issuing 3,930,518 units at a price of $1.45 per unit for gross proceeds of $5,699. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of $2.15 per common share, at any time until February 21, 2022. The units issued as part of the public offering are considered equity instruments. The transaction costs associated with the public offering amounted to $1,190. The proceeds and transaction costs were allocated to share capital.

As part of the transaction, we also issued broker warrants to purchase up to 234,992 common shares. Each broker warrant entitles the holder to acquire one common share at an exercise price of $2.15 per common share, at any time until February 21, 2018. The total costs associated with the broker warrants are accounted for at fair value using the Black-Scholes pricing model; they amounted to $144 and were recorded to contributed surplus with the offsetting entry as a reduction of share capital.

The warrants issued as part of the units of the public offering and the broker warrants, include an “acceleration right”, related to our right to accelerate the expiry date of the warrants. The acceleration right clause means our right to accelerate the expiry date to a date that is not less than 30 days following delivery of the acceleration notice if, at any time at least four months after the effective date, the volume weighted average trading price of our common shares equals or exceeds $2.65 for a period of 20 consecutive trading days on the TSXV.

Additionally, as part of the public offering and convertible debt transactions, a total of 60,000 common shares were issued by us as equity settled share-based payments for services received from an employee of Neptune at a price of $1.57 per share for a total cost of $94. The equity settled share-based payment costs have been allocated between the share capital for a cost that amounted to $85 and debt for a cost that amounted to $9 based on relative value.

Unsecured Convertible Debentures and Contingent Warrants

Concurrent with our public offering, on February 21, 2017, we issued $2,000 aggregate principal amount of unsecured convertible debentures maturing on February 21, 2020 and contingent warrants to acquire up to 1,052,630 common shares in a private placement transaction. The principal may be prepaid, in whole or in part, at any time and from time to time, in cash, at our sole discretion**.** The debentures are convertible into common shares at any time by the holder at a fixed price of $1.90 per common share, except if we pay before the maturity all or any portion of the convertible debentures. Should we pay all or any portion of the convertible debentures before maturity, then warrants become exercisable at $1.90 per common share for the equivalent convertible debenture amount prepaid. The contingent warrants will be exercisable for the remaining term of the convertible debentures for the same price as the conversion options. The unsecured convertible debentures were issued at a discount of 3.5% to the principal amount, for aggregate gross proceeds of $1,930.

The convertible debentures provide us with an accelerated conversion right whereby we may, at any time at least four months after the date of issuance of the convertible debentures, accelerate the conversion of the debentures to common shares in the event that the volume weighted average price of our common shares on the TSXV is equal to or exceeds $2.65, subject to customary adjustment provisions, during 20 consecutive trading days.

The interest to be paid on the convertible debentures is 8% per annum, payable on a quarterly basis in cash or common shares or a combination thereof, commencing on March 31, 2017. The decision to pay the interest due in cash or shares is at our discretion and the number of common shares to be issued will be calculated at the current market price as at the close of business on the day before the interest payment is to be made. Payment in shares will be at a floor price of $0.10 per share, with the difference between the amount payable and the amount computed at floor price payable in cash.

The proceeds of the private placement were split between the liability and the equity at the time of issuance. Both the conversion option and contingent warrants are considered the equity component of the private placement. The fair value of the liability component was determined through a discounted cash flow analysis using a

discount rate of 20% that was set based on a similar debt and maturity considering our credit risk excluding the conversion option and contingent warrants. The amount allocated to the equity component is the residual amount after deducting the fair value of the financial liability component from the fair value of the entire compound instrument. Subsequent to initial recognition, the liability is measured at amortized cost calculated using the effective interest rate method and will accrete up to the principal balance at maturity. The interest accretion is presented as a financial expense. The equity component is not re-measured. Transaction costs were allocated to the components in proportion to their initial carrying amounts. The portion allocated to the liability was recognized as a reduction of the debt whereas the portion allocated to other equity was recognized as a reduction to other equity.

The fair value of the liability portion at the time of issuance was determined to be $1,519 and the transaction costs and debt discount amounted to $134, of which $30 is still unpaid as at March 31, 2017. The residual of the proceeds allocated to the equity component amounted to $481 and the transactions costs amounted to $43, of which $10 is unpaid at March 31, 2017.

Use of Funds

We have used and intend to continue to use the net proceeds from the public offering, the private placement and our previous offerings to fund the completion of our manufacturing scale-up and the clinical and regulatory planning and preparations necessary to be ready to enroll the first patient in our planned Phase 3 program for CaPre, intellectual property expansion, business development activities, general and administrative expenses, and working capital. We currently project, however, after our end of Phase 2 meeting with the FDA, which took place after the closing of our public offering and private placement financing, that most of the more than $1 million net proceeds that we raised over our originally anticipated offering amount will be used for the clinical program preparation based now on the plan being better defined after the FDA meeting, including our plan to conduct two smaller studies instead of one larger study.

Financial Position

The following table details the significant changes to our statements of financial position as at March 31, 2017 compared to February 29, 2016:

(In thousands of dollars)

Accounts	Increase (Decrease)	Comments
Cash and cash equivalents	6,745	See cash flow statement
Short-term investments, including restricted investments	(9,443)	Maturity of short-term investments, decrease in investments
Receivable	(193)	Payments received
Prepaid expenses	(247)	Completion of research contracts
Equipment	2,594	Acquisition of laboratory and production equipment
Intangible asset	(2,517)	Amortization
Trade and other payables	1,000	Increase in expenses and research contracts
Payable to parent corporation	(3)	Payment made to parent company
Derivative warrant liabilities	53	Change in fair value
Unsecured convertible debentures	1,406	Debt issued in Private Placement transaction

See the statement of changes in equity in our financial statements in “Item 17. Financial Statements” for details of changes to the equity accounts from February 29, 2016.

Derivative Warrant Liabilities

As of March 31, 2017, the amount of $209 included in liabilities represents the fair value of the warrants issued as part of our previous offerings. The warrants forming part of the units issued in connection with our previous offerings are derivative liabilities for accounting purposes due to the currency of the exercise price (US$) being different from our functional currency (CA$). The warrant liabilities will be settled in common shares. The fair value of the warrants issued in connection with our previous offerings was determined to be $0.58 per warrant upon issuance and $0.11 per warrant as of March 31, 2017. The fair value of the warrants is revalued at each reporting date.

Contractual Obligations, Off-Balance-Sheet Arrangements and Commitments

We have no off-balance sheet arrangements, except for the following commitments. As at March 31, 2017, our liabilities are $3,753, of which $2,138 is due within twelve months, $209 relates to a derivative warrant liability that will be settled in common shares and $1,406 relates to unsecured convertible debentures, described in note 11 of our financial statements, which includes $21 in interest accretion and will be settled either in cash or common shares. The principal amount of unsecured convertible debentures may be prepaid, in whole or in part, at any time and from time to time, in cash, at our sole discretion**.** The debentures are convertible into common shares at a fixed price of $1.90 per common share, except if we pay before the maturity all or any portion of the convertible debentures.

A summary of our contractual obligations at March 31, 2017, is as follows:

(In thousands of dollars)	Total	1 year or less	1 to 3 years
	$	$	$
Trade and other payables	2,138	2,138	—
Research and development contracts	917	917	—
Purchase obligation of equipment	21	21	—
Unsecured convertible debentures	2,463	160	2,303
Total	5,539	3,236	2,303

Significant commitments as of March 31, 2017 include:

Research and Development Agreements

In the normal course of business, we have signed agreements with various partners and suppliers for them to execute R&D projects and to produce certain tools and equipment. We have reserved certain rights relating to these projects. We initiated R&D projects that are planned to be conducted over the next 12-month period for a total cost of $2,169, of which an amount of $785 has been paid to date. As at March 31, 2017, an amount of $467 is included in “Trade and other payables” in relation to these projects. We have also entered into a contract to purchase production equipment for a total cost of $1,162 to be used in the manufacturing of the clinical and future commercial supply of CaPre, of which an amount of $853 has been paid to date. As at March 31, 2017, an amount of $288 is included in “Trade and other payables” related to this equipment.

Related Party Transactions

During the periods specified below, we were charged by Neptune for the purchase of research supplies and for certain costs incurred by Neptune for our benefit, as follows:

(In thousands of dollars)	One-month period ended	Three-month period ended	Three-month period ended	Thirteen-month period ended	Year ended	Year ended
	March 31, 2017	February 28, 2017	February 29, 2016	March 31, 2017	February 29, 2016	February 28, 2015
	$	$	$	$	$	$
Research and development expenses	1	6	24	60	371	344
General and administrative expenses	41	241	215	618	790	876
Total	42	247	239	678	1,161	1,220

We purchased from Neptune research and development supplies totaling $113, of which $73 as at March 31, 2017 is recorded in prepaid expenses and will be expensed as used.

Where Neptune incurs specific incremental costs for our benefit, it charges those amounts directly. Costs that benefit more than one entity of the Neptune group are charged by allocating a fraction of costs incurred by Neptune that is commensurate to the estimated fraction of services or benefits received by each entity for those items. These charges do not represent all charges incurred by Neptune that may have benefited us. Also, these charges do not necessarily represent the cost that we would otherwise need to incur, should we not receive these services or benefits through the shared resources of Neptune.

On January 7, 2016, Neptune announced the acquisition of Biodroga Nutraceuticals Inc. As part of this transaction, we pledged an amount of $2 million, or the committed funds, to partly guarantee the financing for the transaction under a pledge agreement. Neptune had agreed to pay us an annual fee on the committed funds outstanding at an annual rate of 9% during the first six months and 11% for the remaining term of the pledge agreement. On September 20, 2016, Neptune fully released the pledged amount. We recognized interest revenue in the amount of $89 during the thirteen-month period ended March 31, 2017 and nil for the month ended March 31, 2017.

The payable to Neptune primarily for general and administrative shared services has no specified maturity date for payment or reimbursement and does not bear interest.

Use of Estimates and Measurement of Uncertainty

The preparation of the financial statements in conformity with IFRS requires our management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates are based on management's best knowledge of current events and actions that we may undertake in the future. 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. Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include identification of triggering events indicating that the intangible assets might be impaired and the use of the going concern basis of preparation of the financial statements. At the end of each reporting period, management assesses the basis of preparation of the financial statements. The financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that we will continue our operations for the foreseeable future and can realize our assets and discharge our liabilities and commitments in the normal course of business. Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year include determination of the recoverable amount of our cash generating unit, or CGU, and measurement of derivative warrant liabilities and stock-based compensation. Also, management uses judgment to determine which research and development, or R&D, expenses qualify for R&D tax credits and in what amounts. We recognize the tax credits once we have reasonable assurance that they will be realized. Recorded tax credits are subject to review and approval by tax authorities and therefore, could be different from the amounts recorded.

Critical Accounting Policies

Impairment of Non-Financial Assets

The carrying value of our license asset is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the CGU's recoverable amount is estimated. The identification of impairment indicators and the estimation of recoverable amounts require the use of judgment.

Derivative Warrant Liabilities

The warrants forming part of the units issued in our public offering are derivative liabilities for accounting purposes due to the currency of the exercise price being different from our functional currency. The derivative warrant liabilities are required to be measured at fair value at each reporting date with changes in fair value recognized in earnings. We use Black-Scholes pricing model to determine the fair value. The model requires the assumption of future stock price volatility, which is estimated based on weighted average historic volatility. Changes to the expected volatility could cause significant variations in the estimated fair value of the derivative warrant liabilities.

Stock-based Compensation

We have a stock-based compensation plan, which is described in note 15 of our financial statements in "Item 17. Financial Statements". We account for stock options granted to employees based on the fair value method, with fair value determined using the Black-Scholes model. The Black Scholes model requires certain assumptions such as future stock price volatility and expected life of the instrument. Expected volatility is estimated based on weighted average historic volatility. The expected life of the instrument is estimated based on historical experience and general holder behavior. Under the fair value method, compensation cost is measured at fair value at date of

grant and is expensed over the award's vesting period with a corresponding increase in contributed surplus. For stock options granted to non-employees, we measure based on the fair value of services received, unless those are not reliably estimable, in which case we measure the fair value of the equity instruments granted. Compensation cost is measured when we obtain the goods or the counterparty renders the service.

Tax Credits

Refundable tax credits related to eligible expenses are accounted for as a reduction of related costs in the year during which the expenses are incurred as long as there is reasonable assurance of their realization.

Future Accounting Changes

A number of new standards, interpretations and amendments to existing standards were issued by the IASB, or the IFRS Interpretations Committee, or IFRIC, that are mandatory but not yet effective for the thirteen-month and one-month periods March 31, 2017 and have not been applied in preparing our financial statements. The following standards have been issued by the IASB with effective dates in the future that have been determined by management to impact the financial statements:

Financial Instruments

On July 24, 2014, the IASB issued the final version of IFRS 9, *Financial Instruments,* which addresses the classification and measurement of financial assets and liabilities, impairment and hedge accounting, replacing IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. We intend to adopt IFRS 9 in our financial statements for the annual period beginning on April 1, 2018. We have not yet assessed the impact of adoption of IFRS 9, and do not intend to early-adopt IFRS 9 in our financial statements.

Amendments to IFRS 2 – Classification and Measurement of Share-Based Payment Transactions

On June 20, 2016, the IASB issued amendments to IFRS 2, *Share-Based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments apply for annual periods beginning on or after January 1, 2018. Earlier application is permitted. As a practical simplification, the amendments can be applied prospectively. Retrospective, or early application is permitted if information is available without the use of hindsight. The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. We intend to adopt the amendments to IFRS 2 in our financial statements for the annual period beginning on April 1, 2018. We have not yet assessed the impact of adoption of the amendments of IFRS 2, and do not intend to early-adopt these amendments in our financial statements.

Credit Risk

Credit risk is the risk of a loss if a customer or counterparty to a financial asset fails to meet its contractual obligations. We have credit risk relating to cash, cash equivalents and short-term investments, which we manage by dealing only with highly-rated Canadian financial institutions. The carrying amount of financial assets, as disclosed in the statements of financial position, represents our credit exposure at the reporting date.

Currency Risk

We are exposed to the financial risk related to the fluctuation of foreign exchange rates and the degrees of volatility of those rates. Foreign currency risk is limited to the portion of our business transactions denominated in currencies other than the Canadian dollar. Fluctuations related to foreign exchange rates could cause unforeseen fluctuations in our operating results. A portion of our expenses, mainly related to research contracts and purchase of production equipment, is incurred in US dollars and in Euros, for which no financial hedging is required. There is a financial risk related to the fluctuation in the value of the US dollar and the Euro in relation to the Canadian dollar. In order to minimize the financial risk related to the fluctuation in the value of the US dollar in relation to the Canadian dollar, funds continue to be invested as short-term investments in the US dollar. A significant portion of our cash and cash equivalents are denominated in US dollars, further exposing us to fluctuations in the value of the US dollar in relation to the Canadian dollar. See Note 19 of our financial statements in "Item 17. Financial Statements".

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. As at March 31, 2017, February 28, 2017 and February 29, 2016, our cash and cash equivalents and our short term investments were subject to fluctuations in short-term fixed interest rates.

Our capacity to reinvest the short-term amounts with equivalent return will be impacted by variations in short-term fixed interest rates available on the market. Management believes the risk we will realize a loss as a result of the decline in the fair value of its short-term investments is limited because these investments have short-term maturities and are generally held to maturity. Our capacity to reinvest the short-term amounts with equivalent return will be impacted by variations in short-term fixed interest rates available on the market. Management believes the risk we will realize a loss as a result of the decline in the fair value of our short-term investments is limited because these investments have short-term maturities and are generally held to maturity.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due. We manage liquidity risk through the management of its capital structure and financial leverage, as outlined in Note 22 to our financial statements in "Item 17. Financial Statements". We also manage liquidity risk by continuously monitoring actual and projected cash flows. Our board of directors reviews and approves our operating budgets, and reviews material transactions outside the normal course of business. Our contractual obligations related to financial instruments and other obligations and liquidity resources are presented in "–Liquidity and Capital Resources".

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

The following table sets out the name and the province or state and country of residence of each of our directors and all offices with us held by them, their principal occupation, the year in which they became a director, and the number of common shares they have declared to beneficially own, directly or indirectly, or over which control or direction is exercised by them.

Name, Province or State, as the case may be, and Country of Residence of each Director	Principal Occupation	First Year as Director	Number of Common Shares Beneficially Owned or Controlled or Directed by Each Director
Roderick N. Carter California, United States Chairman of the Board	Principal, Aquila Life Sciences LLC	2015	-
Jean-Marie (John) Canan Florida, United States	Corporate Director	2016	57,500
Janelle D'Alvise California, United States	President and CEO of Acasti	2016	52,500
James S. Hamilton Québec, Canada	President and CEO of Neptune Technologies & Bioressources Inc.	2015	-
Leendert H. Staal Maryland, United States	Independent consultant and owner of Staal Consulting LLC	2016	-

The following is a brief biography of our directors and senior management:

Dr. Roderick N. Carter

Dr. Carter has a strong history of contributions to healthcare through clinical, research, business and people leadership. He has significant experience developing and commercializing nutraceutical and pharmaceutical products and has successfully led clinical research and business development strategies for cardiovascular and inflammation related diseases. Dr. Carter is currently Principal at Aquila Life Sciences LLC, a consulting firm he

founded in April 2008 focusing on pharmaceutical development and commercialization. Prior to this, he was Vice President of Clinical Development at Reliant Pharmaceuticals, which developed the OM3 cardiovascular drug LOVAZA, and today is a wholly-owned subsidiary of GlaxoSmithKline. He also served as Executive Director at Merck and Co., USA, President and Chief Executive Officer of WellGen and Senior Medical Director at Pfizer Inc., USA. Dr. Carter received his Medical Degree from the University of Witwatersrand, Johannesburg, along with a Master of Science degree in Sports Medicine from Trinity College, Dublin.

Janelle D'Alvise (also our CEO)

Ms. D'Alvise has extensive experience in diagnostics, medical devices, pharmaceuticals and drug discovery research tools. Until recently, Ms. D'Alvise was the President and Chairman of Pediatric Bioscience. Before that, she was the CEO of Gish Biomedical, a cardiopulmonary medical device company. Prior to Gish, Ms. D'Alvise was the CEO of the Sidney Kimmel Cancer Center (SKCC), a drug discovery research institute. From 1995 until 1998, she was also the Co-Founder and Executive VP/COO of Metrika Inc., and in 1999 was the Co- Founder/President/CEO/Chairman of NuGEN, Inc. Ms. D'Alvise built both companies from technology concept through to successful regulatory approvals, product introduction and sustainable revenue growth. Prior to 1995, Ms. D'Alvise was a VP of Drug Development at Syntex/Roche and Business Unit Director of their Pain and Inflammation business, and also VP of Commercial Operations at SYVA, (Syntex's clinical diagnostics division), and began her career with Diagnostic Products Corporation. Ms. D'Alvise has a B.S. in Biochemistry from Michigan Technological University. She has completed post- graduate work at the University of Michigan, Stanford University, and the Wharton Business Schools. Ms. D'Alvise has served on the board of numerous private companies and non-profits, and is an Entrepreneur-in-Residence for the von Liebig Institute for Entrepreneurship at the University of California, San Diego.

James S. Hamilton

Mr. Hamilton is currently President and Chief Executive Officer of Neptune. Prior to joining Neptune, from 2006 to 2015, Mr. Hamilton served as Vice President Human Nutrition and Health, North America, and President of DSM Nutritional Products USA, Inc., based in Parsippany, New Jersey. He was serving on the global management team of DSM Nutritional Products' Human Nutrition & Health business, an organization with over $2 billion in global sales and operations in more than 40 countries. DSM Nutritional Products is an important division of the life sciences and material sciences corporation, DSM N.V. of the Netherlands. Mr. Hamilton's industry knowledge has made him a valuable contributor to several trade associations and he a director and is the immediate past chairman of the board of directors of the Council for Responsible Nutrition, the dietary supplement industry's leading trade association. Mr. Hamilton is a graduate of Concordia University in Montreal, Canada and has attended a number of business education and leadership programs at the London Business School and INSEAD.

Jean-Marie (John) Canan

Mr. Canan is an accomplished business executive with over 34 years of strategic, business development and financial leadership experience. Mr. Canan recently retired from Merck & Co., Inc. where his last senior position was as Senior Vice-President, Global Controller, and Chief Accounting Officer for Merck from November 2009 to March 2014. He has managed all interactions with the audit committee of the Merck board of directors, while participating extensively with the main board and the compensation & benefits committee. Mr. Canan serves as a director of REV Group, a public company, where he chairs the audit committee. Mr. Canan also provides consulting services to Willow BioPharma, a Canadian start-up, engaged in the acquisition and development of legacy pharmaceutical assets. He also serves on the board of trustees of Angkor Hospital for Children, where he also chairs the audit & risk committee. Mr. Canan is a graduate of McGill University, Montreal, Canada, and is a Canadian Chartered Accountant.

Dr. Leendert H. Staal

Dr. Staal is a member of the board of directors of Neptune. He is a seasoned and accomplished senior executive with a strong track record of value creation. Dr. Staal has held numerous senior level positions within the DSM group, most recently as President and Chief Executive Officer of DSM Nutritional Products from January 2008 to March 2013 and previously as President and Chief Executive Officer of DSM Pharmaceuticals. Dr. Staal also held the position of Group Vice President of Quest International and was Chairman of Unipath (a wholly owned subsidiary of Unilever). He is currently an independent consultant and owner of Staal Consulting LLC, focusing on mergers and acquisitions and business strategy. Recently, he has been providing consulting services in connection with Neptune's Sherbrooke plant, where he is part of a team enhancing and optimizing plant output. Dr. Staal has a Ph.D. in Chemistry from the University of Amsterdam.

The following are brief biographies of our senior managers, other than our President and Chief Financial Officer, Janelle D' Alvise, whose biography appears further above:

Linda P. O'Keefe – Chief Financial Officer (CFO)

Ms. O'Keefe has been our Chief Financial Officer since November 28, 2016. She has worked with both public and private biotechnology, diagnostics, medical devices and healthcare services firms, and also in other private equity-financed markets, including business services, education and technology. Prior to joining us, Ms. O'Keefe consulted with various firms after serving as Chief Financial Officer and executive-in-residence for Gryphon Investors, a San Francisco-based private equity firm. At Gryphon Investors, she led fundraising, limited partner relations, risk management and advised portfolio company management teams on growth, financing and back office strategies. In addition, Ms. O'Keefe provided mergers & acquisitions and integration support, established and led audit committees, and supported the expansion of teams and systems to meet the needs of growing companies. Ms. O'Keefe also served as Chief Financial Officer of Delphi Ventures, a healthcare-focused venture capital firm, and Elevate Ventures; as Vice President of Finance at Genelabs Technologies and Target Therapeutics; and as Controller at Collagen Corporation. Ms. O'Keefe is an active Certified Public Accountant and Chartered Global Management Accountant in California and Indiana and was formerly an audit senior with Ernst & Young. She is a member of the American Institute of CPAs, the California and Indiana Societies of CPAs, Association for Corporate Growth, Financial Executives International, and Healthcare Financial Management Association. Ms. O'Keefe holds a Bachelor of Science in Business from the University of California, Berkeley.

Dr. Pierre Lemieux – Chief Operating Officer (COO)

Dr. Lemieux has been our Chief Operating Officer since April 12, 2010. He holds a post-doctoral degree in Oncology from the Health Science Center, University of Texas (San Antonio), USA, and a PhD in biochemistry from Laval University, Canada, jointly with University of Nottingham, England. Prior to joining us, Dr. Lemieux was the President, Chief Executive Officer and the chairman of the board as well as being the founder of Technologie Biolactis Inc., a late-stage biotechnology company specialized in the commercialization of proteins to better serve the nutraceutical, cosmetic and pharmaceutical industries. Dr. Lemieux has 20 years of experience in pharmaceutical development and has occupied a variety of high management positions in the pharmaceutical industry.

Mr. Laurent Harvey – Vice President, Clinical and Non-Clinical Affairs

Mr. Harvey has more than 25 years' experience in the biopharmaceutical industry, primarily in drug development and clinical research. Before joining us, he occupied different management positions at Bristol-Myers Squibb, Æterna-Zentaris, Innodia, Bellus Health and KLOX Technologies. During his career, he participated in many national and international clinical programs in various therapeutic fields such as cardiovascular, endocrinology, oncology and neurology. Mr. Harvey holds a Bachelor's degree in pharmacy and M.Sc. in hospital pharmacy, both from Université de Montréal.

B. Compensation

Summary of our Compensation Programs

Our executive compensation program is intended to attract, motivate and retain high-performing senior executives, encourage and reward superior performance and align the executives' interests with ours by providing compensation which is competitive with the compensation received by executives employed by comparable companies and ensuring that the achievement of annual objectives is rewarded through the payment of bonuses and providing executives with long-term incentive through the grant of stock options.

Our governance & human resources, or GHR, committee has authority to retain the services of independent compensation consultants to advise its members on executive compensation and related matters, and to determine the fees and the terms and conditions of the engagement of those consultants. During our fiscal year ended March 31, 2017, the GHR committee retained compensation consulting services, including those led by Lockton Companies, to review our executive compensation programs, including base salary, short-term and long-term incentives, total cash compensation levels and total direct compensation of certain senior positions, against those of peer groups of similar and larger size, as

measured by market capitalization, biotechnology and pharmaceutical companies listed or headquartered in North America. All of the services provided by the consultants were provided to the GHR committee. The GHR committee assessed the independence of the consultants and concluded that its engagement of the consultants did not raise any conflict of interest with us or any of our directors or executive officers. As influenced by the consultants' fiscal period 2017 executive compensation review, the board and GHR committee set the following executive compensation program.

Use of Fixed and Variable Pay Components

Compensation of NEOs is revised each year and has been structured to encourage and reward executive officers on the basis of short-term and long-term corporate performance. In the context of its analysis of compensation for our fiscal year ended March 31, 2017, the following components were examined by the GHR committee:

- base salary;
- short term incentive plan, consisting of a cash bonus;
- long term incentive plan, consisting of stock options and equity incentive grants based on performance and/or time vesting conditions; and
- other elements of compensation, consisting of group benefits and perquisites.

Base Salary

We intend to be competitive with comparator companies and to attract and retain top talent. The GHR committee will review compensation periodically to be sure it meets this strategic imperative. Base salary is set to reflect an individual's skills, experience and contributions within a salary structure consistent with our gender pay equity policy**.** Base salary structure is revised annually by the GHR committee as our financial and market conditions evolve.

Short Term Incentive Plan (STIP)

Our Short-Term Incentive Plan, or STIP, provides for potential rewards when a threshold of corporate performance is met. Personal objectives that support corporate goals are established annually with each employee and are assessed at the end of each financial year. Personal objectives are assessed through a performance grid, with pre-specified, objective performance criteria. STIP awards are paid out in proportion to individual performance, determined in end-of-year performance reviews. For the most senior participants in the STIP, greater weight is assigned to corporate objectives. Target payout is expressed as a percentage of base salary and is determined by employment contracts and board discretion. Annual salary for STIP purposes is the annual salary in effect at the end of the plan year (i.e., prior to annual salary increases).

The actual amount awarded ranges from zero for performance well below expectation and is capped at two times target for exceptional performance. The STIP is a discretionary variable compensation plan and all STIP payments are subject to board approval. Participants must be employed by us at the end of the financial year to qualify. We reserve the right to modify or discontinue the STIP at any time.

Ms. D'Alvise, our CEO, is eligible for up to a 50% bonus of her annual base salary and Ms. O'Keefe, our CFO, is eligible for up to a 40% bonus of her annual base salary. Dr. Lemieux, our COO, is eligible for up to a 40% bonus of his annual base salary and Mr. Harvey, Vice President, Clinical and Non-Clinical Affairs, is eligible for up to a 30% bonus of his annual base salary.

These performance goals will take into account the achievement of R&D milestones within timelines and budget and individual objectives determined annually by the board according to short-term priorities.

Long Term Incentive Plan (LITP)

The LTIP has been adopted as a reward and retention mechanism. Participation is determined annually at the discretion of the board. Employees approved by our board of directors may participate in our stock option plan, which is designed to align the long-term interests of participants with those of shareholders, in order to promote shareholder value.

The GHR committee determines the number of stock options to be granted to a participant based on peer group data and taking into account corporate performance and level in the organization. The LTIP calculation is based on a guideline percentage of base salary and the number of options is determined based on an approved dollar value (rather than a specific number of shares). The guideline ranges from 15% to 200% and is subject to adjustment by the board in reviewing annual achievement of corporate performance and availability of shares. The GHR committee may also determine, in its sole discretion, *ad hoc* stock option awards to be granted to participants in order to address extraordinary situations. Awards at any level may be adjusted as necessary to maintain an equity burn rate and overhang similar to comparator companies. In addition to our stock option plan, the board is also empowered to grant *ad hoc* awards, from time to time, under our equity incentive plan to provide for a share-related mechanism to attract, retain and motivate qualified directors, senior employees and consultants.

Our directors and executive officers are not permitted to purchase financial instruments, such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the director or officer.

Share Ownership Guidelines

To further align the interests of our executives with those of our other shareholders, the board has adopted share ownership guidelines. Under these guidelines, the CEO and other executives (i.e., CFO, COO, VPs) are required to retain and hold 50% of the shares acquired by them under any equity incentive award granted on or after June 8, 2017 (after subtracting shares sold to pay for option exercise costs, and relevant federal, state, and local taxes which are assumed to be at the highest marginal tax rates). In addition, the share retention rule applies unless the executive beneficially owns shares with a value at or in excess of the following share ownership guidelines:

- CEO — 2x then-current annual base salary
- Other executives — 1x then-current annual base salary.

The value of an individual's shares for purposes of the share ownership guidelines is deemed to be the greater of the then-current fair market value of the shares, or the individual's cost basis in the shares. Shares counted in calculating the share ownership guidelines include shares beneficially owned outright, whether from open market purchases, shares retained after option exercises, and shares of restricted stock or deferred stock units that have fully vested. In addition, in the case of vested, unexercised, in-the-money stock options, the in-the-money value of the stock options will be included in the share ownership calculation. Executives have five years from their date of hire or promotion to satisfy the share ownership guidelines.

Stock Option Plan

Our stock option plan was adopted by our board of directors on October 8, 2008 and has been amended from time to time, including most recently on June 14, 2017. The grant of options is part of the long-term incentive component of executive and director compensation and an essential part of compensation. Qualified directors, employees and consultants may participate in our stock option plan, which is designed to encourage optionnees to link their interests with those of our shareholders, in order to promote an increase in shareholder value. Awards and the determination of any exercise price are made by our board of directors, after recommendation by the GHR committee. Awards are established, among other things, according to the role and responsibilities associated with the participant's position and his or her influence over appreciation in shareholder value. Any award grants a participant the right to purchase a certain number of common shares during a specified term in the future, after a vesting period and/or specific performance conditions, at an exercise price equal to at least 100% of the market price (as defined below) of our common shares on the grant date. The "market price" of common shares as of a particular date generally means the closing price per common share on the TSXV, or any other exchange on which the common shares are listed from time to time, for the last preceding date on which there was a sale of common shares on that exchange (subject to certain exceptions set forth in the stock option plan in the event that we are no longer traded on any stock exchange). Previous awards may sometimes be taken into account when new awards are considered.

In accordance with the stock option plan, all of an option holder's options will immediately vest on the date of a Change of Control event (as defined in the stock option plan), subject to the terms of any employment agreement or other contractual arrangement between the option holder and us.

However, in no case will the grant of options under the plan, together with any proposed or previously existing security based compensation arrangement, result in (in each case, as determined on the grant date): the grant to any one consultant within any 12-month period, of options reserving for issuance a number of common shares exceeding in the aggregate 2% of our issued and outstanding common shares (on a non-diluted basis); or the grant to any one employee, which provides investor relations services, within any 12-month period, of options reserving for issuance a number of common shares exceeding in the aggregate 2% of our issued and outstanding common shares (on a non-diluted basis).

Options granted under the stock option plan are non-transferable and are subject to a minimum vesting period of 18 months, with gradual and equal vesting on no less than a quarterly basis. They are exercisable, subject to vesting and/or performance conditions, at a price equal to the closing price of the common shares on the TSXV on the day prior to the grant of such options. In addition, and unless otherwise provided for in the agreement between us and the holder, options will also lapse upon termination of employment or the end of the business relationship with us except that they may be exercised for 60 days after termination or the end of the business relationship (30 days for investor relations services employees), to the extent that they will have vested on such date of termination of employment, except in the case of death, disability or retirement where this period is extended to 12 months.

Subject to the approval of relevant regulatory authorities, including the TSXV, if applicable, and compliance with any conditions attached to that approval (including, in certain circumstances, approval by disinterested shareholders) if applicable, the board of directors has the right to amend or terminate the stock option plan. However, unless option holders consent to the amendment or termination of the stock option plan in writing, any such amendment or termination of the stock option plan cannot affect the conditions of options that have already been granted and that have not been exercised under the stock option plan.

Options for common shares representing a fixed rate of 20% of our outstanding issued common shares as of February 29, 2016 may be granted by the board under the stock option plan. As at the March 31, 2017, there were 657,619 common shares reserved for issuance under the stock option plan. As of March 31, 2017, there were 1,424,788 options outstanding under the stock option plan. On June 14, 2017, in connection with amendments to the stock option plan discussed below, the board granted 1,021,500 stock options to employees, executives and members of the board, of which 373,600 of these stock options are subject to shareholder approval at our next annual general and special shareholders meeting.

On June 14, 2017, the board approved amendments to the existing limits for common shares reserved for issuance under the stock option plan as described below, which are subject to shareholder approval. At our next annual and special shareholders meeting, shareholders will be asked to consider a resolution to approve amendments to the equity incentive plan to set the total number of common shares reserved for issuance pursuant to awards granted under the equity incentive plan to an aggregate number that:

- if, and for so long as the common shares are listed on the TSXV, will not exceed the lower of:
  - 367,563 Common Shares, and
  - 20% of the issued and outstanding common shares as of March 31, 2017, (equating to 2,940,511 common shares), which number will include common shares issuable pursuant to options issued under the amended stock option plan; or
- if, and for so long as the common shares are listed on the TSX, will not exceed 2.5% of the issued and outstanding common shares from time to time.

The proposed amendments would also change certain limits to the number of common shares that can be reserved for issuance for specific grants.

Equity Incentive Plan

On May 22, 2013, our equity incentive plan was adopted by the board in order to, among other things, provide us with a share-related mechanism to attract, retain and motivate qualified directors, employees and consultants. The adoption of the equity incentive plan was initially approved by shareholders at our 2013 Shareholders' meeting held on June 27, 2013.

Eligible persons may participate in the equity incentive plan. "Eligible persons" under the equity incentive plan consist of any director, officer, employee or consultant (as defined in the equity incentive plan) of us or a subsidiary. A participant is an eligible person to whom an award has been granted under the equity incentive plan. The equity incentive plan provides us with the option to grant to eligible persons bonus shares, restricted shares, restricted share units, performance share units, deferred share units and other share-based awards.

If, and for so long as our common shares are listed on the TSXV, no more than 2% of the issued and outstanding common shares may be granted to any one consultant or employee conducting investor relations activities in any 12-month period.

The board has the right to determine that any unvested or unearned restricted share units, deferred share units, performance share units or other share-based awards or restricted shares subject to a restricted period outstanding immediately prior to the occurrence of a change in control will become fully vested or earned or free of restriction upon the occurrence of a change in control. The board may also determine that any vested or earned restricted share units, deferred share units, performance share units or other share-based awards will be cashed out at the market price as of the date a change in control is deemed to have occurred, or as of such other date as the board may determine prior to the change in control. Further, the board has the right to provide for the conversion or exchange of any restricted share unit, deferred share unit, performance share unit or other share-based award into or for rights or other securities in any entity participating in or resulting from the change in control.

The equity incentive plan is administered by the board and the board has sole and complete authority, in its discretion, to determine the type of awards under the equity incentive plan relating to the issuance of common shares (including any combination of bonus shares, restricted share units, performance share units, deferred share units, restricted shares or other share-based awards) in such amounts, to such persons and under such terms and conditions as the board may determine, in accordance with the provisions of the equity incentive plan and the recommendations made by the GHR committee.

Subject to the adjustment provisions provided for in the equity incentive plan and the applicable rules and regulations of all regulatory authorities to which we are subject (including any stock exchange), the total number of common shares reserved for issuance pursuant to awards granted under the equity incentive plan will be equal to a number that (A) if, and for so long as the common shares are listed on the TSXV, will not exceed either (i) 267,800 common shares, and (ii) 20% of the issued and outstanding common shares as of February 29, 2016, representing 2,142,407 common shares, which includes common shares issuable pursuant to options issued under our stock option plan.

On June 14, 2017, the board approved amendments to the existing limits of common shares reserved for issuance under the stock option plan as described above, which are subject to shareholder approval.

Other Forms of Compensation

RRSP Matching Program. Effective June 1, 2016, we sponsor a voluntary Registered Retirement Savings Plan, or RRSP, matching program, which is open to all eligible employees, including NEOs. The RRSP matching program matches employees' contributions up to a maximum of $1,000 per fiscal year for eligible employees who participate in the program. Other than matching contributions under the RRSP matching program (which amounts are disclosed in the column entitled "All Other Compensation" in the summary compensation table below), we do not provide pension or retirement benefits to our executive officers or directors.

Other Benefits and Perquisites. Our executive employee benefit program also includes life, medical, dental and disability insurance. These benefits and perquisites are designed to be competitive overall with equivalent positions in comparable organizations. We do not have a pension plan for employees.

Compensation Paid to Named Executive Officers

The following table sets forth the compensation information for the NEOs during the thirteen months ended March 31, 2017, and the fiscal years ended February 29, 2016 and February 28, 2015.

Name and Principal Position	Period ended	Salary ($)	Share-Based Awards(1)(2) ($)	Option-Based Awards (1) (2) ($)	Annual Incentive Plans ($)	All Other Compensation ($)(3)	Total Compensation ($)
Janelle D'Alvise(4) CEO	March 31, 2017	365,072	-	502,163	136,049(6)	-	1,003,284
Linda P. O'Keefe(5) CFO	March 31, 2017	114,183	-	237,340	39,897(7)	109,414(8)	500,834
Pierre Lemieux COO	March 31, 2017	275,819	-	96,522	49,000	-	421,341
	February 29, 2016	239,565	-	33,320	42,000	-	314,885
	February 28, 2015	202,115	-	22,163	12,000	-	236,278
Laurent Harvey Vice President, Clinical and Non-Clinical Affairs	March 31, 2017	194,846	-	84,205	35,000	-	314,051
	February 29, 2016	159,808	-	17,153	16,000	-	192,961
	February 28, 2015	107,977	-	7,388	8,000	-	123,365

(1) We have adopted IFRS 2 Share-Based Payment to account for the issuance of stock options to employees and non-employees. The fair value of stock options is estimated at the grant date using the Black-Scholes option pricing model. This model requires the input of a number of parameters, including share price, share exercise price, expected share price volatility, expected time until exercise and risk-free interest rates. Although the assumptions used reflect management's best estimates, they involve inherent uncertainties based on market conditions generally outside of our control.

(2) The fair value of the option-based awards granted in the thirteen-month period ended March 31, 2017 is as follows: (i) the May 12, 2016 option-based awards are based on a fair value of $0.96 per option granted to Ms. D'Alvise; (ii) the May 30, 2016 option-based awards are based on a fair value of $1.18 per option granted to Dr. Lemieux and Mr. Harvey; (iii) the February 24, 2017 option-based awards are based on a fair value of $1.19 per option granted to Ms. O'Keefe and Dr. Lemieux and Mr. Harvey.

For the period ended on February 29, 2016, the fair market value of the June 1, 2015 option-based awards are based on a fair value of $1.97 per option granted to Messrs. Harvey and Lemieux.

For the period ended on February 28, 2015, the fair market value of the October 20, 2014 option-based awards granted to Dr. Lemieux is based on a fair value of $3.00 per option, prior to our reverse share split.

(3) The value of perquisites and other personal benefits received by these executives did not total an aggregate value of $50,000 or more, and does not represent 10% or more of their total salary during the financial years ended March 31, 2017, February 29, 2016 and February 28, 2015.

(4) Ms. D'Alvise was appointed our President and CEO on May 11, 2016 and began her functions on June 1, 2016. Her employment agreement provides for payments in U.S. dollars with an annual base salary of US$330,000.

(5) Ms. O'Keefe was appointed our CFO effective as of November 27, 2016. Her employment agreement provides for payments in U.S. dollars with an annual base salary of US$250,000.

(6) US$102,300, converted as at March 31, 2017, based on a closing exchange rate of US1.00= $1.3299.

(7) US$30,000 converted as at March 31, 2017, based on a closing exchange rate of US1.00= $1.3299.

(8) Consulting services from July 2016 to November 2016 which provided for payments in U.S. dollars: US$82,273, converted as at March 31, 2017 based on a closing exchange rate of US1.00= $1.3299.

Outstanding Share-Based and Option-Based Awards

The following tables provide information about the number and value of the outstanding option-based awards held by the NEOs as of March 31, 2017. There are no share-based awards outstanding as of the date of this annual report.

Name / Grant Date	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of Unexercised In-The-Money Options(1) ($)
Janelle D'Alvise (2)				
May 12, 2016	525,000	1.56	May 12, 2023	141,750
Linda P. O'Keefe (3)				
February 24, 2017	200,000	1.65	February 24, 2027	36,000
Pierre Lemieux				
February 24, 2017	50,000	1.65	February 24, 2027	9,000
May 30, 2016	31,400	1.99	May 29, 2023	-
June 1, 2015	16,900(1)	4.50(1)	June 1, 2022	-
October 20, 2014	7,500(1)	6.50(1)	October 19, 2019	-
Laurent Harvey				
February 24, 2017	50,000	1.65	February 24, 2027	9,000
May 30, 2016	21,000	1.99	May 29, 2023	-
June 1, 2015	8,700(1)	4.50(1)	June 1, 2022	-
October 20, 2014	2,500(1)	6.50(1)	October 19, 2019	-

(1) Calculation is based on a trading price of $1.83 for our common shares on the TSXV, as at closing on March 31, 2017.
(2) Ms. D'Alvise was appointed as our President and CEO on May 11, 2016 and began her functions on June 1, 2016.
(3) Ms. O'Keefe was appointed as our CFO effective November 27, 2016.

The following table sets out the value of share-based, option-based, and warrant-based awards held by the NEOs that vested during the fiscal year ended March 31, 2017:

Name	Share-Based Awards ($)	Option-Based Awards ($)
Janelle D'Alvise	-	28,875

Compensation of Directors

Our directors' compensation consists of an annual fixed compensation of US$35,000. While our compensation structure does not include meeting fees, a discretionary reduction of 20% may be applied to the annual retainer payment each time a director fails to attend a quarterly board or committee session. In addition, the chairman of the board and each chairperson of the audit and the GHR committees received additional compensation of US$25,000 and US$10,000, respectively, for their additional work during the fiscal year ended March 31, 2017. The directors are also entitled to be reimbursed for travelling and other reasonable expenses properly incurred by them in attending meetings of the board or any committee or in otherwise serving us, in accordance with our policy on travel and expenses.

Following their first election to our board of directors, non-executive directors are eligible to receive an initial equity grant of up to 150% of their annual cash retainer worth of stock options vesting annually in equal installments over a 3-year period, subject to the other terms and conditions set forth under the heading "–Stock Option Plan". In addition to their initial grant, non-executive directors are eligible to receive an annual equity-based award equal to 100% of their total annual cash retainer vesting quarterly in equal installments over an 18-month period. These awards will be granted at the same time that we are performing our annual performance review for our employees, subject to availability of common shares and subject to the terms and conditions described under the headings "–Stock Purchase Plan" and "–Equity Incentive Plan". The level of these awards will be consistent with equivalent awards in comparable companies obtained from the benchmark exercise and in accordance with the recommendations obtained from our independent compensation consultant.

The total compensation for our non-executive directors during the thirteen-month period ended March 31, 2017 was as follows:

Name	Thirteen Months Ended March 31	Fees Earned ($)	Option-Based Awards(1)(2) ($)	All Other Compensation ($)(5)	Total ($)
Roderick N. Carter	2017	188,517(3)	236,860	-	425,377
Jean-Marie (John) Canan	2017	44,884(4)	58,520	-	103,404
James S. Hamilton	2017	-	-	-	-
Leendert H. Staal(6)	2017	44,884(4)	58,520	-	103,404
Pierre Fitzgibbon(6)	2017	21,917	-	-	21,917

(1) We have adopted IFRS 2 Share-Based Payment to account for the issuance of stock options to employees and non-employees. The fair value of the awards is estimated at the grant date using the Black-Scholes option pricing model. This model requires the input of a number of parameters, including share price, share exercise price, expected share price volatility, expected time until exercise and risk-free interest rates. Although the assumptions used reflect management's best estimates, they involve inherent uncertainties based on market conditions generally outside of our control.

(2) For the thirteen-month period ended on March 31, 2017, (i) the fair market value of the May 30, 2016 option-based awards is based on a fair value of $1.18 per option granted to Dr. Carter; and (ii) the fair market value of the February 24, 2017 option-based awards is based on a fair value of $1.17 per option granted to Mr. Canan and Dr. Staal.

(3) Dr. Carter was appointed Executive Chairman of the board on March 1, 2016 and earned compensation of US$98,980 for this role through June 30, 2016. After that date and Ms. D'Alvise's appointment as CEO on June 1, 2016, Dr. Carter earned compensation of US$45,000 for being Chairman of the board through March 31, 2017.

(4) Mr. Canan and Dr. Staal earned a director compensation of US$33,750 and were appointed to the board of directors in July 2016.

(5) The directors do not receive pension benefits or other non-equity based annual compensation.

(6) After the resignation of certain directors on February 29, 2016, Mr. Fitzgibbon, Chairman of the board of directors of Neptune, joined until July 12, 2016 as member of our board of directors and Chair of the audit and GHR committees to help insure a proper transition between the departing directors and the election of the new nominees at our 2016 annual general shareholders meeting.

Outstanding Share-Based and Option-Based Awards for Directors

The following table provides information about the number and value of the outstanding share-based and option-based awards held by non-executive directors. There were no share-based awards outstanding as of the date of this annual report.

Name / Grant Date	Number of Securities Underlying Unexercised Options	Option Exercise Price ($)(1)	Option Expiration Date	Value of Unexercised in-the-Money Options ($)(2)
Roderick N. Carter				
May 30, 2016	200,000	1.99	May 29, 2023	-
August 19, 2015	10,000(1)	4.80	August 19, 2022	-
Jean-Marie (John) Canan				
February 24, 2017	50,000	1.65	February 24, 2027	9,000
Leendert H. Staal				
February 24, 2017	50,000	1.65	February 24, 2027	9,000

(1) Option-based awards were consolidated following our share consolidation. The exercise price was increased proportionally to reflect the consolidation.

(2) Calculation is based on a trading price of $1.83 for our common shares on the TSXV, as at closing on March 31, 2017.

None of the share-based and stock options of the Corporation held by non-executive Directors that vested during the financial year ended on March 31, 2017 were in-the-money at their respective vesting date.

C. Board Practices

Board of Directors

Director Independence

Our board of directors believes that, in order to maximize its effectiveness, the board must be able to operate independently. A majority of directors must satisfy the applicable tests of independence, such that the board of directors complies with all independence requirements under applicable corporate and securities laws and stock exchange requirements applicable to us. No director will be independent unless the board of directors has affirmatively determined that the director has no material relationship with us or any of our affiliates, either directly or indirectly or as a partner, shareholder or officer of an organization that has a relationship with us or our affiliates. Such determinations will be made on an annual basis and, if a director joins the board of directors between annual meetings, at such time.

Independent Directors

The board of directors determined that Mr. Canan, Dr. Carter and Dr. Staal are independent within the meaning of NI 52-110 and NASDAQ Stock Market rules.

Directors Who are Not Independent

The board of directors determined that Mr. Hamilton is not independent within the meaning of NI 52-110 and NASDAQ rules given that he is President and CEO of Neptune. In addition, the board of directors determined that Ms. D'Alvise is not independent within the meaning of NI 52-110 and NASDAQ given that she is our President and CEO.

Attendance Record of Directors for Board Meetings

During the fiscal year ended March 31, 2017, the board of directors held 12 meetings. Attendance of directors at those meetings is indicated in the table below:

Board Members	Attendance
Roderick N. Carter	12/12
Jean-Marie (John) Canan (1)	8/8
Janelle D'Alvise(1)	8/8
James S. Hamilton	12/12
Leendert H. Staal(1)	8/8
Pierre Fitzgibbon(2)	4/4

(1) Ms. D'Alvise, Mr. Canan and Dr. Staal joined the board of director at our last annual general meeting on July 12, 2016.

(2) Mr. Fitzgibbon was temporarily appointed as a member of the board from March 1, 2016 to July 12, 2016 following the resignation of certain directors.

During the fiscal year ended March 31, 2017, the independent directors held at least 5 scheduled meetings at which non-independent directors and members of management were not in attendance.

Chairman of the Board

Dr. Carter acts as Chairman of the board. His duties and responsibilities consist of the oversight of the quality and integrity of the board of directors' practices**.**

Board Mandate

There is no specific mandate for the board of directors, since the board has plenary power. Any responsibility that is not delegated to senior management or a committee of the board remains with the full board of directors.

Position Descriptions

No written position description has been approved for the chair of the board of directors and for the chairs of each committee. The primary role and responsibility of the chair of each committee of the board of directors is to: (i) in general, ensure that the committee fulfills its mandate, as determined by the board of directors; (ii) chair meetings of the committee; (iii) report to the board of directors; and (iv) act as liaison between the committee and the board of directors and, if necessary, our management.

Orientation and Continuing Education

We provide orientation for new appointees to the board of directors and committees in the form of informal meetings with members of the board and senior management, complemented by presentations on the main areas of our business. The board does not formally provide continuing education to its directors, as directors are experienced members. The board of directors relies on professional assistance, when judged necessary, in order to be educated/updated on a particular topic.

Code of Business Conduct and Ethics

The board of directors adopted a Code of Business Conduct and Ethics, or Code of Conduct, for our directors, officers and employees on May 31, 2007, as amended from time to time. Our Code of Conduct can be found on SEDAR at www.sedar.com and on our web site on www.acastipharma.com. A copy of the Code of Conduct can also be obtained by contacting our Corporate Secretary. Since its adoption by the board of directors, any breach of the Code of Conduct must be brought to the attention of the board of directors by our CEO or other senior executives. No report has ever been filed which pertains to any conduct of a director or executive officer that constitutes a breach to our Code of Conduct.

Since the adoption of the Code of Conduct and the following policies, the board of directors actively monitors compliance with the Code Conduct and promotes a business environment where employees are encouraged to report malfeasance, irregularities and other concerns. The Code of Conduct provides for specific procedures for reporting non-compliant practices in a manner which, in the opinion of the board of directors, encourages and promotes a culture of ethical business conduct.

The board of directors also adopted a disclosure policy, insider trading policy, majority voting policy, management and board compensation policies, and a whistleblower policy.

In addition, under the *Civil Code of Québec,* to which we are subject as a legal person incorporated under the *Business Corporations Act* (Québec) (L.R.Q., c. S-31), a director o must immediately disclose to the board any situation that may place him or her in a conflict of interest. Any such declaration of interest is recorded in the minutes of proceeding of the board of directors. The director abstains, except if required, from the discussion and voting on the question. In addition, it is our policy that an interested director recuse himself or herself from the decision-making process pertaining to a contract or transaction in which he or she has an interest.

Nomination of Directors

The board of directors receives recommendations from the GHR committee, but retains responsibility for managing its own affairs by, among other things, giving its approval for the composition and size of the board of directors, and the selection of candidates nominated for election to the board of directors. The GHR committee initially evaluates candidates for nomination for election as directors, having regard to the background, employment and qualifications of possible candidates.

The selection of the nominees for the board of directors is made by the other members of the board, based on our needs and the qualities required for the board of directors, including ethical character, integrity and maturity of judgment of the candidates; the level of experience of the candidates, their ideas regarding the material aspects of our business, the expertise of the candidates in fields relevant to us while complementing the training and experience of the other members of the board of directors; the will and ability of the candidates to devote the necessary time to their duties to the board of directors and its committees, the will of the candidates to serve on the board of directors for numerous consecutive financial periods and finally, the will of the candidates to refrain from engaging in activities which conflict with the responsibilities and duties of a director. The board researches the training and qualifications of potential new directors which seem to correspond to the selection criteria of the board of directors and, depending on the results of said research, organizes meetings with the potential candidates.

In the case of incumbent directors whose terms of office are set to expire, the board will review such directors' overall service to us during their term of office, including the number of meetings attended, level of participation, quality of performance and any transactions of such directors with us during their term of office.

We may use various sources in order to identify the candidates for the board of directors, including our own contacts and the references of other directors, officers, advisors and executive placement agencies. We will consider director candidates recommended by shareholders and will evaluate those director candidates in the same manner in which we evaluate candidates recommended by other sources. In making recommendations for director nominees for the annual meeting of shareholders, we will consider any written recommendations of director candidates by shareholders received by our Corporate Secretary not later than 120 days before the anniversary of the previous year's annual meeting of shareholders. Recommendations must include the candidate's name, contact information and a statement of the candidate's background and qualifications, and must be mailed to us. Following the selection of the candidates by the board of directors, we will propose a list of candidates to the shareholders, for our annual meeting of shareholders.

The board of directors does not have a nominating committee and has not adopted any formal written director term limit policy. Proposed nominations of director candidates are evaluated by our GHR committee.

GHR Committee

The mandate of the GHR committee consists of the evaluation of the proposed nominations of senior executives and director candidates to our board of directors, recommending for board approval, if appropriate, revisions of our corporate governance practices and procedures, developing new charters for any new committees established by the board of directors, monitoring relationships and communication between management and the board of directors, monitoring emerging best practices in corporate governance and oversight of governance matters and assessing the board of directors and its committees. The GHR committee is also in charge of establishing the procedure which must be followed by us to comply with applicable guidelines of the TSXV and NASDAQ Stock Market regarding corporate governance.

The GHR committee has the responsibility of evaluating the compensation, performance incentives as well as the benefits granted to our upper management in accordance with their responsibilities and performance as well as to recommend the necessary adjustments to our board of directors. The GHR committee also reviews the amount and method of compensation granted to the directors. The GHR committee may retain an external firm in order to assist it during the execution of its mandate. The GHR committee considers time commitment, comparative fees and responsibilities in determining compensation.

The GHR committee is composed of independent members within the meaning of NI 52-110 and NASDAQ Stock Exchange rules, namely Dr. Staal, acting as chairperson, Dr. Carter and Mr. Canan.

Periodic Assessments

The board of directors, its committees and each director are subject to periodic evaluations of their efficacy and contribution. The evaluation procedure consists in identifying any shortcomings and implementing adjustments proposed by directors at the beginning and during meetings of the board of directors and of each of its committees. Among other things, these adjustments deal with the level of preparation of directors, management and consultants employed by us, the relevance and sufficiency of the documentation provided to directors and the time allowed to directors for discussion and debate of items on the agenda.

Director Term Limits

The board actively considers the issue of term limits from time to time. At this time, the board does not believe that it is in our best interests to establish a limit on the number of times a director may stand for election. While such a limit could help create an environment where fresh ideas and viewpoints are available to the board, a director term limit could also disadvantage us through the loss of the beneficial contribution of directors who have developed increasing knowledge of, and insight into, us and our operations over a period of time. As we operate in a unique industry, it is difficult to find qualified directors with the appropriate background and experience and the introduction of a director term limit would impose further difficulty.

Policies Regarding the Representation of Women on the Board and Among Executive Officers

We have not adopted a formal written policy regarding diversity amongst executive officers and members of the board of directors, including mechanisms for board renewal, in connection with, among other things, the identification and nomination of women directors. Nevertheless, we recognize that gender diversity is a significant aspect of diversity and acknowledges the important role that women with appropriate and relevant skills and experience can play in contributing to the diversity of perspective on the board of directors.

Rather than considering the level of representation of women for directorship and executive officer positions when making board or executive officer appointments, we consider all candidates based on their merit and qualifications relevant to the specific role. While we recognize the benefits of diversity at all levels within its organization, we do not currently have any targets, rules or formal policies that specifically require the identification, consideration, nomination or appointment of candidates for directorship or executive management positions or that would otherwise force the composition of our board of directors and executive management team. Currently, we have one women director who is also our CEO. In addition, our CFO is a woman.

Audit Committee

Our audit committee is responsible for assisting the board of directors in fulfilling its oversight responsibilities with respect to financial reporting, including:

- reviewing our procedures for internal control with our auditor and management performing financial functions;
- reviewing and approving the engagement of the auditor;
- reviewing annual and quarterly financial statements and all other material continuous disclosure documents, including our annual information form and management’s discussion and analysis;
- assessing our financial and accounting personnel;
- assessing our accounting policies;

- reviewing our risk management procedures; and
- reviewing any significant transactions outside our ordinary course of business and any pending litigation involving us.

The audit committee has direct communication channels with our management performing financial functions and our external auditor to discuss and review such issues as the audit committee may deem appropriate. As of March 31, 2017, the audit committee is composed of Mr. Canan, as chairperson, Dr. Carter and Dr. Staal. Each is "financially literate" and "independent" within the meaning of NI 52-110 and the Exchange Act.

Compensation Governance

Compensation of our executive officers and directors is recommended to the board of directors by the GHR committee. In its review process, the GHR committee relies on input from management on the assessment of executives and corporate performance. During the fiscal year ended March 31, 2017, the GHR committee was composed of the following members, each of whom is independent: Dr. Staal, acting as chairperson, Dr. Carter and Mr. Canan. The GHR committee establishes management compensation policies and oversees their general implementation. All members of the GHR committee have direct experience which is relevant to their responsibilities as GHR committee members. All members are or have held senior executive or director roles within significant businesses, several also having public companies experience, and have a good financial understanding which allows them to assess the costs versus benefits of compensation plans. The members combined experience in our sector provides them with the understanding of our success factors and risks, which is very important when determining metrics for measuring success.

Risk management is a primary consideration of the GHR committee when implementing its compensation program. We do not believe that our compensation program results in unnecessary or inappropriate risk taking, including risks that are likely to have a material adverse effect on us. Payments of bonuses, if any, are not made unless performance goals are met.

For executives, more than half of target direct compensation (base salary + target STIP awards + target LTIP awards) is considered "at risk". We believe this mix results in a strong pay-for-performance relationship and an alignment with shareholders and is competitive with other firms of comparable size in similar fields. The CEO (or any person acting in that capacity) makes recommendations to the GHR committee as to the compensation of our executive officers, other than himself or herself, for approval by the board. The GHR committee makes recommendations to the board of directors as to the compensation of the CEO, for approval. The CEO's salary is based on comparable market consideration and the GHR committee's assessment of his or her performance, with regard to our financial performance and progress in achieving strategic goals.

Qualitative factors beyond the quantitative financial metrics are also a key consideration in determination of individual executive compensation payments. How executives achieve their financial results and demonstrate leadership consistent with our values are key to individual compensation decisions.

D. Employees

Our management consists of professionals experienced in business development, finance and science. Our research team includes scientists with expertise in pharmaceutical development, chemistry, manufacturing and controls, nonclinical and clinical studies, pharmacology, regulatory affairs, quality assurance/quality control, intellectual property and strategic alliances. As of March 31, 2017, we had 13 full-time employees located in Canada and 2 full-time employees located in the United States. We generally require all of our employees to enter into an invention assignment, non-disclosure and non-compete agreement. We rely, in part, on the administrative and other staff of Neptune and also rely on consultants from time to time. Our employees are not covered by any collective bargaining agreement or represented by a trade union. We consider our relations with our employees to be good and our operations have never been interrupted as the result of a labor dispute.

E. Share Ownership

The following table shows the total number of common shares beneficially owned by each of our directors and executive officers and the percentage of the total issued and outstanding common shares that such holdings represent.

Name	Common shares beneficially owned as of March 31, 2017	Percentage of total issued and outstanding common shares as of March 31, 2017(1)
Roderick N. Carter	-	-
Jean-Marie (John) Canan	57,500	*
James S. Hamilton	-	-
Leendert H. Staal	-	-
Janelle D'Alvise	52,500	*
Linda P. O'Keefe	30,000	*
Pierre Lemieux	7,000	*
Laurent Harvey	-	-

(1) Based on 14,702,556 common shares outstanding.
* Less than 1%.

See "Item 6.B. Compensation" above for information regarding the share-based, option-based, call-option-based, and warrant-based awards held by our directors and executive officers and for a description of our stock option plan and equity incentive plan.

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

As of June 26, 2017, Neptune owns 5,064,694 common shares representing 34% of our common shares issued and outstanding. The common shares are voting, participating, and have no par value. Neptune also owns a warrant entitling it to acquire 592,500 common shares (in order to obtain 1 common share, 10 warrants must be exercised). Neptune does not have different voting rights than other holders of common shares. To the best of our knowledge, there are no other beneficial owners of 5% or more of any class of our voting securities other than Mr. George W. Haywood, who, according to a beneficial ownership report on Schedule 13G filed by Mr. Haywood with the Commission, owns 1,479,000 of our common shares, representing 9.9% of our issued and outstanding common shares.

All common shares, including those held by Neptune, are common shares with the same voting rights. Based on the records of our registrar and transfer agent, Computershare Trust Company of Canada, as of March 31, 2017, there were approximately 10 registered holders (including The Depository Trust Company) of our common shares resident in the United States (approximately 10% of all registered holders).

B. Related Party Transactions

Please see the section entitled "—Related Party Transactions" in "Item 5. Operating and Financial Review and Prospects".

C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Statements

A. Consolidated Statements and Other Financial Information

Financial Statements

See "Item 17. Financial Statements" for our audited consolidated financial statements.

Legal Proceedings

Due to the fact that a significant portion of our intellectual property rights are licensed to us by Neptune, we rely on Neptune to protect a significant portion of the intellectual property rights that we use under our license agreement with Neptune. Neptune is engaged in a number of legal actions related to its intellectual property.

Our former CEO is claiming the payment of approximately $8.5 million and the issuance of equity instruments from the Neptune group. As our management believes that these claims are not valid, no provision has been recognized. Neptune and its subsidiaries also filed an additional claim to recover certain amounts from the former officer.

We are also involved in other matters arising in the ordinary course of our business. Since management believes that all related claims are not valid and it is presently not possible to determine the outcome of these matters, no provisions have been made in our financial statements for their ultimate resolution beyond the amounts incurred and recorded for such matters. The resolution of these other matters could have an effect on our financial statements in the year that a determination is made, however, in management's opinion, the final resolution of all such matters is not projected to have a material adverse effect on our financial position.

Dividend Policy

We do not anticipate paying any cash dividend on the common shares in the foreseeable future. We presently intend to retain future earnings to finance the expansion and growth of our business. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements and other factors the board of directors deems relevant. In addition, the terms of any future debt or credit facility may preclude us from paying dividends.

Item 9. The Offer and Listing

A. Listing Details

Since March 31, 2011, our common shares have been listed on the TSX-V under the ticker symbol APO. Since January 7, 2013, our common shares have been listed on the NASDAQ Stock Market under the ticker symbol ACST. The following tables set forth, for the periods indicated, the high and low market prices of our common shares as reported on the TSX-V and the NASDAQ Stock Market.

(a) For the five most recent full fiscal years:

	TSX-V		NASDAQ Stock Market	
Fiscal year ended	**High $**	**Low $**	**High US$**	**Low US$**
Feb. 28, 2013(1)	27.60	16.00	39.90	20.00
Feb. 28, 2014(1)	43.20	11.50	42.00	10.90
Feb. 28, 2015(1)	14.90	11.50	13.40	10.90
Feb. 29, 2016	7.60	1.83	6.10	1.30
Mar. 31, 2017	4.03	1.47	3.09	1.11

(1) Our common shares were consolidated on October 15, 2015, on the basis of one (1) post-consolidation common share for every 10 pre-consolidation common shares, and each fractional common share resulting from the consolidation was rounded up. The common share price was increased proportionally to reflect the consolidation.

(b) For each full financial quarter of the two most recent full fiscal years and any subsequent period:

	TSX-V		NASDAQ Stock Market	
Period	**High $**	**Low $**	**High US$**	**Low US$**
1st Quarter ended May 31, 2015 (1)	7.60	4.00	6.10	5.00
2nd Quarter ended Aug. 31, 2015 (1)	5.50	3.50	4.20	3.90
3rd Quarter ended Nov. 30, 2015 (1)	4.70	2.65	3.80	2.01
4th Quarter ended Feb. 29, 2016	4.40	1.83	3.20	1.30
1st Quarter ended May 31, 2016	2.45	1.50	1.88	1.20
2nd Quarter ended Aug. 31, 2016	2.25	1.66	1.79	1.21
3rd Quarter ended Nov. 30, 2016	4.03	1.62	3.09	1.20
Four-month period ended Mar. 31, 2017	2.66	1.47	2.03	1.11

(1) Our common shares were consolidated on October 15, 2015, on the basis of one (1) post-consolidation common share for every 10 pre-consolidation common shares, and each fractional common share resulting from the consolidation was rounded up. The common share price was increased proportionally to reflect the consolidation.

(c) For the most recent six months:

	TSX-V		NASDAQ Stock Market	
Period	**High $**	**Low $**	**High US$**	**Low US$**
November 2016	3.32	1.62	2.46	1.20
December 2016	2.66	1.47	2.03	1.11
January 2017	2.32	1.64	1.75	1.20
February 2017	1.88	1.53	1.48	1.16
March 2017	2.12	1.53	1.65	1.14
April 2017	1.88	1.70	1.44	1.24
May 2017	1.83	1.65	1.35	1.23

The holders of common shares are entitled to vote at all meetings of our shareholders except meetings at which only holders of a specified class or series of shares are entitled to vote. The holders of common shares are entitled to receive dividends as and when declared by the board, if any.

No common shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights and no provisions for redemption or purchase for cancellation, surrender, or sinking or purchase funds. Our common shares must be issued as fully-paid and non-assessable, and are not subject to further capital calls by us. All of the common shares rank equally as to voting rights, participation in a distribution of our assets on a liquidation, dissolution or winding-up, and the entitlement to dividends. Common shares are transferable at the offices of our transfer agent and registrar, Computershare Trust Company of Canada, in Toronto, Ontario, Canada and Montreal, Québec, Canada. There are no restrictions in our corporate documents on the free transferability of the common shares.

B. Plan of Distribution

Not applicable.

C. Markets

Since March 31, 2011, the common shares have been listed on the TSX-V under the ticker symbol APO. Since January 7, 2013, the common shares have been listed on the NASDAQ Stock Market under the ticker symbol ACST.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issuer

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We were incorporated on February 1, 2002 under Part 1A of the *Companies Act* (Québec) under the name "9113-0310 Québec Inc". On August 7, 2008, pursuant to a Certificate of Amendment, we changed our name to "Acasti Pharma Inc.", our share capital, the provisions regarding the restrictions on securities transfers and our borrowing powers. On November 7, 2008, pursuant to a Certificate of Amendment, we further revised our provisions regarding our borrowing powers. We became a reporting issuer in Québec on November 17, 2008. On February 14, 2011, the *Business Corporations Act* (Québec) came into effect and replaced the *Companies Act* (Québec). We are now governed by the *Business Corporations Act* (Québec), or the BCA.

Register, Entry Number and Purposes

Our articles of incorporation, as amended, or Articles, and general by-laws, do not define any of our objects and purposes. In that respect, we have no limit on the type of business we can carry out.

Directors' Powers

Our Articles and by-laws do not contain any provision regarding: (a) a director's power in the absence of an independent quorum, to vote compensation to itself or any members of the committees of the board; (b) retirement or non-retirement of directors under an age limit requirement; and (c) number of shares, if any, required for a director's qualification.

Our by-laws provide that a director may not vote on a resolution to approve, amend or terminate a contract or transaction in which the director has any financial stake that may reasonably be considered to influence decision-making or be present during deliberations concerning the approval, amendment or termination of such a contract or transaction, unless the contract or transaction: (a) relates primarily to the remuneration of the director or an associate of the director as a director of us or an affiliate of us, (b) relates primarily to the remuneration of the director or an associate of the director as an officer, employee or mandatary of us or an affiliate of us, if we are not a reporting issuer, (c) is for indemnity or liability insurance, or (d) is with an affiliate of us, and the sole interest of the director is as a director or officer of the affiliate. In addition, our by-laws provide that a director must avoid placing himself or herself in any situation where his or her personal interests would be in conflict with his obligations as a director of ours, and that a director must disclose to us any interest he or she has in a business or association that may place him or her in a situation of conflict of interest and of any right he or she may set up against us, indicating their nature and value, where applicable.

Our Articles provide that the board may, on behalf us, (a) borrow money, (b) issue, reissue, sell or pledge debt instruments, (c) guarantee the obligations of a third party, and (d) hypothecate all or any of its assets, both present and future, to guarantee the performance of any of our obligations.

The quorum at every meeting of the board has been set to the minimum number of directors required under our Articles. In the absence of a quorum, a director has no power to make any decision regarding, among other things, compensation to himself or herself or to any member of the committees of the board.

Our by-laws do not contain any requirements with respect to a mandatory retirement age for our directors and the number of shares required for directors' qualifications.

Rights, Preferences and Restrictions Attaching to Each Class of Shares

Our authorized capital consists of an unlimited number of no par value common shares and an unlimited number of no par value Class B, Class C, Class D and Class E preferred shares (collectively, the preferred shares), issuable in one or more series. As of March 31, 2017, there were:

- a total of 14,702,556 common shares issued and outstanding and no preferred shares issued and outstanding;
- 990,726 options to purchase common shares issued and outstanding, at a weighted average exercise price of $3.49 per common share;
- 18,400,000 Series 8 public offering warrants issued in 2014 to purchase common shares issued and outstanding (including 592,500 warrants held by Neptune), at an exercise price of US$1.50 per common share (10 warrants must be exercised in order to acquire one common share);
- 161,654 Series 9 private placement warrants issued in 2014 to purchase common shares issued and outstanding, at an exercise price of $13.30 per common share;
- $2,000,000 aggregate principal amount of unsecured convertible debentures, maturing on February 21, 2020, issued in our February 2017 private placement and contingent warrants to acquire up to 1,052,630 common shares:
    - the debentures are convertible into common shares at any time by the holder at a fixed price of $1.90 per common share, except if we pay before the maturity all or any portion of the convertible debentures;
    - if we pay all or any portion of the convertible debentures before maturity, then warrants become exercisable at $1.90 per common share for the equivalent convertible debenture amount prepaid.
    - the contingent warrants will be exercisable for the remaining term of the convertible debentures for the same price as the conversion options;
- warrants issued in connection with our February 2017 public offering to purchase up to 1,965,259 common shares at an exercise price of $2.15 per common share, at any time until February 21, 2022; and
- broker warrants issued in connection with our February 2017 public offering to purchase up to 234,992 common shares at an exercise price of $2.15 per common share, at any time until February 21, 2018.

The following is a brief description of the rights, privileges, conditions and restrictions attaching to the common shares and preferred shares.

Common Shares

Voting Rights

Each common share entitles its holder to receive notice of, and to attend and vote at, all annual or special meetings of our shareholders. Each common share entitles its holder to one vote at any meeting of our shareholders, other than meetings at which only the holders of a particular class or series of shares are entitled to vote due to statutory provisions or the specific attributes of this class or series.

Dividends

Subject to the prior rights of the holders of preferred shares ranking before the common shares as to dividends, the holders of common shares are entitled to receive dividends as declared by the board our funds that are available for the payment of dividends.

Winding-up and Dissolution

In the event of our voluntary or involuntary winding-up or dissolution, or any other distribution of our assets among our shareholders for the purposes of winding up its affairs, the holders of common shares shall be entitled to receive, after payment by us to the holders of preferred shares ranking prior to common shares regarding the distribution of our assets in the case of winding-up or dissolution, share for share, the remainder of our property, with neither preference nor distinction. The order of priority, applicable to all classes of our shares with respect to the redemption, liquidation, dissolution or distribution of property (the order of priority) is as follows: First, the

Class E non-voting shares; Second, the Class D non-voting shares; Third, the Class B multiple voting shares and Class C non-voting shares, *pari passu*; and Fourth, the common shares. Notwithstanding the order of priority, shareholders of a class of shares may renounce the order of priority by unanimous approval by all shareholders of that class of shares.

Preferred Shares

Class B Multiple Voting Shares

Each Class B multiple voting share entitles the holder thereof to 10 votes per share in all of our shareholder meetings.

Dividends. Holders of Class B multiple voting shares are entitled to receive, as and when such dividends are declared, an annual non-cumulative dividend of 5% on the amount paid for the said shares, payable at the time and in the manner which the directors may determine and subject to the order of priority.

Participation. Subject to the provisions of subsection 5.2.2 of our Articles, holders of Class B multiple voting shares do not have the right to participate in our profits or surplus assets.

Conversion. Holders of Class B multiple voting shares have the right, at their entire discretion, to convert, part or all of the Class B multiple voting shares they hold into common shares on the basis of 1 common share for each Class B multiple voting share converted.

Redemption. Subject to the provisions of the BCA and the order of priority, holders of Class B multiple voting shares have the right to demand from us, upon 30 days' written notice, that we redeem the Class B multiple voting shares at a price equivalent to the amount paid for such shares plus the redemption premium, as defined in subsection 5.2.4.1 of the Articles, and any and all declared but yet unpaid dividends on same.

Liquidation. In the event of our dissolution or liquidation or any other distribution of our property, the Class B voting shareholders have the right to be reimbursed for the amount paid for their Class B multiple voting shares plus the redemption premium, as defined in subsection 5.2.4.1 of our Articles as well as the amount of any and all declared but yet unpaid dividends on their shares, subject to the order of priority.

Class C Non-Voting Shares

Subject to the provisions of the BCA, holders of Class C non-voting shares are neither entitled to vote at any meeting of our shareholders, receive a notice of any such meeting, nor attend any such meeting.

Dividends. Holders of Class C non-voting shares are entitled to receive, as and when such dividends are declared, an annual non-cumulative dividend of 5% on the amount paid for the said shares, plus a redemption premium as defined in subsection 5.3.6.1 of our Articles, payable at the time and in the manner which the directors may determine and subject to the order of priority.

Participation. Subject to the provisions of subsection 5.3.2 of our Articles, holders of Class C non-voting shares do not have the right to participate in our profits or surplus assets.

Conversion. Holders of Class C non-voting shares have the right, at their entire discretion, to convert, part or all of the Class C non-voting shares they hold into common shares on the basis of 1 common share for each Class C non-voting share converted.

Forced Conversion. All of our Class C non-voting shares shall automatically be converted in common shares upon the request of an unrelated third-party investor in us investing more than $500,000, or any other amount to be determined by the board of directors in us and requesting as a condition to the investment that the Class C non-voting shares be converted into common shares on the basis of 1 common share for each Class C non-voting share converted.

Redemption. Subject to the provisions of the BCA and the order of priority, holders of Class C non-voting shares have the right to demand, upon 30 days' written notice, that we redeem their Class C non-voting shares at a price equivalent to the amount paid for the shares plus the redemption premium, as defined in subsection 5.3.6.1 of our Articles, and any and all declared but yet unpaid dividends on the shares.

Liquidation. In the event of our dissolution or liquidation or any other distribution of our property, Class C non-voting shareholders have the right to be reimbursed for the amount paid for their Class C non-voting shares plus the redemption premium, as defined in subsection 5.3.6.1 of our Articles, as well as the amount of any and all declared but yet unpaid dividends on their shares, subject to the order of priority.

Class D Non-Voting Shares

Subject to the provisions of the BCA, holders of Class D non-voting shares are neither entitled to vote at any meeting of the shareholders, receive a notice of any such meeting, nor attend any such meeting.

Dividends. Holders of Class D non-voting shares are entitled to receive, as and when such dividends are declared, a monthly non-cumulative dividend of 0.5% to 2% on the amount paid for the shares, plus a redemption premium as defined in subsection 5.4.6.1 of our Articles, payable at the time and in the manner which the directors may determine and subject to the order of priority.

Participation. Subject to the provisions of subsection 5.4.2 of our Articles, holders of Class D non-voting shares do not have the right to participate in our profits or surplus assets.

Conversion. Holders of Class D non-voting shares have the right, at their discretion, to convert, part or all of their Class D non-voting shares into common shares on the basis of a number of common shares equal to the number of Class D non-voting shares converted multiplied by a conversion ratio, calculated as follows:

$$\text{Conversion Ratio} = \frac{\text{The product obtained by multiplying a factor to be agreed at the time of the issuance of the Class D non-voting shares by the average amount paid per share for the Class D non-voting shares plus the redemption premium per share, as defined in subsection 5.4.6.1 of our Articles as well as the amount of any and all declared but yet paid dividends on the shares}}{\text{Fair market value of the common shares at the date of any conversion of Class D non-voting shares into common shares}}$$

Conversion All of our Class C non-voting shares automatically convert into common shares upon the request of an unrelated third party investor in us, investing more than $500,000, or any other amount to be determined by the board of directors, in us and requesting as a condition to the investment that the Class C non-voting shares be converted into common shares in all cases, on the basis of a number of common shares equal to the number of Class D non-voting shares converted multiplied by the conversion ratio, calculated as follows:

$$\text{Conversion Ratio} = \frac{\text{The product obtained by multiplying a factor to be agreed at the time of the issuance of the Class D non-voting shares by the average amount paid per share for the Class D non-voting shares plus the redemption premium per share, as defined in subsection 5.4.6.1 of our Articles as well as the amount of any and all declared but yet paid dividends on the shares}}{\text{Fair market value of the common shares at the date of any conversion of Class D non-voting shares into common shares}}$$

Redemption. Subject to the provisions of the BCA and the order of priority, holders of Class D non-voting shares have the right to demand, upon 30 days' written notice, that we redeem their Class D non-voting shares at a price equivalent to the amount paid for the shares plus the redemption premium, as defined in subsection 5.4.6.1 of our Articles, and any and all declared but yet unpaid dividends on the shares.

Liquidation. In the event of our dissolution or liquidation or any other distribution of our property, the Class D non-voting shareholders shall have the right to be reimbursed for the amount paid for their Class D non-voting shares plus the redemption premium, as defined in subsection 5.4.6.1 of our Articles as well as the amount of any and all declared but yet unpaid dividends on their shares, subject to the order of priority.

Class E Non-Voting Shares

Subject to the provisions of the BCA, holders of Class E non-voting shares are neither entitled to vote at any meeting of the shareholders, receive a notice of any such meeting, nor attend any such meeting.

Dividends. Holders of Class E non-voting shares are entitled to receive, as and when such dividends are declared, a monthly non-cumulative dividend of 0.5% to 2% on the amount paid for the shares, payable at the time and in the manner which the directors may determine and subject to the order of priority.

Participation. Subject to the provisions of subsection 5.5.2 of our Articles, holders of Class E non-voting shares do not have the right to participate in our profits.

Conversion. Holders of Class E non-voting shares have the right, at their discretion, to convert, part or all of their Class E non-voting shares into common shares on the basis of a number of common shares equal to the number of Class E non-voting shares converted multiplied by the conversion ratio, calculated as follows:

$$\text{Conversion Ratio} = \frac{\text{The product obtained by multiplying a factor to be agreed at the time of the issuance of the Class E non-voting shares by the average amount paid per share for the Class E non-voting shares plus the amount of any and all declared but yet paid dividends on the shares}}{\text{Fair market value of the common shares at the date of any conversion of Class E non-voting shares into common shares}}$$

Redemption. Subject to the provisions of the BCA and the order of priority, we have the right, upon 30 days' written notice, to redeem the Class E non-voting shares at a price equivalent to the amount paid for the shares and any and all declared but yet unpaid dividends on the shares.

Liquidation. In the event of our dissolution or liquidation or any other distribution of our property, the Class E non-voting shareholders have the right to be reimbursed for the amount paid for their Class E non-voting shares as well as the amount of any and all declared but yet unpaid dividends on the shares, subject to the order of priority.

Procedures to Change the Rights of Shareholders

In order to change the rights attached to all classes of our shares, the vote of at least 66 2/3% of the holders of each class, must be cast at a shareholders meeting called for amending the rights attached to our common shares or preferred shares, as the case may be.

Ordinary and Extraordinary Shareholders' Meetings

Our by-laws provide that our annual meeting of shareholders must be held on a yearly basis on such date and on such time as may be fixed by the board. Our by-laws provide that special meetings of shareholders may be called at any time as determined by the board. Our shareholders are entitled to call special meetings of shareholders, provided that they hold at least 10% of the issued and outstanding shares entitled to vote at the meeting so called. Our by-laws provide that notice of each annual and special meeting of shareholders must be sent to the shareholders entitled to attend such meetings not less than 21 days and not more than 60 days before the date fixed for such meeting. Our by-laws provide that during any meeting of shareholders, the attendance, in person or by proxy, of at least two shareholders representing at least 10% of the issued and outstanding shares entitled to vote at the meeting will constitute a quorum.

Limitations on Rights to Own Securities

There exists no limitation on the right to own our securities.

Impediments to Change of Control

Neither our Articles nor by-laws contain any provision that would have an effect of delaying, deferring or preventing a change in control of us.

Stockholder Ownership Disclosure Threshold in Bylaws

Our Articles and By-laws do not contain any provision requiring a shareholder to disclose his ownership above a particular threshold.

C. Material Contracts

For the two years preceding this annual report, we have not entered into any material contracts, other than contracts entered into in the ordinary course of our business, besides the indenture relating to the warrants that we issued in connection our public offering of units in February 2017.

D. Exchange Controls

Subject to the following paragraph, there is no law or governmental decree or regulation in Canada that restricts the export or import of capital, or affects the remittance of dividends, interest or other payments to non-resident holders of our subordinate voting shares, other than withholding tax requirements.

There is no limitation imposed by Canadian law or by our Articles or our other charter documents on the right of a non-resident to hold or vote voting shares, other than as provided by the *Investment Canada Act* (Canada), or Investment Canada Act, the *North American Free Trade Agreement Implementation Act* (Canada), or North American Free Trade Agreement, and the *World Trade Organization Agreement Implementation Act*. The Investment Canada Act requires notification and, in certain cases, advance review and approval by the Government of Canada of an investment to establish a new Canadian business by a non-Canadian or of the acquisition by a "non-Canadian" of "control" of a "Canadian business", all as defined in the Investment Canada Act. Generally, the threshold for review will be higher in monetary terms for a member of the World Trade Organization or North American Free Trade Agreement.

E. Taxation

The following is a summary of certain U.S. federal income tax considerations to a U.S. Holder (as defined below) arising from and relating to the acquisition, ownership, and disposition of our common shares as capital assets.

This summary provides only general information and does not purport to be a complete analysis or listing of all potential U.S. federal income tax consequences that may apply to a U.S. Holder as a result of the acquisition, ownership, and disposition of our common shares. In addition, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax consequences applicable to that U.S. Holder. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any U.S. Holder. Each U.S. Holder should consult its own tax advisor regarding the U.S. federal, U.S. state and local, and non-U.S. tax consequences arising from or relating to the acquisition, ownership, and disposition of our common shares.

No legal opinion from U.S. legal counsel or ruling from the Internal Revenue Service, or IRS, has been requested, or will be obtained, regarding the U.S. federal income tax consequences to U.S. Holders of the acquisition, ownership, and disposition of our common shares. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the positions taken in this summary.

Scope of this Disclosure

Authorities

This summary is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, U.S. Treasury Regulations promulgated thereunder (whether final, temporary or proposed), published IRS rulings, judicial decisions, published administrative positions of the IRS, and the Convention between Canada and the United States of America with Respect to Taxes on Income and on Capital, signed September 26, 1980, as amended (the Canada-U.S. Tax Treaty). Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive basis. Unless otherwise discussed, this summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation.

U.S. Holders

For purposes of this summary, a "U.S. Holder" is a beneficial owner of common shares that, for U.S. federal income tax purposes, is (a) an individual who is a citizen or resident of the United States, (b) a corporation, or other entity classified as a corporation for U.S. federal income tax purposes, that is created or organized in or under the laws of the U.S., any state in the United States or the District of Columbia, (c) an estate if the income of such estate is subject to U.S. federal income tax regardless of the source of such income, or (d) a trust if (i) such trust has validly elected to be treated as a U.S. person for U.S. federal income tax purposes or (ii) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust.

U.S. Holders Subject to Special U.S. Federal Income Tax Rules Not Addressed

This summary does not address the U.S. federal income tax consequences applicable to U.S. Holders that are subject to special provisions under the Code, including, but not limited to, the following U.S. Holders: (a) U.S.

Holders that are tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax deferred accounts; (b) U.S. Holders that are financial institutions, insurance companies, real estate investment trusts, or regulated investment companies; (c) U.S. Holders that are dealers in securities or currencies or U.S. Holders that are traders in securities that elect to apply a mark-to-market accounting method; (d) U.S. Holders that have a "functional currency" other than the U.S. dollar; (e) U.S. Holders subject to the alternative minimum tax provisions of the Code; (f) U.S. Holders that own common shares as part of a straddle, hedging transaction, conversion transaction, integrated transaction, constructive sale, or other arrangement involving more than one position; (g) U.S. Holders that acquired common shares through the exercise of employee stock options or otherwise as compensation for services; (h) U.S. Holders that hold common shares other than as a capital asset within the meaning of Section 1221 of the Code; (i) U.S. Holders that beneficially own (directly, indirectly or by attribution) 10% or more of our voting securities or otherwise held 10% or more of our total combined voting power; and (j) U.S. expatriates. U.S. Holders that are subject to special provisions under the Code, including U.S. Holders described above, should consult their own tax advisor regarding the U.S. federal, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences arising from and relating to the acquisition, ownership, and disposition of the common shares.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds common shares, the U.S. federal income tax consequences to that partnership and the partners of that partnership generally will depend on the activities of the partnership and the status of the partners. Partners of entities that are classified as partnerships for U.S. federal income tax purposes should consult their own tax advisors regarding the U.S. federal income tax consequences arising from and relating to the acquisition, ownership and disposition of the common shares.

Tax Consequences Other than U.S. Federal Income Tax Consequences Not Addressed

This summary does not address the U.S. estate and gift, alternative minimum, state, local or non-U.S. tax consequences to U.S. Holders of the acquisition, ownership, and disposition of our common shares. Each U.S. Holder should consult its own tax advisor regarding the U.S. estate and gift, alternative minimum, state, local and foreign tax consequences arising from and relating to the acquisition, ownership, and disposition of our common shares.

U.S. Federal Income Tax Considerations of the Acquisition, Ownership, and Disposition of Common Shares

Distributions on Common Shares

Subject to the possible application of the passive foreign investment company, or PFIC, rules described below (see the more detailed discussion below at "—Passive Foreign Investment Company Rules"), a U.S. Holder that receives a distribution, including a constructive distribution or a taxable stock distribution, with respect to the common shares generally will be required to include the amount of that distribution in gross income as a dividend (without reduction for any Canadian income tax withheld from such distribution) to the extent of our current or accumulated "earnings and profits" (as computed for U.S. federal income tax purposes). To the extent that a distribution exceeds our current and accumulated "earnings and profits", the excess amount will be treated (a) first, as a tax-free return of capital to the extent of a U.S. Holder's adjusted tax basis in the common shares with respect to which the distribution is made (resulting in a corresponding reduction in the tax basis of those common shares) and, (b) thereafter, as gain from the sale or exchange of those common shares (see the more detailed discussion at "—Disposition of Common Shares" below). We do not intend to calculate our current or accumulated earnings and profits for U.S. federal income tax purposes and, therefore, will not be able to provide U.S. Holders with that information. U.S. Holders should therefore assume that any distribution by us with respect to our common shares will constitute a dividend. However, U.S. Holders should consult their own tax advisors regarding whether distributions from us should be treated as dividends for U.S. federal income tax purposes. Dividends paid on our common shares generally will not be eligible for the "dividends received deduction" allowed to corporations under the Code with respect to dividends received from U.S. corporations.

A dividend paid by us generally will be taxed at the preferential tax rates applicable to long-term capital gains if, among other requirements, (a) we are a "qualified foreign corporation" (as defined below), (b) the U.S. Holder receiving the dividend is an individual, estate, or trust, and (c) the dividend is paid on common shares that have been held by the U.S. Holder for at least 61 days during the 121-day period beginning 60 days before the "ex-dividend date" (i.e., the first date that a purchaser of the common shares will not be entitled to receive the dividend).

For purposes of the rules described in the preceding paragraph, we generally will be a "qualified foreign corporation", or a QFC, if (a) we are eligible for the benefits of the Canada-U.S. Tax Treaty, or (b) our common shares are readily tradable on an established securities market in the United States, within the meaning provided in the Code. However, even we satisfy one or more of the requirements, we will not be treated as a QFC if we are classified as a PFIC (as discussed below) for the taxable year during which we pay the applicable dividend or for the preceding taxable year. The dividend rules are complex, and each U.S. Holder should consult its own tax advisor regarding the application of those rules to them in their particular circumstances. Even if we satisfy one or more of the requirements, as noted below, there can be no assurance that we will not become a PFIC in the future. Thus, there can be no assurance that we will qualify as a QFC.

Disposition of Common Shares

Subject to the possible application of the PFIC rules described below (see more detailed discussion below at "—Passive Foreign Investment Company Rules"), a U.S. Holder will recognize gain or loss on the sale or other taxable disposition of common shares (that is treated as a sale or exchange for U.S. federal income tax purposes) equal to the difference, if any, between (a) the U.S. dollar value of the amount realized on the date of the sale or disposition and (b) the U.S. Holder's adjusted tax basis (determined in U.S. dollars) in the common shares sold or otherwise disposed of. Any such gain or loss generally will be capital gain or loss, which will be long-term capital gain or loss if the common shares are held for more than one year. Each U.S. Holder should consult its own tax advisor as to the tax treatment of dispositions of common shares in exchange for Canadian dollars.

Preferential tax rates apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses are subject to complex limitations.

Passive Foreign Investment Company Rules

Special, generally unfavorable, rules apply to the ownership and disposition of the stock of a PFIC. For U.S. federal income tax purposes, a non-U.S. corporation is classified as a PFIC for each taxable year in which either:

- at least 75% of its gross income is "passive" income (referred to as the "income test"); or
- at least 50% of the average value of its assets is attributable to assets that produce passive income or are held for the production of passive income (referred to as the "asset test").

Passive income includes the following types of income:

- dividends, royalties, rents, annuities, interest, and income equivalent to interest; and
- net gains from the sale or exchange of property that gives rise to dividends, interest, royalties, rents, or annuities and certain gains from the commodities transactions.

In determining whether we are a PFIC, we will be required to take into account a pro rata portion of the income and assets of each corporation in which we own, directly or indirectly, at least 25% by value.

We have not made a determination as to whether we were a PFIC for the 2017 taxable year(s) or whether we will be a PFIC for the current taxable year. Accordingly, there can be no assurance that we were not a PFIC for the 2017 taxable year(s). Whether we are a PFIC depends on complex U.S. federal income tax rules that are subject to differing interpretations and whose application to us is uncertain. Further, since our PFIC status will depend upon the composition of our income and assets and the fair market value of our assets from time to time (including whether we own, directly or indirectly, at least 25% by value, of the stock of any subsidiary) and generally cannot be determined until the end of a taxable year, there can be no assurance that we will not be a PFIC for the current taxable year. In addition, we cannot predict whether the composition of our income and assets (including income and assets held indirectly) or the fair market value of its assets from time to time may result in it being treated as a PFIC in any future taxable year. Accordingly, no assurance can be given that we are not a PFIC or will not become a PFIC in subsequent taxable years.

Generally, if we are or have been treated as a PFIC for any taxable year during a U.S. Holder's holding period of common shares, any "excess distribution" with respect to the common shares would be allocated rateably over the U.S. Holder's holding period. The amounts allocated to the taxable year of the excess distribution and to

any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations in that taxable year, as appropriate, and an interest charge would be imposed on the amount allocated to that taxable year. Distributions made in respect of common shares during a taxable year will be excess distributions to the extent they exceed 125% of the average of the annual distributions on common shares received by the U.S. Holder during the preceding three taxable years or the U.S. Holder's holding period, whichever is shorter.

Generally, if we are treated as a PFIC for any taxable year during which a U.S. Holder owns common shares, any gain on the disposition of the common shares would be treated as an excess distribution and would be allocated rateably over the U.S. Holder's holding period and subject to taxation in the same manner as described in the preceding paragraph.

Certain elections may be available (including a "mark-to-market" or "qualified electing fund" election) to U.S. Holders in limited circumstances that may mitigate the adverse consequences resulting from PFIC status, particularly if they are made in the first taxable year during such holder's holding period in which we are treated as a PFIC. U.S. Holders should be aware that, for each tax year, if any, that we are a PFIC, we can provide no assurances that we will make available to U.S. Holders the information U.S. Holders require to make a "qualified electing fund" election with respect to us.

If we were were to be treated as a PFIC in any taxable year, a U.S. Holder will generally be required to file an annual report with the IRS containing such information as the U.S. Treasury Department may require.

Each current or prospective U.S. Holder should consult its own tax advisor regarding our status as a PFIC, the possible effect of the PFIC rules to such holder and information reporting required if we were a PFIC, as well as the availability of any election that may be available to the holder to mitigate adverse U.S. federal income tax consequences of holding shares in a PFIC.

Receipt of Foreign Currency

The amount of a distribution paid in Canadian dollars or Canadian dollar proceeds received on the sale or other taxable disposition of common shares will generally be equal to the U.S. dollar value of the currency on the date of receipt. If any Canadian dollars received with respect to the common shares are later converted into U.S. dollars, U.S. Holders may realize gain or loss on the conversion. Any gain or loss generally will be treated as ordinary income or loss and generally will be from sources within the United States for U.S. foreign tax credit purposes. Each U.S. Holder should consult its own tax advisor concerning the possibility of foreign currency gain or loss if any such currency is not converted into U.S. dollars on the date of receipt.

Foreign Tax Credit

Subject to certain limitations, a U.S. Holder who pays (whether directly or through withholding) Canadian or other foreign income tax with respect to the common shares may be entitled, at the election of the U.S. Holder, to receive either a deduction or a credit for Canadian or other foreign income tax paid. Dividends paid on common shares generally will constitute income from sources outside the United States. The foreign tax credit rules (including the limitations with respect thereto) are complex, and each U.S. Holder should consult its own tax advisor regarding the foreign tax credit rules, having regard to such holder's particular circumstances.

Information Reporting; Backup Withholding

Generally, information reporting and backup withholding will apply to distributions on, and the payment of proceeds from the sale or other taxable disposition of, the common shares unless (i) the U.S. Holder is a corporation or other exempt entity, or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that the U.S. Holder is not subject to backup withholding.

Backup withholding is not an additional tax. Any amount withheld generally will be creditable against a U.S. Holder's U.S. federal income tax liability or refundable to the extent that it exceeds such liability provided the required information is provided to the IRS in a timely manner.

In addition, certain categories of U.S. Holders must file information returns with respect to their investment in a non-U.S. corporation. For example, certain U.S. Holders must file IRS Form 8938 with respect to certain "specified foreign financial assets" (such as the common shares) with an aggregate value in excess of US$50,000 (and, in some circumstances, a higher threshold). Failure to do so could result in substantial penalties and in the extension of the statute of limitations with respect to such holder's U.S. federal income tax returns. Each U.S. Holder should consult its own tax advisor regarding application of the information reporting and backup withholding rules to it in connection with an investment in our common shares.

Medicare Contribution Tax

U.S. Holders that are individuals, estates or certain trusts generally will be subject to a 3.8% Medicare contribution tax on, among other things, dividends on, and capital gains from the sale or other taxable disposition of, common shares, subject to certain limitations and exceptions. Each U.S. Holder should consult its own tax advisor regarding possible application of this additional tax to income earned in connection with an investment in our common shares.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

Any statement in this annual report about any of our contracts or other documents is not necessarily complete. If the contract or document is filed as an exhibit to this annual report, the contract or document is deemed to modify the description contained in this annual report. You must review the exhibits themselves for a complete description of the contract or document.

Our SEC filings are available at the SEC's website at www.sec.gov. You may also read and copy any document we file with the SEC at the public reference facilities maintained by the SEC at SEC Headquarters, Public Reference Section, 100 F Street, N.E., Washington D.C. 20549. You may obtain information on the operation of the SEC's public reference facilities by calling the SEC at 1-800-SEC-0330. In addition, we are required by Canadian securities laws to file documents electronically with Canadian securities regulatory authorities and these filings are available on our SEDAR profile at www.sedar.com. Requests for such documents should be directed to our Corporate Secretary.

I. Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosure about Market Risk

Information relating to quantitative and qualitative disclosures about market risks is detailed in "Item 5. Operating and Financial Review and Prospects", as well as in Note 19 to our audited consolidated financial statements contained in "Item 17. Financial Statements".

Item 12. Description of Securities other than Equity Securities

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modification to the Rights of Security Holdings and Use of Proceeds

None.

Item 15. Controls and Procedures

Disclosure Controls and Procedures

As of the end of the period covered by this annual report, our management, with the participation of our CEO and CFO, has performed an evaluation of the effectiveness of our disclosure controls and procedures within the meaning of Rules 13a-15 (e) and 15d-15(e) of the Exchange Act. Based upon this evaluation, our management has concluded that, as of March 31, 2017, our existing disclosure controls and procedures were effective. It should be noted that while the CEO and CFO believe that our disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect the disclosure controls and procedures to be capable of preventing all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Management's Report on Internal Controls over Financial Reporting

Our management, with the participation of our CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of its published consolidated financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective may not prevent or detect misstatements and can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Our management conducted an assessment of the design and operation effectiveness of our internal control over financial reporting as of March 31, 2017. In making this assessment, we used the criteria established within the Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, our management has concluded that, as of March 31, 2017, our internal control over financial reporting was effective.

Changes in Internal Control over Financial Reporting

No changes were made to our internal controls over financial reporting that occurred during the four-month period and fiscal year ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

We qualify as an "emerging growth company" under Section 3(a)(80) of the Exchange Act, as a result of enactment of the Jumpstart Our Business Startups Act of 2012, or JOBS Act. Under the JOBS Act, emerging growth companies are exempt from Section 404(b) of the Sarbanes-Oxley Act of 2002, which generally requires that a public company's registered public accounting firm provide an attestation report relating to management's assessment of internal control over financial reporting. We qualify as an emerging growth company and therefore have not included in, or incorporated by reference into, this annual report such an attestation report as of the end of the period covered by this annual report.

Item 16. Reserved

Item 16A. Audit Committee Financial Expert

Our board of directors has determined that Mr. Canan is the "audit committee financial expert", as defined by applicable regulations of the Commission. The Commission has indicated that the designation of Mr. Canan as an audit committee financial expert does not make him an "expert" for any purpose, impose any duties, obligations

or liability on Mr. Canan that are greater than those imposed on members of the audit committee and board of directors who do not carry this designation or affect the duties, obligations or liability of any other member of the audit committee or board of directors.

Item 16B. Code of Ethics

The board of directors adopted a Code of Business Conduct and Ethics for our directors, officers and employees on May 31, 2007, which can be found on SEDAR at www.sedar.com and on our web site on www.acastipharma.com. A copy of the Code of Ethics and Conduct can also be obtained by contacting our Corporate Secretary. Any breach of the Code of Ethics must be brought to the attention of the board of directors by our CEO or other senior executive officer. No report has ever been filed which pertains to any conduct of a director or executive officer that constitutes a breach of the Code of Business Conduct and Ethics.

The board of directors also adopted an insider trading program for its directors, officers and employees and adopted recently a majority voting policy for the election of proposed director candidates at our annual general shareholders meeting.

Item 16C. Principal Accountant Fees and Services

Audit Fees

"Audit fees" consist of fees for professional services for the audit of our annual financial statements, interim reviews and limited procedures on interim financial statements, securities filings and consultations on accounting or disclosure issues. KPMG LLP, our external auditors, billed $235,400 for audit fees for the fiscal year ended March 31, 2017 and $77,250 for the fiscal year ended February 29, 2016.

Audit-Related Fees

"Audit-related fees" consist of fees for professional services that are reasonably related to the performance of the audit or review of our financial statements and which are not reported under "Audit Fees" above. KPMG LLP billed $6,550 for the fiscal year ended March 31, 2017 and $14,675 for the fiscal year ended February 29, 2016.

Tax Fees

"Tax fees" consist of fees for professional services for tax compliance, tax advice and tax planning. KPMG LLP billed $31,600 for tax fees for fiscal year ended March 31, 2017 and $26,600 for tax fees for the fiscal year ended February 29, 2016. Tax fees include, but are not limited to, preparation of tax returns.

All Other Fees

"Other fees" include all other fees billed for professional services other than those mentioned hereinabove. KPMG LLP billed no fees under this category for the fiscal years ended March 31, 2017 and February 29, 2016.

Pre-Approval Policies and Procedures

The audit committee approves all audit, audit-related services, tax services and other non-audit related services provided by the external auditors in advance of any engagement. Under the Sarbanes-Oxley Act of 2002, audit committees are permitted to approve certain fees for non-audit related services pursuant to a de minimus exception prior to the completion of an audit engagement. Non-audit related services satisfy the de minimus exception if the following conditions are met:

- the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by us and our subsidiaries to our external auditors during the fiscal year in which the services are provided;
- we or our subsidiaries, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
- the services are promptly brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals had been delegated by the audit committee.

None of the services described above under "Principal Accountant Fees and Services" were approved by the audit committee pursuant to the de minimus exception.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

Item 16F. Change in Registrant's Certifying Accountant

None.

Item 16G. Corporation Governance

NASDAQ Marketplace Rule 5615(a)(3) permits a foreign private issuer to follow its home country practice in lieu of certain of the requirements of the Rule 5600 Series. A foreign private issuer that follows a home country practice in lieu of one or more provisions of the Rule 5600 Series is required to disclose in its annual report filed with the SEC, or on its website, each requirement of the Rule 5600 Series that it does not follow and describe the home country practice followed by the issuer in lieu of such NASDAQ corporate governance requirements. We do not follow NASDAQ Marketplace Rule 5620(c), but instead follow our home country practice. The NASDAQ minimum quorum requirement under Rule 5620(c) for a meeting of shareholders is 33.33% of the outstanding shares of common voting stock. Our quorum requirement, as set forth in our by-laws, is that a quorum for a meeting of our holders of common shares is the attendance, in person or by proxy, of the shareholders representing 10% of our common shares. The foregoing is consistent with the laws, customs and practices in Québec, Canada, and the rules and policies of the TSX-V.

Item 16H. Mining Safety Disclosure

Not applicable.

PART III

Item 17. Statements

The consolidated financial statements of Acasti Pharma Inc. are located at the end of this annual report, beginning on page F-1.

Item 18. Financial Statements

See Item 17.

Item 19. Exhibits

EXHIBITS INDEX

Exhibit Number	Description of Document
1.1	Articles of Incorporation (incorporated by reference to Exhibit 4.1 from Form S-8 (File No. 333-191383) filed with the Commission on September 25, 2013)
1.2	Amended and Restated General By-Law (incorporated by reference to Exhibit 99.1 from Form 6-K (File No. 001-35776) filed with the Commission on February 21, 2017)
2.1	Specimen Certificate for Common Shares of Acasti Pharma Inc. (incorporated by reference to Exhibit 2.1 from Form 20-F (File No. 001-35776) filed with the Commission on June 6, 2014)
2.2	Warrant Indenture dated December 3, 2013 between Acasti Pharma Inc. and Computershare Trust Company of Canada (incorporated by reference to Exhibit 99.1 from Form 6-K (File No. 001-35776) filed with the Commission on December 3, 2013)
2.3*	Warrant Indenture dated February 21, 2017 between Acasti Pharma Inc. and Computershare Trust Company of Canada
4.1	Prepayment Agreement, dated December 4, 2012, between Neptune Technologies & Bioressources Inc. and Acasti Pharma Inc. (incorporated by reference to Exhibit 99.1 from Form 6-K (File No. 001-35776) filed with the Commission on October 29, 2013)
4.2*	Equity Incentive Plan, as amended June 8, 2017
4.3*	Stock Option Plan, as amended June 8, 2017
11.1	Code of Business Conduct and Ethics for Directors, Officers and Employees (incorporated by reference to Exhibit 99.4 from Form 40-F (File No. 001-35776) filed with the Commission on May 30, 2013)
12.1*	Principal Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Principal Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1*	Principal Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2*	Principal Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed herewith.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on this Annual Report and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

ACASTI PHARMA INC.

By: */s/ Janelle D'Alvise*
Name: Janelle D'Alvise
Title: Principal Executive Officer

Date: June 27, 2017

Financial Statements of

ACASTI PHARMA INC.

For the thirteen-month and one-month periods ended March 31, 2017, twelve-month period ended February 28, 2017 and years ended February 29, 2016 and February 28, 2015

INDEPENDENT AUDITORS' REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of Acasti Pharma Inc.

We have audited the accompanying financial statements of Acasti Pharma Inc., which comprise the statements of financial position as at March 31, 2017 and February 29, 2016, the statements of earnings and comprehensive loss, changes in equity and cash flows for the thirteen-month period ended March 31, 2017 and the years ended February 29, 2016 and February 28, 2015, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Acasti Pharma Inc. as at March 31, 2017 and February 29, 2016, and its financial performance and its cash flows for the thirteen-month period ended March 31, 2017 and years ended February 29, 2016 and February 28, 2015 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other matter

The financial statements of Acasti Pharma Inc. as at February 28, 2017 and for the twelve-month and one-month periods ended February 28, 2017 and March 31, 2017 respectively are unaudited. Accordingly, we do not express an opinion on them.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2(c) in the financial statements which indicates that Acasti Pharma Inc. has incurred operating losses and negative cash flows from operations since inception, that the Corporation's current assets as at March 31, 2017 are projected to be significantly less than needed and that its future operations are dependent on obtaining additional financing and on the continued support of its parent corporation for a portion of its general and administrative needs. These conditions, along with other matters as set forth in 2(c) in the financial statements, indicate the existence of a material uncertainty that casts substantial doubt about Acasti Pharma Inc.'s ability to continue as a going concern.

/s/ KPMG LLP*

June 6, 2017

Montréal, Canada

*CPA auditor, CA, public accountancy permit No. A119178

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ACASTI PHARMA INC.

Financial Statements

Thirteen-month and one-month periods ended March 31, 2017, twelve-month period ended February 28, 2017 and years ended February 29, 2016 and February 28, 2015

Financial Statements

ACASTI PHARMA INC.

Statements of Financial Position

March 31, 2017, February 28, 2017 and February 29, 2016

	Notes	March 31, 2017	February 28, 2017 (Unaudited)	February 29, 2016
(thousands of Canadian dollars)		$	$	$
Assets				
Current assets:				
Cash and cash equivalents	22	9,772	10,573	3,027
Short-term investments		—	—	7,443
Receivables	4	206	166	399
Prepaid expenses		209	176	456
		10,187	10,915	11,325
Restricted short-term investment	5(b)	—	—	2,000
Equipment	7	2,881	2,870	287
Intangible assets	8	12,388	12,582	14,905
Total assets		25,456	26,367	28,517
Liabilities and Equity				
Current liabilities:				
Trade and other payables	9	2,126	2,390	1,126
Payable to parent corporation	5(c)	12	15	15
		2,138	2,405	1,141
Derivative warrant liabilities	10, 12(d)	209	187	156
Unsecured convertible debentures	11	1,406	1,389	—
Total liabilities		3,753	3,981	1,297
Equity:				
Share capital	12	66,576	66,576	61,973
Other equity	11	309	309	—
Contributed surplus		5,693	5,607	4,875
Deficit		(50,875)	(50,106)	(39,628)
Total equity		21,703	22,386	27,220
Commitments and contingencies	20			
Total liabilities and equity		25,456	26,367	28,517

See accompanying notes to financial statements.

On behalf of the Board:

/s/ Dr. Roderick Carter
Roderick Carter
Chair of the Board

/s/ Jean-Marie Canan
Jean-Marie Canan
Director

ACASTI PHARMA INC.

Statements of Earnings and Comprehensive Loss

Thirteen-month and one-month periods ended March 31, 2017, twelve-month period ended February 28, 2017 and years ended February 29, 2016 and February 28, 2015

	Notes	Thirteen-months ended March 31, 2017	Month ended March 31, 2017 (Unaudited)	Twelve-months ended February 28, 2017 (Unaudited)	Year ended February 29, 2016	Year ended February 28, 2015
(thousands of Canadian dollars, except per share data)		$	$	$	$	$
Research and development expenses, net of government assistance of $330 (March 2017 - $45 (unaudited); February 2017- $285 (unaudited), 2016 - $349, 2015 - $264)		(7,653)	(426)	(7,227)	(7,566)	(8,822)
General and administrative expenses		(3,557)	(292)	(3,265)	(2,046)	(3,573)
Loss from operating activities		(11,210)	(718)	(10,492)	(9,612)	(12,395)
Financial (expenses) income	14	(113)	(29)	(84)	1,094	1,916
Change in fair value of warrant liabilities	10	(53)	(22)	(31)	2,201	8,824
Net financial (expenses) income		(166)	(51)	(115)	3,295	10,740
Net loss and comprehensive loss before income tax		(11,376)	(769)	(10,607)	(6,317)	(1,655)
Deferred income tax recovery		129	—	129	—	—
Net loss and total comprehensive loss		(11,247)	(769)	(10,478)	(6,317)	(1,655)
Basic and diluted loss per share	16	(1.01)	(0.05)	(0.97)	(0.59)	(0.16)
Weighted average number of shares outstanding		11,094,512	14,702,556	10,788,075	10,659,936	10,617,704

See accompanying notes to financial statements

ACASTI PHARMA INC.

Statements of Changes in Equity

Thirteen-month and one-month periods ended March 31, 2017, twelve-month period ended February 28, 2017 and years ended February 29, 2016 and February 28, 2015

	Notes	Share capital Number	Dollar	Other equity	Contributed surplus	Deficit	Total
(thousands of Canadian dollars)			$	$	$	$	$
Balance, February 29, 2016		10,712,038	61,973	—	4,875	(39,628)	27,220
Net loss and total comprehensive loss for the twelve-month period (unaudited)		—	—	—	—	(10,478)	(10,478)
Net loss and total comprehensive loss for the one-month period (unaudited)		—	—	—	—	(769)	(769)
Net loss and total comprehensive loss for the thirteen-month period		—	—	—	—	(11,247)	(11,247)
		10,712,038	61,973	—	4,875	(50,875)	15,973
Transactions with owners, recorded directly in equity							
Contributions by and distributions to equity holders							
Public offering	12(b)	3,930,518	4,509	—	144	—	4,653
Issue of unsecured convertible debentures, net of deferred income tax expense of $129	11,18	—	—	309	—	—	309
Equity settled non-employee share-based payment	12(b)	60,000	94	—	—	—	94
Share-based payment transactions for the twelve-month period (unaudited)	15	—	—	—	588	—	588
Share-based payment transactions for the one-month period (unaudited)	15	—	—	—	86	—	86
Share-based payment transactions for the thirteen-month period	15	—	—	—	674	—	674
Total contributions by and distributions to equity holders for the twelve-month period (unaudited)		3,990,518	4,603	309	732	—	5,644
Total contributions by and distributions to equity holders for the one-month period (unaudited)		—	—	—	86	—	86
Total contributions by and distributions to equity holders for the thirteen-month period		3,990,518	4,603	309	818	—	5,730
Balance at February 28, 2017 (unaudited)		14,702,556	66,576	309	5,607	(50,106)	22,386
Balance at March 31, 2017		14,702,556	66,576	309	5,693	(50,875)	21,703

See accompanying notes to financial statements.

ACASTI PHARMA INC.

Statements of Changes in Equity, Continued

Thirteen-month and one-month periods ended March 31, 2017, twelve-month period ended February 28, 2017 and years ended February 29, 2016 and February 28, 2015

	Notes	Share capital Amount	Share capital Dollar	Other equity	Contributed surplus	Deficit	Total
(thousands of Canadian dollars)			$	$	$	$	$
Balance, February 28, 2015		10,644,440	61,628	—	4,911	(33,311)	33,228
Net loss and total comprehensive loss for the year		—	—	—	—	(6,317)	(6,317)
		10,644,440	61,628	—	4,911	(39,628)	26,911
Transactions with owners, recorded directly in equity							
Contributions by and distributions to equity holders							
Share-based payment transactions	15	—	—	—	309	—	309
Issuance of shares	12(c)	50,000	101	—	(102)	—	(1)
Share options exercised	15	250	1	—	—	—	1
RSUs released		17,348	243	—	(243)	—	—
Total contributions by and distributions to equity holders		67,598	345	—	(36)	—	309
Balance at February 29, 2016		10,712,038	61,973	—	4,875	(39,628)	27,220

	Notes	Share capital Amount	Share capital Dollar	Other equity	Contributed surplus	Deficit	Total
(thousands of Canadian dollars)			$	$	$	$	$
Balance, February 28, 2014			61,027	407	3,502	(31,656)	33,280
		10,586,258					
Net loss and total comprehensive loss for the year		—	—	—	—	(1,655)	(1,655)
			61,027	407	3,502	(33,311)	31,625
		10,586,258					
Transactions with owners, recorded directly in equity							
Contributions by and distributions to equity holders							
Share-based payment transactions	15	—	—	—	1,553	—	1,553
Share options exercised	15	20,000	50	—	—	—	50
RSUs released		38,182	551	—	(551)	—	—
Expiration of warrants		—	—	(407)	407	—	—
Total contributions by and distributions to equity holders		58,182	601	(407)	1,409	—	1,603
Balance at February 28, 2015		10,644,440	61,628	—	4,911	(33,311)	33,228

See accompanying notes to financial statements.

ACASTI PHARMA INC.

Statements of Cash Flows

Thirteen-month and one-month periods ended March 31, 2017, twelve-month period ended February 28, 2017 and years ended February 29, 2016 and February 28, 2015

	Notes	Thirteen-months ended March 31, 2017	Month ended March 31, 2017 (Unaudited)	Twelve-months ended February 28, 2017 (Unaudited)	Year ended February 29, 2016	Year ended February 28, 2015
(thousands of Canadian dollars)		$	$	$	$	$
Cash flows used in operating activities:						
Net loss for the period		(11,247)	(769)	(10,478)	(6,317)	(1,655)
Adjustments:						
Depreciation of equipment	7	221	32	189	59	4
Amortization of intangible assets	8	2,517	194	2,323	2,336	2,331
Impairment loss related to intangible assets	8	—	—	—	339	—
Stock-based compensation	15	674	86	588	309	1,553
Net financial expenses (income)	14	166	51	115	(3,295)	(10,740)
Realized foreign exchange gain (loss)		48	(12)	60	36	3
Deferred income tax recovery		(129)	—	(129)	—	—
		(7,750)	(418)	(7,332)	(6,533)	(8,504)
Changes in non-cash operating items	17	792	(328)	1,120	(41)	1,306
Net cash used in operating activities		(6,958)	(746)	(6,212)	(6,574)	(7,198)
Cash flows from (used in) investing activities:						
Interest received		150	4	146	114	41
Acquisition of equipment	7, 17	(2,527)	(24)	(2,503)	(276)	(35)
Acquisition of intangible assets	8	—	—	—	(92)	(51)
Acquisition of short-term investments		(12,765)	—	(12,765)	(11,954)	(14,478)
Maturity of short-term investments		22,030	—	22,030	20,437	22,150
Net cash (used in) investing activities		6,888	(20)	6,908	8,229	7,627
Cash flows from (used in) financing activities:						
Net proceeds from public offering	12(b)	5,010	(34)	5,044	—	—
Net proceeds from private placement	11, 12(c)	1,872	(10)	1,882	—	—
Proceeds from exercise of warrants and options		—	—	—	—	50
Share issue costs	12(d)	—	—	—	(1)	—
Interest paid		(18)	—	(18)	(2)	(4)
Net cash from (used in) financing activities		6,864	(44)	6,908	(3)	46
Foreign exchange (loss) gain on cash and cash equivalents held in foreign currencies		(49)	9	(58)	64	160
Net increase (decrease) in cash and cash equivalents		6,745	(801)	7,546	1,716	635
Cash and cash equivalents, beginning of period		3,027	10,573	3,027	1,311	676
Cash and cash equivalents, end of period		9,772	9,772	10,573	3,027	1,311
Cash and cash equivalents is comprised of:						
Cash		6,778	6,778	7,584	3,027	1,311
Cash equivalents		2,994	2,994	2,989	—	—

See accompanying notes to financial statements.

ACASTI PHARMA INC.

Notes to Financial Statements

Thirteen-month and one-month periods ended March 31, 2017, twelve-month period ended February 28, 2017 and years ended February 29, 2016 and February 28, 2015

(thousands of Canadian dollars, except where noted and for share and per share amounts)

1. Reporting entity

Acasti Pharma Inc. (**Acasti** or the **Corporation**) is incorporated under the *Business Corporations Act* (Québec) (formerly Part 1A of the *Companies Act* (Québec)). The Corporation is domiciled in Canada and its registered office is located at 545, Promenade du Centropolis, Laval, Québec, H7T 0A3. Neptune Technologies and Bioressources Inc. (**Neptune** or the **parent**) currently owns approximately 34% of the issued and outstanding Class A shares (**Common Shares**) of the Corporation. The Corporation, Neptune and Biodroga Nutraceuticals Inc., a subsidiary of Neptune, are collectively referred to as the "Group".

Pursuant to a license agreement entered into with Neptune in August 2008, as amended, Acasti has been granted an exclusive worldwide license to use Neptune's intellectual property to develop, clinically study and market new pharmaceutical products to treat human cardiovascular conditions. Neptune's intellectual property is related to the extraction of ingredients from marine biomasses, such as krill. The eventual products are aimed at applications in the prescription drug, over-the-counter medicine and medical foods markets. In December 2012, the Corporation entered into a prepayment agreement with Neptune pursuant to which the Corporation exercised its option under the License Agreement to pay in advance all of the future royalties payable under the license which was exercised in fiscal 2014. As a result of the royalty prepayment, Acasti is no longer required to pay any royalties to Neptune under the License Agreement during its term for the use of the intellectual property under license. The license allows Acasti to exploit the intellectual property rights in order to develop novel active pharmaceutical ingredients ("APIs") into commercial products for the prescription drugs and the medical food markets.

The Corporation is subject to a number of risks associated with the conduct of its clinical program and its results, the establishment of strategic alliances and the successful development of new pharmaceutical products and their marketing. The Corporation has incurred significant operating losses and negative cash flows from operations since inception. To date, the Corporation has financed its operations through the public offering and private placement of Common Shares and convertible debt, the proceeds from research grants and research tax credits, and the exercises of warrants, rights and options. To achieve the objectives of its business plan, Acasti plans to raise the necessary funds through additional securities offerings and the establishment of strategic alliances as well as additional research grants and research tax credits. The Corporation anticipates that the products developed by the Corporation will require approval from the U.S Food and Drug Administration and equivalent regulatory organizations in other countries before their sale can be authorized. The ability of the Corporation to ultimately achieve profitable operations is dependent on a number of factors outside of the Corporation's control.

2. Basis of preparation

(a) Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Beginning in fiscal 2017, the Corporation's fiscal year end is on March 31. Fiscal 2017 is a transition year, and includes thirteen months of operations, beginning on March 1, 2016 and ending on March 31, 2017. As a result, the above financial statements and corresponding notes to financial statements include two unaudited periods: the one-month period ended March 31, 2017 and the twelve-month period ended February 28, 2017. The Canadian Securities regulator permits, in the transition year, the presentation of a thirteen-month period for the financial year ended March 31, 2017.

The financial statements were approved by the Board of Directors on June 6, 2017.

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis, except for:

- Stock-based compensation which is measured pursuant to IFRS 2, *Share-based payments* (*Note 3(e) (ii*)); and,
- Derivative warrant liabilities measured at fair value on a recurring basis *(Note 10)*.

2. Basis of preparation (continued):

(c) Going concern uncertainty:

The Corporation has incurred operating losses and negative cash flows from operations since inception. The Corporation's current assets of $10.2 million as at March 31, 2017 include cash and cash equivalents totalling $9.8 million, mainly generated by the net proceeds from the Public Offering and Private Placement completed on February 21, 2017 as well as the public offering completed on December 3, 2013 and private offering completed on February 7, 2014 (the **Previous Offerings**). The Corporation's liabilities total $3.8 million at March 31, 2017 and are comprised primarily of $2.1 million in amounts due to or accrued for creditors, $1.4 million for unsecured convertible debentures and $0.2 million for derivative warrant liabilities. The Corporation's current assets as at this date are projected to be significantly less than needed to support the current liabilities as at that date when combined with the projected level of expenses for the next twelve months, including not only the preparation for, but the planned initiation of the Phase 3 clinical study program for its drug candidate, CaPre. Additional funds will also be needed for the expected expenses for the total CaPre Phase 3 research and development phase beyond the next twelve months. In addition to having raised additional funds during the thirteen-month period ended March 31, 2017, the Corporation is working towards development of strategic partner relationships and plans to raise additional funds in the future, but there can be no assurance as to when or whether Acasti will complete any financing or strategic collaborations. In particular, raising financing is subject to market conditions and is not within the Corporation's control. Additionally, although the Corporation intends to continue to rely on the support of Neptune for a portion of its general and administrative needs, the continuance of this support is outside of the Corporation's control. If the Corporation does not raise additional funds, find one or more strategic partners or does not receive the continued support from its parent, it may not be able to realize its assets and discharge its liabilities in the normal course of business. As a result, there exists a material uncertainty that casts substantial doubt about the Corporation's ability to continue as a going concern and, therefore, realize its assets and discharge its liabilities in the normal course of business. The Corporation currently has no other arranged sources of financing.

The financial statements have been prepared on a going concern basis, which assumes the Corporation will continue its operations in the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business. These financial statements do not include any adjustments to the carrying values and classification of assets and liabilities and reported expenses that may be necessary if the going concern basis was not appropriate for these financial statements. If the Corporation was unable to continue as a going concern, material write-downs to the carrying values of the Corporation's assets, including the intangible asset, could be required.

(d) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

(e) Use of estimates and judgments:

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates are based on management's best knowledge of current events and actions that the Corporation may undertake in the future. 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.

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the following:

- Identification of triggering events indicating that the intangible assets might be impaired.
- The use of the going concern basis of preparation of the financial statements. At the end of each reporting period, management assesses the basis of preparation of the financial statements (Note 2(c)).

2. Basis of preparation (continued):

(e) Use of estimates and judgments (continued):

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year include the following:

- Determination of the recoverable amount of the Corporation's cash generating unit ("CGU").
- Measurement of derivative warrant liabilities (*note 10*) and stock-based compensation (*note 15*).

Also, management uses judgment to determine which research and development ("R&D") expenses qualify for R&D tax credits and in what amounts. The Corporation recognizes the tax credits once it has reasonable assurance that they will be realized. Recorded tax credits are subject to review and approval by tax authorities and therefore, could be different from the amounts recorded.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

(i) Non-derivative financial assets:

The Corporation has the following non-derivative financial assets: cash, cash equivalents, short-term investments and receivables. The Corporation determines the classification of its financial assets at initial recognition. The subsequent measurement of financial assets depends on their classification.

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Corporation 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.

Loans and receivables

The classification "loans and receivables" comprises financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Cash, cash equivalents, short-term investments and receivables with maturities of less than one year are classified as loans and receivables.

Cash and cash equivalents comprise cash balances and highly liquid investments purchased three months or less from maturity.

(ii) Non-derivative financial liabilities:

The Corporation has the following non-derivative financial liabilities: trade and other payables, payable to parent corporation and unsecured convertible debentures. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(iii) Compound financial instruments:

Compound financial instruments are instruments that can be converted to share capital at the option of the holder, and the number of shares to be issued is fixed.

The unsecured convertible debentures are compound instruments and have been separated into liability and equity components. The liability component is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

(iv) Share capital:

Common Shares

Class A Common Shares are classified as equity. Incremental costs directly attributable to the issue of Common Shares and share options are recognized as a deduction from share capital, net of any tax effects.

(v) Derivative financial instruments:

The Corporation has issued liability-classified derivatives over its own equity. Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit and loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and all changes in their fair value are recognized immediately in profit or loss.

(vi) Other equity instruments:

Warrants, options and rights over the Corporation's equity issued outside of share-based payment transactions that do not meet the definition of a liability instrument are recognized in equity.

(b) Equipment:

(i) Recognition and measurement:

Equipment is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset, including all costs incurred in bringing the asset to its present location and condition.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Gains and losses on disposal of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognized net within "other income or expenses" in profit or loss.

(ii) Subsequent costs:

The cost of replacing a part of an equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred.

3. Significant accounting policies (continued):

(b) Equipment (continued):

(iii) Depreciation:

Depreciation is recognized in profit or loss on either a straight-line basis or a declining basis over the estimated useful lives of each part of an item of equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Items of equipment are depreciated from the date that they are available for use or, in respect of assets not yet in service, from the date they are ready for their intended use.

The estimated useful lives and rates for the current and comparative periods are as follows:

Assets	Method	Period/Rate
Furniture and office equipment	Declining balance	20% to 30%
Computer equipment	Declining balance	30%
Laboratory equipment	Declining balance	30%
Production equipment	Straight-line	10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted prospectively if appropriate.

(c) Intangible assets:

(i) Research and development:

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as 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 Corporation intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs on qualifying assets. Other development expenditures are recognized in profit or loss as incurred.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses. As of the reporting periods presented, the Corporation has not capitalized any development expenditure.

(ii) Other intangible assets:

Patent costs

Patents for technologies that are no longer in the research phase are recorded at cost. Patent costs include legal fees to obtain patents and patent application fees. When the technology is still in the research and development phase, those costs are expensed as incurred.

Licenses

Licenses that are acquired by the Corporation and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

3. Significant accounting policies (continued):

(c) Intangible assets (continued):

(iii) Subsequent expenditure:

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, are recognized in profit or loss as incurred.

(iv) Amortization:

Amortization is calculated over the cost of the asset less its residual value.

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 estimated useful lives for the current and comparative periods are as follows:

Assets	Period
Patents	20 years
License	8 to 14 years

(d) Impairment:

(i) Financial assets:

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence, such as default or delinquency by a debtor, indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

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 the financial asset. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets:

The carrying amounts of the Corporation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or "CGU").

3. Significant accounting policies (continued):

(d) Impairment (continued):

(ii) Non-financial assets (continued):

The Corporation's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

(e) Employee benefits:

(i) 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 cash bonus or profit-sharing plans if the Corporation 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 reliably.

(ii) Share-based payment transactions:

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in contributed surplus, over the period that the employees unconditionally become entitled to the awards. The grant date fair value takes into consideration market performance conditions when applicable. 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.

Share-based payment arrangements in which the Corporation receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Corporation.

(iii) Termination benefits:

Termination benefits are recognized as an expense when the Corporation is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Corporation has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting year, then they are discounted to their present value.

3. Significant accounting policies (continued):

(f) Provisions:

A provision is recognized if, as a result of a past event, the Corporation 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.

(i) Onerous contracts:

A provision for onerous contracts is recognized when the expected benefits to be derived by the Corporation from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Corporation recognizes any impairment loss on the assets associated with that contract.

(ii) Contingent liability:

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Corporation; or a present obligation that arises from past events (and therefore exists), but is not recognized because it is not probable that a transfer or use of assets, provision of services or any other transfer of economic benefits will be required to settle the obligation; or the amount of the obligation cannot be estimated reliably.

(g) Government grants:

Government grants are recorded as a reduction of the related expense or cost of the asset acquired. Government grants are recognized when there is reasonable assurance that the Corporation has met the requirements of the approved grant program and there is reasonable assurance that the grant will be received.

Grants that compensate the Corporation for expenses incurred are recognized in profit or loss in reduction thereof on a systematic basis in the same years in which the expenses are recognized. Grants that compensate the Corporation for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the asset.

(h) Lease payments:

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

(i) Foreign currency:

Transactions in foreign currencies are translated into the functional currency 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 reporting period. Foreign currency differences arising on retranslation are recognized in profit or loss.

3. Significant accounting policies (continued):

(j) Finance income and finance costs:

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense and accretion on borrowings, unwinding of the discount on provisions and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

The Corporation recognizes interest income as a component of investing activities and interest expense as a component of financing activities in the statements of cash flows.

(k) Income tax:

Income tax expense comprises current and deferred taxes. Current and deferred taxes are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Earnings per share:

The Corporation presents basic and diluted earnings per share (“EPS”) data for its Class A shares (or “Common Shares”). Basic EPS is calculated by dividing the profit or loss attributable to the holders of Class A shares (Common Shares) of the Corporation by the weighted average number of Common Shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to the holders of Class A shares (Common Shares) and the weighted average number of Class A shares (Common Shares) outstanding adjusted for the effects of all dilutive potential Common Shares, which comprise warrants, rights and share options granted to employees.

(m) Segment reporting:

An operating segment is a component of the Corporation that engages in business activities from which it may earn revenues and incur expenses. The Corporation has one reportable operating segment: the development and commercialization of pharmaceutical applications of its licensed rights for cardiovascular diseases. The majority of the Corporation’s assets are located in Canada, while one major production unit, with a carrying value of $2,394, is located in France.

ACASTI PHARMA INC.

Notes to Financial Statements

Thirteen-month and one-month periods ended March 31, 2017, twelve-month period ended February 28, 2017 and years ended February 29, 2016 and February 28, 2015

(thousands of Canadian dollars, except where noted and for share and per share amounts)

3. Significant accounting policies (continued):

(n) Change in accounting policy:

Future accounting change:

The following new standards, and amendments to standards and interpretations, are not yet effective for the period ended March 31, 2017, and have not been applied in preparing these financial statements.

New standards and interpretations not yet adopted:

(i) Financial instruments:

On July 24, 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9, *Financial Instruments,* which addresses the classification and measurement of financial assets and liabilities, impairment and hedge accounting, replacing IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Corporation intends to adopt IFRS 9 in its financial statements for the annual period beginning on April 1, 2018. The Corporation has not yet assessed the impact of adoption of IFRS 9, and does not intend to early adopt IFRS 9 in its financial statements.

(ii) Amendments to IFRS 2 – Classification and Measurement of Share-Based Payment Transactions:

On June 20, 2016, the IASB issued amendments to IFRS 2, *Share-Based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments apply for annual periods beginning on or after January 1, 2018. Earlier application is permitted. As a practical simplification, the amendments can be applied prospectively. Retrospective, or early application is permitted if information is available without the use of hindsight. The amendments provide requirements on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The Corporation intends to adopt the amendments to IFRS 2 in its financial statements for the annual period beginning on April 1, 2018. The Corporation has not yet assessed the impact of adoption of the amendments of IFRS 2, and does not intend to early adopt these amendments in its financial statements.

4. Receivables:

	Notes	March 31, 2017	February 28, 2017 (Unaudited)	February 29, 2016
		$	$	$
Sales tax receivables		89	83	182
Government assistance and tax credits receivable	6	115	81	217
Other receivables		2	2	—
		206	166	399

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5. Related parties:

(a) Administrative and research and development expenses:

The Corporation was charged by Neptune for the purchase of research supplies and for certain costs incurred by Neptune for the benefit of the Corporation, as follows:

	Thirteen-months ended March 31, 2017	Month ended March 31, 2017 (Unaudited)	Twelve-months ended February 28, 2017 (Unaudited)	Year ended February 29, 2016	Year ended February 28, 2015
	$	$	$	$	$
Research and development expenses	60	1	59	371	344
General and administrative expenses	618	41	577	790	876
	678	42	636	1,161	1,220

The Corporation purchased from the parent company research and development supplies totaling $113, of which $73 as at March 31, 2017 and as at February 28, 2017 (unaudited) is recorded in prepaid expenses and will be expensed as used.

Where Neptune incurs specific incremental costs for the benefit of the Corporation, it charges those amounts directly. Costs that benefit more than one entity of the Group are charged by allocating a fraction of costs incurred by Neptune that is commensurate to the estimated fraction of services or benefits received by each entity for those items.

These charges do not represent all charges incurred by Neptune that may have benefited the Corporation. Also, these charges do not necessarily represent the cost that the Corporation would otherwise need to incur, should it not receive these services or benefits through the shared resources of Neptune.

(b) Interest revenue:

On January 7, 2016 Neptune announced the acquisition of Biodroga Nutraceuticals Inc. As part of this transaction, the Corporation pledged an amount of $2 million (“Committed Funds”) to partly guarantee the financing for the said transaction (“Pledge Agreement”). Neptune had agreed to pay Acasti an annual fee on the Committed Funds outstanding at an annual rate of 9% during the first six months and 11% for the remaining term of the Pledge Agreement. On September 20, 2016, Neptune fully released the pledged amount. The Corporation recognized interest revenue in the amount of $89 for the thirteen-month period ended March 31, 2017, nil (unaudited) for the month ended March 31, 2017, $89 (unaudited) for the twelve-month period ended February 28, 2017 and $27 for the year ended February 29, 2016.

(c) Payable to parent corporation:

Payable to parent corporation, primarily for general and administrative shared services, has no specified maturity date for payment or reimbursement and does not bear interest.

(d) Key management personnel compensation:
The key management personnel are the officers of the Corporation, the members of the Board of Directors of the Corporation and of the parent company. They control in the aggregate less than 2% of the voting shares of the Corporation (1% in 2016 and 2% in 2015).

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(thousands of Canadian dollars, except where noted and for share and per share amounts)

5. Related parties (continued):

(d) Key management personnel compensation (continued):

Key management personnel compensation includes the following for the thirteen-month and one-month periods ended March 31, 2017, twelve-month period ended February 28, 2017 and years ended February 29, 2016 and February 28, 2015:

	Thirteen-months ended March 31, 2017	Month ended March 31, 2017 (Unaudited)	Twelve-months ended February 28, 2017 (Unaudited)	Year ended February 29, 2016	Year ended February 28, 2015
	$	$	$	$	$
Short-term benefits	1,311	202	1,109	688	742
Severance	—	—	—	103	175
Share-based compensation costs	619	78	541	120	1,339
	1,930	280	1,650	911	2,256

6. Government assistance:

Government assistance is comprised of a government grant from the federal government and research and development investment tax credits receivable from the provincial government which relate to qualifiable research and development expenditures under the applicable tax laws. The amounts recorded as receivables are subject to a government tax audit and the final amounts received may differ from those recorded.
Unrecognized federal tax credits may be used to reduce future income tax and expire as follows:

$	
2029	11
2030	30
2031	45
2032	431
2033	441
2034	436
2035	519
2036	286
2037	251
	2,450

ACASTI PHARMA INC.

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(thousands of Canadian dollars, except where noted and for share and per share amounts)

7. Equipment:

	Furniture and office equipment	Computer equipment	Laboratory equipment	Production equipment	Total
	$	$	$	$	$
Cost:					
Balance at February 28, 2014	59	3	25	—	87
Additions	—	—	35	—	35
Balance at February 28, 2015	59	3	60	—	122
Additions	—	—	276	—	276
Balance at February 29, 2016	59	3	336	—	398
Additions for the twelve-month period (Unaudited)	—	8	186	2,578	2,772
Balance at February 28, 2017 (Unaudited)	59	11	522	2,578	3,170
Additions for the one-month period (Unaudited)	—	—	—	43	43
Additions for the thirteen-month period	—	8	186	2,621	2,815
Balance at March 31, 2017	59	11	522	2,621	3,213
Accumulated depreciation:					
Balance at February 28, 2014	45	3	—	—	48
Depreciation for the year	4	—	—	—	4
Balance at February 28, 2015	49	3	—	—	52
Depreciation for the year	3	—	56	—	59
Balance at February 29, 2016	52	3	56	—	111
Depreciation for the twelve-month period (Unaudited)	7	1	129	52	189
Balance at February 28, 2017 (Unaudited)	59	4	185	52	300
Depreciation for the one-month period (Unaudited)	—	—	11	21	32
Depreciation for thirteen-month period	7	1	140	73	221
Balance at March 31, 2017	59	4	196	73	332
Net carrying amounts:					
February 29, 2016	7	—	280	—	287
February 28, 2017 (Unaudited)	—	7	337	2,526	2,870
March 31, 2017	—	7	326	2,548	2,881

Depreciation expense for the thirteen-month and one-month periods ended March 31, 2017 and twelve-month period ended February 28, 2017 and years ended February 29, 2016 and February 28, 2015 has been recorded in “research and development expenses” in the statements of earnings and comprehensive loss.

ACASTI PHARMA INC.

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(thousands of Canadian dollars, except where noted and for share and per share amounts)

8. Intangible assets :

	Patents	License	Total
	$	$	$
Cost:			
Balance at February 28, 2014	227	24,330	24,557
Additions	51	—	51
Balance at February 28, 2015	278	24,330	24,608
Additions	84	—	84
Balance at February 29, 2016, February 28, 2017 (Unaudited) and March 31, 2017	362	24,330	24,692
Accumulated amortization:			
Balance at February 28, 2014	1	4,780	4,781
Amortization for the year	9	2,322	2,331
Balance at February 28, 2015	10	7,102	7,112
Amortization for the year	13	2,323	2,336
Impairment loss	339	—	339
Balance at February 29, 2016	362	9,425	9,787
Amortization for the twelve-month period (Unaudited)	—	2,323	2,323
Balance at February 28, 2017 (Unaudited)	362	11,748	12,110
Amortization for the one-month period (Unaudited)	—	194	194
Amortization for the thirteen-month period	—	2,517	2,517
Balance at March 31, 2017	362	11,942	12,304
Net carrying amounts:			
February 29, 2016	—	14,905	14,905
February 28, 2017 (Unaudited)	—	12,582	12,582
March 31, 2017	—	12,388	12,388

Amortization expense and impairment loss for the thirteen-month and one-month periods ended March 31, 2017, the twelve-month period ended February 28, 2017 and years ended February 29, 2016 and February 28, 2015 have been recorded in “research and development expenses” in the statements of earnings and comprehensive loss.

9. Trade and other payables:

	March 31, 2017	February 28, 2017 (Unaudited)	February 29, 2016
	$	$	$
Trade payables	259	534	375
Accrued liabilities and other payables	1,354	1,372	543
Employee salaries and benefits payable	513	484	208
	2,126	2,390	1,126

The Corporation's exposure to currency and liquidity risks related to trade and other payables is presented in Note 19.

10. Derivative warrant liabilities:

Warrants issued as part of a public offering of units composed of class A share (Common Share) and Common Share purchase warrants in 2014 are derivative liabilities ("Derivative warrant liabilities") for accounting purposes due to the currency of the exercise price being different from the Corporation's functional currency.

The derivative warrant liabilities are measured at fair value at each reporting period and the reconciliation of changes in fair value is presented in the following table:

	Thirteen-month period ended March 31, 2017	Month ended March 31, 2017 (Unaudited)	Twelve-month period ended February 28, 2017 (Unaudited)	Year ended February 29, 2016
	$	$	$	$
Balance – beginning of period	156	187	156	2,357
Change in fair value of derivative warrant liabilities	53	22	31	(2,201)
Balance – end of period	209	209	187	156

The fair value of the derivative warrant liabilities was estimated using the Black-Scholes option pricing model and based on the following assumptions:

	March 31, 2017	February 28, 2017 (Unaudited)	February 29, 2016
Exercise price	US $1.50	US $1.50	US $1.50
Share price(1)	US $1.36	US $1.25	US $1.50
Dividend	—	—	—
Risk-free interest	1.22%	1.24%	0.87%
Estimated life	1.68 years	1.76 years	2.76 years
Expected volatility	108.35%	107.36%	76.34%

(1) In order to obtain one Common Share, 10 warrants must be exercised.

The fair value of the warrants issued was determined to be $0.11 per share issuable as at March 31, 2017 and $0.10 (unaudited) per share issuable as at February 28, 2017 ($0.09 per share issuable as at February 29, 2016).

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11. Unsecured convertible debentures

Concurrent with the Public Offering described in note 12, on February 21, 2017, the Company issued $2,000 aggregate principal amount of unsecured convertible debentures maturing February 21, 2020 and contingent warrants to acquire up to 1,052,630 Common Shares (the "Private Placement"). The principal may be prepaid, in whole or in part, at any time and from time to time, in cash, at the sole discretion of the Corporation**.** The debentures are convertible into Common Shares at anytime by the holder at a fixed price of $1.90 per Common Share except if the Corporation pays before the maturity, all or any portion of the convertible debentures. Should the Corporation pay all or any portion of the convertible debenture before maturity, then warrants become exercisable at $1.90 per Common Share for the equivalent convertible debenture amount prepaid. The contingent warrants will be exercisable for the remaining term of the convertible debt for the same price as the conversion options. The unsecured convertible debentures were issued at a discount of 3.5% to the principal amount, for aggregate gross proceeds of $1,930.

The convertible debentures provide the Corporation an accelerated conversion right whereby the Corporation may, at any time at least four months after the date of issuance of the convertible debentures, accelerate the conversion of the debentures to Common Shares in the event that the volume weighted average price of the Corporation's Common Shares on the TSX Venture Exchange is equal to or exceeds $2.65, subject to customary adjustment provisions, during 20 consecutive trading days.

The interest to be paid on the convertible debentures under the terms of the agreement is 8% per annum, payable on a quarterly basis in cash or Common Shares of the Corporation or a combination thereof, commencing on March 31, 2017. The decision to pay the interest due in cash or shares is at the discretion of the Corporation and the number of Common Shares to be issued will be calculated at the current market price as at the close of business on the day before the interest payment is to be made. Payment in shares shall be at a floor price of $0.10 per share, with the difference between the amount payable and the amount computed at floor price payable in cash.

The proceeds of the Private Placement were split between the liability and the equity at the time of issuance of the Private Placement. Both the conversion option and contingent warrants are considered the equity component of the Private Placement. The fair value of the liability component was determined through a discounted cash flow analysis using a discount rate of 20% that was set based on a similar debt and maturity considering the Corporation's credit risk excluding the conversion option and contingent warrants. The amount allocated to the equity component is the residual amount after deducting the fair value of the financial liability component from the fair value of the entire compound instrument. Subsequent to initial recognition, the liability is measured at amortized cost calculated using the effective interest rate method and will accrete up to the principal balance at maturity. The interest accretion is presented as a financial expense. The equity component is not re-measured. Transaction costs were allocated to the components in proportion to their initial carrying amounts. The portion allocated to the liability was recognized as a reduction of the debt whereas the portion allocated to other equity was recognized as a reduction to other equity.

The fair value of the liability portion at the time of issuance was determined to be $1,519 and the transaction costs and debt discount amounted to $134, of which $30 is still unpaid as at March 31, 2017. The residual of the proceeds allocated to the equity component amounted to $481 and the transactions costs amounted to $43, of which $10 is unpaid at March 31, 2017.

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11. Unsecured convertible debentures (continued):

The split between the liability and equity component portions of the Private Placement are summarized below:

	Liability component	Equity component	Total Private Placement
	$	$	$
Components at date of issue	1,519	481	2,000
Transaction costs and debt discount	(134)	(43)	(177)
Deferred income tax expense (note 18)	—	(129)	(129)
Effective interest for the twelve-month period (Unaudited)	8	—	8
Interest payable (Unaudited)	(4)	—	(4)
February 28, 2017 (Unaudited)	1,389	309	1,698
Effective interest for the one-month period (Unaudited)	31	—	31
Interest payable (Unaudited)	(14)	—	(14)
Effective interest for the thirteen-month period	39	—	39
Interest payable	(18)	—	(18)
March 31, 2017	1,406	309	1,715

12. Capital and other components of equity

(a) Share capital:
Authorized capital stock:

Unlimited number of shares:

- Class A shares (Common Shares), voting (one vote per share), participating and without par value
- Class B shares, voting (ten votes per share), non-participating, without par value and maximum annual non-cumulative dividend of 5% on the amount paid for said shares. Class B shares are convertible, at the holder's discretion, into Class A shares (Common Shares), on a one-for-one basis, and Class B shares are redeemable at the holder's discretion for $0.80 per share, subject to certain conditions. (1)
- Class C shares, non-voting, non-participating, without par value and maximum annual non-cumulative dividend of 5% on the amount paid for said shares. Class C shares are convertible, at the holder's discretion, into Class A shares (Common Shares), on a one-for-one basis, and Class C shares are redeemable at the holder's discretion for $0.20 per share, subject to certain conditions. (1)
- Class D and E shares, non-voting, non-participating, without par value and maximum monthly non-cumulative dividend between 0.5% and 2% on the amount paid for said shares. Class D and E shares are convertible, at the holder's discretion, into Class A shares (Common Shares), on a one-for-one basis, and Class D and E shares are redeemable at the holder's discretion, subject to certain conditions. (1)

(1) None issued and outstanding

12. Capital and other components of equity (continued):

(b) Public offering 2017:

Concurrent with the private placement described in Note 11, on February 21, 2017, the Corporation closed a public offering ("Public Offering") issuing 3,930,518 units of Acasti ("Units") at a price of $1.45 per Unit for gross proceeds of $5,699. Each Unit consists of one class A share (Common Share) and one half of one class A or common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at an exercise price of $2.15 per common share, at any time until February 21, 2022. The Units issued as part of the public offering are considered equity instruments. The transaction costs associated with the Public Offering amounted to $1,190, of which $381 remains unpaid as at March 31, 2017 (February 28, 2017 - $416 (unaudited)). The proceeds and transaction costs were allocated to share capital.

As part of the transaction, the Company also issued broker warrants (the "Broker Warrants") to purchase up to 234,992 Common Shares. Each Broker Warrant entitles the holder thereof to acquire one Common Share of the Corporation at an exercise price of $2.15 per common share, at any time until February 21, 2018. The broker warrants are considered for compensation to non-employees under IFRS 2, stock-based compensation, and are accounted for at fair value through contributed surplus. To determine the fair value of the Broker Warrants, the Black-Scholes pricing model was used. The total costs associated with the Broker Warrants amounted to $144 and were allocated to share capital.

The warrants issued as part of the Units of the Public Offering and the broker warrants include an "Acceleration Right", related to the Corporation's right to accelerate the expiry date of the warrants. The Acceleration Right clause means the right of the Corporation to accelerate the expiry date to a date that is not less than 30 days following delivery of the acceleration notice if, at any time at least four months after the effective date, the volume weighted average trading price of the common shares equals or exceeds $2.65 for a period of 20 consecutive trading days on the TSXV.

Furthermore, as part of the February 2017 Public Offering and convertible debt transactions, a total of 60,000 Common Shares were issued as equity settled share-based payments for services received from an employee of the parent at a price of $1.57 per share for a total cost of $94. The equity settled share-based payment costs have been allocated to share capital for a cost that amounted to $85 and to debt for a cost that amounted to $9 based on relative value.

The value of the broker warrants was estimated using the Black-Scholes option pricing model and based on the following assumptions:

	Thirteen-month period ended March 31, 2017
Exercise price	$2.15
Share price	$1.70
Dividend	—
Risk-free interest	0.79%
Estimated life	1.00 year
Expected volatility	112.09%

(c) Issuance of shares:

On February 5, 2016, 50,000 shares were issued on the settlement of a liability. An amount of $102, net of share issuance costs of $1, was recorded in share capital.

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12. Capital and other components of equity (continued):

(d) Warrants:

The warrants of the Corporation are composed of the following as at March 31, 2017, February 28, 2017, February 29, 2016 and February 28, 2015:

	March 31, 2017		February 28, 2017 (Unaudited)		February 29, 2016		February 28, 2015	
	Number outstanding	Amount	Number outstanding	Amount	Number outstanding	Amount	Number outstanding	Amount
		$		$		$		$
Liability								
Series 8 Public offering Warrants 2014 (note 10) (i)	18,400,000	209	18,400,000	187	18,400,000	156	18,400,000	2,357
	18,400,000	209	18,400,000	187	18,400,000	156	18,400,000	2,357
Equity								
Public offering warrants								
Public offering warrants 2017 (ii)	1,965,259	—	1,965,259	—	—	—	—	—
Series 2017-BW Broker warrants (iii)	234,992	144	234,992	144	—	—	—	—
Private Placement – contingent warrants								
2017 Unsecured convertible debenture conversion option and contingent warrants (iv)	1,052,630	309	1,052,630	309	—	—	—	—
Series 9 Private Placement warrants 2014 (v)	161,654	—	161,654	—	161,654	—	161,654	—
	3,414,535	453	3,414,535	453	161,654	—	161,654	—

(i) In order to obtain one Common Share of the Corporation at an exercise price of US$15.00, 10 warrants must be exercised. Warrants expire on December 3, 2018.

(ii) Warrant to acquire one Common Share of the Corporation at an exercise price of $2.15, expiring on February 21, 2022.

(iii) Warrant to acquire one Common Share of the Corporation at an exercise price of $2.15 expiring on February 21, 2018.

(iv) Warrant to acquire one Common Share of the Corporation at an exercise price of $1.90 expiring on February 21, 2020, net of deferred tax expense of $129.

(v) Warrant to acquire one Common Share of the Corporation at an exercise price of $13.30, expiring on December 3, 2018.

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13. Personnel expenses:

	Thirteen-months ended March 31, 2017	Month ended March 31, 2017 (Unaudited)	Twelve-month period ended February 28, 2017 (Unaudited)	Year ended February 29, 2016	Year ended February 28, 2015
	$	$	$	$	$
Salaries and other short-term employee benefits	2,483	214	2,269	1,902	1,554
Share-based compensation costs	674	86	588	309	1,553
Severance	—	—	—	210	171
	3,157	300	2,857	2,421	3,278

14. Financial (expenses) income:

	Thirteen-months ended March 31, 2017	Month ended March 31, 2017 (Unaudited)	Twelve-month period ended February 28, 2017 (Unaudited)	Year ended February 29, 2016	Year ended February 28, 2015
	$	$	$	$	$
Interest income	125	6	119	73	87
Foreign exchange gain	—	—	—	1,023	1,833
Financial income	125	6	119	1,096	1,920
Foreign exchange loss	(180)	(3)	(177)	—	—
Interest on convertible debenture	(39)	(31)	(8)	—	—
Other charges	(19)	(1)	(18)	(2)	(4)
Financial expenses	(238)	(35)	(203)	(2)	(4)
Financial (expenses) income	(113)	(29)	(84)	1,094	1,916

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15. Share-based payments:

At March 31, 2017, the Corporation has the following share-based payment arrangement:

(a) Corporation stock option plan:

The Corporation has in place a stock option plan for directors, officers, employees and consultants of the Corporation. The plan provides for the granting of options to purchase Class A shares (Common Shares). The exercise price of the stock options granted under this plan is not lower than the closing price of the shares listed on the TSXV at the close of markets the day preceding the grant. Under this plan, the maximum number of Class A shares (Common Shares) that may be issued upon exercise of options granted under the plan is 2,142,407, representing 20% of the number of Class A shares (Common Shares) issued and outstanding as at February 29, 2016. The terms and conditions for acquiring and exercising options are set by the Corporation's Board of Directors, subject among others, to the following limitations: the term of the options cannot exceed ten years and every stock option granted under the stock option plan will be subject to conditions no less restrictive than a minimum vesting period of 18 months and a gradual and equal acquisition of vesting rights not shorter than on a quarterly basis. The total number of shares issued to any one consultant cannot exceed 2% of the Corporation's total issued and outstanding shares. The Corporation is not authorized to grant such number of options under the stock option plan that could result in a number of Class A shares (Common Shares) issuable pursuant to options granted to (a) related persons exceeding 10% of the Corporation's issued and outstanding Class A shares (Common Shares) (on a non-diluted basis) on the date an option is granted, or (b) any one eligible person in a twelve month period exceeding 5% of the Corporation's issued and outstanding Class A shares (Common Shares) (on a non-diluted basis) on the date an option is granted.

The following tables summarize information about activities within the stock option plan:

	Thirteen-month period ended March 31, 2017	
	Weighted average exercise price	Number of options
	$	
Outstanding at beginning of period	13.52	454,151
Granted	1.69	1,300,400
Forfeited	13.27	(190,138)
Expired	15.38	(139,625)
Outstanding at end of period	2.58	1,424,788
Exercisable at end of period	6.44	238,482

	Month ended March 31, 2017 (Unaudited)		Twelve-month period ended February 28, 2017 (Unaudited)	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	$		$	
Outstanding at beginning of period	2.59	1,427,288	13.52	454,151
Granted	—	—	1.69	1,300,400
Forfeited	11.50	(2,500)	13.29	(187,638)
Expired	—	—	15.38	(139,625)
Outstanding at end of period	2.58	1,424,788	2.59	1,427,288
Exercisable at end of period	6.44	238,482	6.49	240,982

15. Share-based payments (continued):

(a) Corporation stock option plan (continued):

	Year ended February 29, 2016		Year ended February 28, 2015	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	$		$	
Outstanding at beginning of year	15.33	429,625	15.72	491,100
Granted	4.65	109,188	9.51	51,250
Exercised	2.50	(250)	2.50	(20,000)
Forfeited	9.40	(66,912)	14.90	(22,725)
Expired	18.57	(17,500)	18.00	(10,000)
Cancelled	—	—	17.50	(60,000)
Outstanding at end of year	13.52	454,151	15.33	429,625
Exercisable at end of year	15.28	375,563	15.48	332,039

The weighted average of the fair value of the options granted to employees and directors of the Company during the thirteen-month period ended March 31, 2017 is $1.40 and during the twelve-month period ended February 28, 2017 is $1.40 (unaudited) (2016 -$2.14 and 2015 - $3.52). There were no options granted during the month ended March 31, 2017 and no options granted to consultants during the thirteen-month period ended March 31, 2017 and years ended February 29, 2016 and February 28, 2015.

No options were exercised during the thirteen-month period ended March 31, 2017. The weighted average share price at the date of exercise for share options exercised during the year ended February 29, 2016 was $4.20 (2015 - $9.20). Stock-based compensation recognized under this plan for the thirteen-month and one-month periods ended March 31, 2017 amounted to $674 and $86 (unaudited), respectively and amounted to $588 (unaudited) for the twelve-month period ended February 28, 2017 (2016 - $234 and 2015 - $526).

The fair value of options granted was estimated using the Black-Scholes option pricing model, resulting in the following weighted average assumptions for options granted during the periods ended:

	Thirteen-month period ended	Twelve-month Period ended	Year ended	Year ended
	March 31, 2017	February 28, 2017 (Unaudited)	February 29, 2016	February 28, 2015
Exercise price	$1.69	$1.69	$4.65	$9.51
Share price	$1.69	$1.69	$4.65	$9.51
Dividend	—	—	—	—
Risk-free interest	0.87%	0.87%	0.66%	1.14%
Estimated life	4.94 years	4.94 years	4.20 years	3.00 years
Expected volatility	123.54%	123.54%	65.63%	60.34%

The expected life of the stock options is based on historical data and current expectation 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 also not necessarily be the actual outcome.

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15. Share-based payments (continued):

(a) Corporation stock option plan (continued):

The following tables summarize the status of the outstanding and exercisable options of the Corporation:

	March 31, 2017			
	Options outstanding		Exercisable options	
Exercise price	Weighted remaining contractual life outstanding	Number of options outstanding	Weighed average exercise price $	Number of options exercisable
$1.56 - $1.61	6.11	525,000	1.56	131,250
$1.62 - $1.82	9.90	465,000	—	—
$1.83 - $2.25	6.16	286,700	—	—
$2.26 - $5.65	4.08	79,588	3.84	38,732
$5.66 - $21.00	0.64	68,500	17.26	68,500
	6.98	1,424,788	6.44	238,482

	February 28, 2017 (Unaudited)			
	Options outstanding		Exercisable options	
Exercise price	Weighted remaining contractual life Outstanding	Number of options Outstanding	Weighed average exercise price $	Number of options exercisable
$1.56 - $1.61	6.20	525,000	1.56	131,250
$1.62 - $1.82	9.99	465,000	—	—
$1.83 - $2.25	6.25	286,700	—	—
$2.26 - $5.65	4.17	79,588	3.84	38,732
$5.66 - $21.00	0.71	71,000	17.06	71,000
	7.06	1,427,288	6.49	240,982

Share-based payment transactions and broker warrants:

The fair value of share-based payment transaction is measured using the Black-Scholes valuation model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience and general option holder behaviour unless no entity-specific information exists in which case the average of the vesting and contractual periods is used), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions, if any, are not taken into account in determining fair value.

b) Corporation equity incentive plan:

The Corporation established an equity incentive plan for employees, directors and consultants. The plan provides for the issuance of restricted share units (“RSU”), performance share units, restricted shares, deferred share units and other share-based awards, subject to restricted conditions as may be determined by the Board of Directors. There are no such awards outstanding as of March 31, 2017, February 28, 2017 and February 29, 2016 and no stock-based compensation was recognized for the one-month and thirteen-month periods ended March 31, 2017 and $64 for the twelve-month period ended February 29, 2016 (2015 - $466).

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16. Loss per share:

Diluted loss per share was the same amount as basic loss per share, as the effect of options, RSUs and warrants would have been anti-dilutive, because the Corporation incurred losses in each of the periods presented. All outstanding options, RSUs and warrants could potentially be dilutive in the future.

17. Supplemental cash flow disclosure:

(a) Changes in non-cash operating items:

	Thirteen-months ended March 31, 2017	Month ended March 31, 2017 (Unaudited)	Twelve-months ended February 28, 2017 (Unaudited)	Year ended February 29, 2016	Year ended February 28, 2015
	$	$	$	$	$
Receivables	193	(40)	233	406	248
Receivable from corporation under common control	—	—	—	50	47
Inventories	—	—	—	88	174
Prepaid expenses	247	(33)	280	(138)	385
Trade and other payables	382	(252)	634	50	(87)
Receivable/payable to parent corporation	(30)	(3)	(27)	(497)	539
	792	(328)	1,120	(41)	1,306

(b) Non-cash transactions:

	Thirteen-months ended March 31, 2017	Month ended March 31, 2017 (Unaudited)	Twelve-months ended February 28, 2017 (Unaudited)	Year ended February 29, 2016	Year ended February 28, 2015
	$	$	$	$	$
Equity settled share-based payment included in equity ($85) and unsecured convertible debentures ($9)	94	—	94	—	—
Issuance of broker warrants included in net proceeds from public offering	144	—	144	—	—
Public offering transaction costs included in trade and other payables	381	381	416	—	—
Reduction in share issue costs from reduction in trade and other payables	109	—	109	—	—
Private Placement transaction costs included in trade and other payables	40	40	50	—	—
Equipment included in trade and other payables	288	288	269	—	—
Interest payable included in trade and other payables	18	18	4	—	—
Issuance of shares on settlement of a liability	—	—	—	103	—
Intangible assets included in trade and other payables	—	—	—	—	8
Interest receivable included in payable to parent corporation	—	—	—	27	—

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18. Income taxes:

Deferred tax (recovery) expense:

	Thirteen-months ended March 31, 2017	Month ended March 31, 2017 (Unaudited)	Twelve-months ended February 28, 2017 (Unaudited)	Year ended February 29, 2016	Year ended February 28, 2015
	$	$	$	$	$
Origination and reversal of temporary differences	2,240	163	2,077	2,065	2,221
Change in unrecognized deductible temporary differences	(2,369)	(163)	(2,206)	(2,065)	(2,221)
Deferred tax (recovery) expense	(129)	—	(129)	—	—

Reconciliation of effective tax rate:

	Thirteen-months ended March 31, 2017	Month ended March 31, 2017 (Unaudited)	Twelve-months ended February 28, 2017 (Unaudited)	Year ended February 29, 2016	Year ended February 28, 2015
	$	$	$	$	$
Loss before income taxes	(11,376)	(769)	(10,607)	(6,317)	(1,654)
Basic combined Canadian statutory income tax rate [1]	26.87%	26.80%	26.88%	26.90%	26.90%
Computed income tax recovery	(3,057)	(207)	(2,850)	(1,699)	(445)
Increase resulting from:					
Change in unrecognized deductible temporary differences	2,369	163	2,206	2,065	2,221
Non-deductible stock-based compensation	178	23	155	83	418
Non-deductible change in fair value	14	6	8	(592)	(2,374)
Permanent differences and other	166	12	154	143	180
Change in statutory income tax rate	201	3	198	—	—
Total tax (recovery) expense	(129)	—	(129)	—	—

[1] The Canadian combined statutory income tax rate has decreased due to a reduction in the provincial statutory income tax rate.

18. Income taxes (continued):

Unrecognized deferred tax assets:

At March 31, 2017, February 28, 2017 and February 29, 2016, the net deferred tax assets, which have not been recognized in these financial statements because the criteria for recognition of these assets were not met, were as follows:

	March 31, 2017	February 28, 2017 (Unaudited)	February 29, 2016
	$	$	$
Deferred tax assets			
Tax losses carried forward	8,293	8,153	6,020
Research and development expenses	4,220	4,196	3,866
Property, plan and equipment and intangible assets	435	423	340
Other deductible temporary differences	522	539	388
Deferred tax assets	13,470	13,311	10,614
Deferred tax liabilities			
Tax basis of unsecured convertible debentures in excess of carrying value	122	126	—
Deferred tax liabilities	122	126	—
Net deferred tax assets	13,348	13,185	10,614

On initial recognition of the unsecured convertible debenture equity component, a deferred tax liability of $129 was recognized with the corresponding entry recognized directly in Other equity. Consequently, an equal amount of deferred tax asset related to unrecognized tax losses was recognized with the offsetting entry in the Corporation statement of earnings and comprehensive loss.

As at March 31, 2017 and February 28, 2017, the amounts and expiry dates of tax attributes and temporary differences, which are available to reduce future years' taxable income, were as follows:

	March 31, 2017		February 28, 2017 (Unaudited)	
	Federal	Provincial	Federal	Provincial
	$	$	$	$
Tax losses carried forward				
2029	714	714	714	714
2030	1,627	1,620	1,627	1,620
2031	2,071	2,063	2,071	2,063
2032	2,262	2,241	2,262	2,241
2033	1,854	1,825	1,854	1,825
2034	3,597	3,597	3,597	3,597
2035	4,595	4,595	4,595	4,595
2036	5,494	5,494	5,494	5,494
2037	9,109	9,109	8,579	8,579
	31,323	31,260	30,793	30,728
Research and development expenses, without time limitation	15,436	16,559	15,347	16,469
Other deductible temporary differences, without time limitation	3,154	3,154	3,158	3,158

19. Financial instruments:

This note provides disclosures relating to the nature and extent of the Corporation's exposure to risks arising from financial instruments, including credit risk, foreign currency risk, interest rate risk and liquidity risk, and how the Corporation manages those risks.

(a) Credit risk:

Credit risk is the risk of a loss if a customer or counterparty to a financial asset fails to meet its contractual obligations. The Corporation has credit risk relating to cash and cash equivalents and short-term investments, which it manages by dealing only with highly-rated Canadian institutions. The carrying amount of financial assets, as disclosed in the statements of financial position, represents the Corporation's credit exposure at the reporting date.

(b) Currency risk:

The Corporation is exposed to the financial risk related to the fluctuation of foreign exchange rates and the degrees of volatility of those rates. Foreign currency risk is limited to the portion of the Corporation's business transactions denominated in currencies other than the Canadian dollar. Fluctuations related to foreign exchange rates could cause unforeseen fluctuations in the Corporation's operating results.

A portion of the expenses, mainly related to research contracts and purchase of production equipment, is incurred in US dollars and in Euros, for which no financial hedging is required. There is a financial risk related to the fluctuation in the value of the US dollar and the Euro in relation to the Canadian dollar. In order to minimize the financial risk related to the fluctuation in the value of the US dollar in relation to the Canadian dollar, funds continue to be invested as short-term investments in the US dollar.

The following table provides an indication of the Corporation's significant foreign exchange currency exposures as stated in Canadian dollars at the following dates:

	March 31, 2017		February 28, 2017 (Unaudited)		February 29, 2016
	US$	Euro	US$	Euro	US$
Cash and cash equivalents	3,524	—	3,691	—	2,872
Short-term investments	—	—	—	—	7,442
Receivables	2	—	3	—	1
Trade and other payables	(503)	(317)	(376)	(603)	(275)
	3,023	(317)	3,318	(603)	10,040

The following exchange rates are those applicable to the following periods and dates:

	March 31, 2017		February 28, 2017 (Unaudited)		February 29, 2016	
	Average	Reporting	Average	Reporting	Average	Reporting
CA$ per US$	1.3134	1.3299	1.3113	1.3281	1.3071	1.3531
CA$ per Euro	1.4424	1.4251	1.4434	1.4066	1.4393	—

19. Financial instruments (continued):

(b) Currency risk (continued):

Based on the Corporation's foreign currency exposures noted above, varying the above foreign exchange rates to reflect a 5% strengthening of the US dollar and Euro would have decrease in net loss as follows, assuming that all other variables remain constant:

	March 31, 2017	February 28, 2017 (Unaudited)	February 29, 2016
	$	$	$
Decrease in net loss	139	151	502

An assumed 5% weakening of the foreign currencies would have an equal but opposite effect on the basis that all other variables remained constant.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates.

The Corporation's exposure to interest rate risk as at March 31, 2017, February 28, 2017 and February 29, 2016 is as follows:

Cash and cash equivalents	Short-term fixed interest rate
Short-term investments	Short-term fixed interest rate
Unsecured convertible debentures	Long-term fixed interest rate

The capacity of the Corporation to reinvest the short-term amounts with equivalent return will be impacted by variations in short-term fixed interest rates available on the market. Management believes that the risk the Corporation will realize a loss as a result of the decline in the fair value of its cash equivalents is limited because these investments have short-term maturities and are generally held to maturity.

(d) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through the management of its capital structure and financial leverage, as outlined in Note 22. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors reviews and approves the Corporation's operating budgets, and reviews material transactions outside the normal course of business. Refer to Note 2(c).

ACASTI PHARMA INC.

Notes to Financial Statements

Thirteen-month and one-month periods ended March 31, 2017, twelve-month period ended February 28, 2017 and years ended February 29, 2016 and February 28, 2015
(thousands of Canadian dollars, except where noted and for share and per share amounts)

19. Financial instruments (continued):

(d) Liquidity risk (continued):

The following are the contractual maturities of financial liabilities as at March 31, 2017, February 28, 2017 and February 29, 2016:

					March 31, 2017
Required payments per year	Notes	Total $	Carrying amount $	Less than 1 year $	1 to 3 years $
Trade and other payables	9	2,126	2,126	2,126	—
Payable to parent corporation	5(c)	12	12	12	—
Unsecured convertible debentures	11	2,463	1,406	160	2,303
		4,601	3,544	2,298	2,303

					February 28, 2017 (Unaudited)
Required payments per year		Total $	Carrying amount $	Less than 1 year $	1 to 3 years $
Trade and other payables	9	2,390	2,390	2,390	—
Payable to parent corporation	5(c)	15	15	15	—
Unsecured convertible debentures	11	2,480	1,389	160	2,316
		4,885	3,794	2,565	2,316

					February 29, 2016
Required payments per year		Total $	Carrying amount $	Less than 1 year $	1 to 3 years $
Trade and other payables	9	1,126	1,126	1,126	—
Payable to parent corporation	5(c)	15	15	15	—
		1,141	1,141	1,141	—

The Derivative warrant liabilities are excluded from the above tables as they will be settled in shares and not by the use of liquidities.

20. Commitments and contingencies:

Research and development agreements:

In the normal course of business, the Corporation has signed agreements with various partners and suppliers for them to execute research and development projects and to produce certain tools and equipment. The Corporation has reserved certain rights relating to these projects.

The Corporation initiated research and development projects that are planned to be conducted over the next 12-month period for a total cost of $2,169 of which an amount of $785 has been paid to date. As at March 31, 2017, an amount of $467 is included in "Trade and other payables" in relation to these projects.

The Corporation has also entered into a contract to purchase production equipment for a total cost of $1,162 to be used in the manufacturing of the clinical and future commercial supply of CaPre®, of which an amount of $853 has been paid to date. As at March 31, 2017, an amount of $288 is included in "Trade and other payables" related to this equipment.

Contingencies:

A former CEO of the Corporation is claiming the payment of approximately $8.5 million and the issuance of equity instruments from the Group. As the Corporation's management believes that these claims are not valid, no provision has been recognized. Neptune and its subsidiaries also filed an additional claim to recover certain amounts from the former officer. All outstanding share-based payments held by the former CEO have been cancelled during the year ended February 28, 2015.

The Corporation is also involved in other matters arising in the ordinary course of its business. Since management believes that all related claims are not valid and it is presently not possible to determine the outcome of these matters, no provisions have been made in the financial statements for their ultimate resolution beyond the amounts incurred and recorded for such matters. The resolution of such matters could have an effect on the Corporation's financial statements in the year that a determination is made, however, in management's opinion, the final resolution of all such matters is not projected to have a material adverse effect on the Corporation's financial position.

21. Determination of fair values:

Certain of the Corporation's accounting policies and disclosures require the determination of fair value, for both financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Financial assets and liabilities:

In establishing fair value, the Corporation uses a fair value hierarchy based on levels as defined below:

- Level 1: defined as observable inputs such as quoted prices in active markets.
- Level 2: defined as inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3: defined as inputs that are based on little or no observable market data, therefore requiring entities to develop their own assumptions.

The Corporation has determined that the carrying values of its short-term financial assets and liabilities approximate their fair value given the short-term nature of these instruments. The fair value of the liability component of the convertible debenture is determined by discounting future cash flows using a rate that the Corporation could obtain for loans with similar terms, conditions and maturity dates. The fair value of this liability at February 28, 2017 and March 31, 2017 has not changed from the issuance date of February 21, 2017 and was measured using level 3 inputs.

21. Determination of fair values (continued):

Derivative warrant liabilities:

The Corporation measured its derivative warrant liabilities at fair value on a recurring basis. These financial liabilities were measured using a level 3 inputs *(Note 10).*

As at March 31, 2017, the effect of an increase or a decrease of 5% of the volatility used, which is the significant unobservable input in the fair value estimate, would result in a loss of $49 or a gain of $44, respectively. As at February 28, 2017, the effect of an increase or a decrease of 5% of the volatility used, which is the significant unobservable input in the fair value estimate, would result in a loss of $45 (unaudited) or a gain of $40 (unaudited), respectively.

22. Capital management:

Since inception, the Corporation's objective in managing capital is to ensure sufficient liquidity to finance its research and development activities, general and administrative expenses, expenses associated with intellectual property protection and its overall capital expenditures. The Corporation is not exposed to external requirements by regulatory agencies or third parties regarding its capital, except for certain covenants included within the convertible debentures *(Note 11*).

Since the beginning of its operations, the Corporation has primarily financed its liquidity needs from funding provided through public offerings, private placements, its parent corporation, from the exercise of warrants that were distributed to its parent corporation's shareholders, from a rights offering and from the issuance of options to employees. However, the Corporation attempts to optimize its liquidity needs with non-dilutive sources whenever possible, including from research and development tax credits or government assistance.

The Corporation defines capital to include total shareholders' equity, derivative warrant liabilities and unsecured convertible debentures.

The Corporation's policy is to maintain a minimal level of debt.

The following table summarizes the cash and cash equivalents and short-term investments of the Corporation:

	March 31, 2017	February 28, 2017 (Unaudited)	February 29, 2016
Cash	6,778	7,584	3,027
Cash equivalents	2,994	2,989	—
Short-term investments	—	—	7,443
	9,772	10,573	10,470

As at March 31, 2017 and February 28, 2017, cash equivalents consisting of two term deposits totaling $2,994 (US - $2,251) and $2,990 (US$2,251) (unaudited), respectively, are being held with a Canadian financial institution having a high credit rating. The term deposits as at March 31, 2017 have maturity dates of April 11, 2017 and April 25, 2017, bearing an interest rate of 0.52% and 0.53% per annum, respectively, cashable at any time at the discretion of the Corporation, under certain conditions. The term deposits as at February 28, 2017 have maturity dates of March 12, 2017 and March 28, 2017, bearing an interest rate of 0.46% and 0.45% per annum, respectively, cashable at any time at the discretion of the Corporation, under certain conditions.

As at February 29, 2016, a short-term investment consisting of a term deposit totaling $7,443 (US - $5,500) was with a Canadian financial institution having a high credit rating. The short-term investment had a maturity date of March 29, 2016, bearing an interest rate of 0.33% per annum, cashable at any time at the discretion of the Corporation, under certain conditions.

Exhibit 2.3

ACASTI PHARMA INC.

as the Corporation

and

COMPUTERSHARE TRUST COMPANY OF CANADA

as the Warrant Agent

WARRANT INDENTURE
Providing for the Issue of Warrants

Dated as of February 21, 2017

TABLE OF CONTENTS

SCHEDULES

WARRANT INDENTURE

THIS WARRANT INDENTURE is dated as of February 21, 2017.

BETWEEN:

ACASTI PHARMA INC., a corporation incorporated under the laws of the Province of Québec (the "**Corporation**"),

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA , a trust company existing under the laws of Canada and authorized to carry on business in all provinces of Canada (the "**Warrant Agent**"),

WHEREAS in connection with its short form prospectus dated February 10, 2017 filed with the Canadian provincial securities regulatory authorities in the provinces of Alberta, British Columbia, Manitoba, Ontario and Québec relating to a Canadian public offering and a concurrent offering by way of private placements outside of Canada, including in the United States in an offering to accredited investors exempt from the registration requirements of the U.S. Securities Act (as defined herein), pursuant to Rule 501(a) of Regulation D thereunder, the Corporation proposes to issue and sell 3,930,518 units ("**Units**") of the Corporation (the " **Offering**"), each Unit comprising one (1) Common Share (as defined herein) and one half of one (1/2) Warrant (as defined herein);

AND WHEREAS for the purpose of the Offering, the Corporation is proposing to issue 1,965,259 Warrants pursuant to this Indenture;

AND WHEREAS each whole Warrant shall, subject to adjustment, entitle the holder thereof to acquire one (1) Common Share upon payment of the Exercise Price (as defined below) upon the terms and conditions herein set forth;

AND WHEREAS all acts and deeds necessary have been done and performed to make the Warrants, when created and issued as provided in this Indenture, legal, valid and binding upon the Corporation with the benefits and subject to the terms of this Indenture;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Corporation and not by the Warrant Agent;

NOW THEREFORE, in consideration of the premises and mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Corporation hereby appoints the Warrant Agent as warrant agent to hold the rights, interests and benefits contained herein for and on behalf of those persons who from time to time become the holders of Warrants issued pursuant to this Indenture and the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions.

In this Indenture, including the recitals and schedules hereto, and in all indentures supplemental hereto:

"**Acceleration Notice**" means the notice of acceleration deliverable to the Warrantholders upon the Corporation's exercise of the Acceleration Rights;

"**Acceleration Right**" means the right of the Corporation to accelerate the Expiry Date to a date that is not the less than 30 days following delivery of the Acceleration Notice if, at any time at least four months after the Effective Date, the volume weighted average trading price of the Common Shares equals or exceeds CAD$2.65 for a period of 20 consecutive trading dates on the TSXV;

"**Adjustment Period**" means the period from the Effective Date up to and including the Expiry Time;

"**Applicable Legislation**" means any statute of Canada or a province thereof, and the regulations under any such named or other statute, relating to warrant indentures or to the rights, duties and obligations of warrant agents under warrant indentures, to the extent that such provisions are at the time in force and applicable to this Indenture;

"**Applicable Securities Laws**" means the applicable securities laws, regulations, rules, rulings and orders, including the applicable federal and state securities laws and regulations of the United States, including the U.S. Securities Act, together with all related rules, policies, notices, blanket rulings, orders and all other regulatory instruments of the securities regulators in the Provinces of Quebec, Ontario, Manitoba, Alberta and British Columbia, and the policies of the TSXV;

"**Auditors**" means a firm of chartered accountants duly appointed as auditors of the Corporation;

"**Authenticated**" means (a) with respect to the issuance of a Warrant Certificate, one which has been duly signed by the Corporation and authenticated by manual signature of an authorized officer of the Warrant Agent, (b) with respect to the issuance of an Uncertificated Warrant, one in respect of which the Warrant Agent has completed all Internal Procedures such that the particulars of such Uncertificated Warrant as required by Section 2.7 are entered in the register of holders of Warrants, "**Authenticate**", "**Authenticating**" and "**Authentication**" have the appropriate correlative meanings;

"**Book Based Participants**" means institutions that participate directly or indirectly in the Book Based System;

"**Book Based System**" means the book-based securities registration and transfer system administered by the Depository in accordance with its operating rules and procedures in force from time to time;

"**Book Based Warrants**" means Warrants that are to be held by or on behalf of the Depository;

"**Business Day**" means any day other than Saturday, Sunday or a statutory or civic holiday, or any other day on which the banks or Warrant Agency are not open for business in Montreal, Québec or Toronto, Ontario and shall be a day on which the TSXV is open for trading;

"**CDS Global Warrants**" means Warrants representing all or a portion of the aggregate number of Warrants issued in the name of the Depository represented by an Uncertificated Warrant, or if requested by the Depository or the Corporation, by a Warrant Certificate;

"**Certificated Warrant**" means a Warrant evidenced by a writing or writings substantially in the form of Schedule "A", attached hereto;

"**Common Shares**" means, subject to Article 4, fully paid and non-assessable Class A shares of the Corporation as presently constituted;

"**Counsel**" means a barrister or solicitor and/or a firm of barristers and/or solicitors retained by the Warrant Agent or retained by the Corporation and acceptable to the Warrant Agent, which may or may not be counsel for the Corporation;

"**Current Market Price**" of the Common Shares at any date means the weighted average of the trading price per Common Share for each day there was a closing price for the twenty consecutive Trading Days ending on (and including) the third Trading Day immediately prior to such date on the TSXV, or if on such date the Common Shares are not listed on the TSXV, on such other stock exchange upon which such Common Shares are listed as the directors of the Corporation may select for this purpose, or, if such Common Shares are not then listed on any stock exchange, on any over-the-counter market on which the Common Shares are traded as the directors of the Corporation may select for this purpose, or if Common Shares are not then traded on any over-the-counter-market, then the Current Market Price shall be determined by the directors of the Corporation, acting reasonably;

"**Depository**" means CDS Clearing and Depository Services Inc. or such other Person as is designated in writing by the Corporation to act as depository in respect of the Warrants;

"**Dividends**" means any dividends paid by the Corporation;

"**Effective Date**" means the date of this Indenture;

"**Exchange Rate**" means the number of Common Shares subject to the right of purchase under each Warrant;

"**Exercise Date**" means, in relation to the Warrants, the Business Day on which such Warrant is validly exercised or deemed to be validly exercised in accordance with Article 3 hereof;

"**Exercise Notice**" has the meaning set forth in Section 3.2(a);

"**Exercise Price**" at any time means the price at which a whole Common Share may be purchased by the exercise of a whole Warrant, which is initially CAD$2.15 per Common Share, payable in immediately available Canadian funds, subject to adjustment in accordance with the provisions of Article 4;

"**Expiry Date**" means the earlier of (i) February 21, 2022; and (ii) thirty (30) days following the date of delivery of an Acceleration Notice;

"**Expiry Time**" means 5:00 p.m. (Montreal time) on the Expiry Date;

"**Extraordinary Resolution**" has the meaning set forth in 7.11;

"**Issue Date**" means February 21, 2017;

"**Internal Procedures**" means in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register at any time (including without limitation, original issuance or registration of transfer of ownership) the minimum number of the Warrant Agent's internal procedures customary at such time for the entry, change or deletion made to be complete under the operating procedures followed at the time by the Warrant Agent, it being understood that neither preparation and issuance shall constitute part of such procedures for any purpose of this definition;

"**NASDAQ**" means The Nasdaq Stock Market;

"**person**" means an individual, body corporate, partnership, trust, warrant agent, executor, administrator, legal representative or any unincorporated organization;

"**register**" means the one set of records and accounts maintained by the Warrant Agent pursuant to Section 2.9;

"**Registered Warrantholders**" means the persons who are registered owners of Warrants as such names appear on the register, and for greater certainty, shall include the Depository as well as the holders of Uncertificated Warrants appearing on the register of the Warrant Agent;

"**Regulation D**" means Regulation D as promulgated by the SEC under the U.S. Securities Act;

"**Regulation S**" means Regulation S as promulgated by the SEC under the U.S. Securities Act;

"**SEC**" means the United States Securities and Exchange Commission;

"**Shareholders**" means the holders of Common Shares;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder;

"**this Warrant Indenture**", "**this Indenture**", "**this Agreement**", "**hereto**" "**herein**", "**hereby**", "**hereof**" and similar expressions mean and refer to this indenture and any indenture, deed or instrument supplemental hereto; and the expressions "**Article**", "**Section**", "**subsection**" and "**paragraph**" followed by a number, letter or both mean and refer to the specified article, section, subsection or paragraph of this indenture;

"**Trading Day**" means, with respect to the TSXV, a day on which such exchange is open for the transaction of business, and with respect to another exchange or an over-the-counter market, means a day on which such exchange is open for the transaction of business;

"**Transaction Instruction**" means a written order signed by the holder or the Depository, entitled to request that one or more actions be taken, or such other form as may be reasonably acceptable to the Warrant Agent, requesting one or more such actions to be taken in respect of an Uncertificated Warrant;

"**TSXV**" means the TSX Venture Exchange;

"**Uncertificated Warrant**" means any Warrant which is not a Certificated Warrant, including uncertificated Warrants issued through the Book-Based System;

"**United States**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

"**U.S. Accredited Investor Certificate** " means the U.S. Accredited Investor Status Certificate attached as Schedule A to the subscription agreement relating to the U.S. Placement;

"**U.S. Person**" has the meaning given to such term in Regulation S under the U.S. Securities Act;

"**U.S. Placement**" means the original private placement in the United States of the Warrants on the date hereof;

"**U.S. Purchaser Letter**" means the U.S. Purchaser letter in substantially the form attached hereto as Schedule "E";

"**U.S. Securities Act**" means the United States *Securities Act of 1933* , as amended;

"**U.S. Warrantholder**" means any Warrantholder that is a U.S. Person, acquired Warrants in the United States or for the account or benefit of any U.S. Person or Person in the United States;

"**U.S. Warrant Legend**" means the U.S. restrictive legends set forth in Section 2.8(a);

"**Warrants**" means the Common Share purchase warrants created by and authorized by and issuable under this Indenture, to be issued and countersigned hereunder in certificated form and/or held through the Book Based System on a no certificate issued basis, entitling the holder thereof to purchase one Common Share (subject to adjustment as herein provided) at the Exercise Price prior to the Expiry Time or means the warrants issued and Authenticated hereunder, whether by way of Warrant Certificate or Uncertificated Warrant;

"**Warrant Agency** " means the principal office of the Warrant Agent in the City of Montreal, Québec, the City of Toronto, Ontario, or such other place as may be designated in accordance with Section 3.6;

"**Warrant Agent**" means Computershare Trust Company of Canada, in its capacity as warrant agent of the Warrants, or its successors from time to time;

"**Warrant Certificate**" means a certificate, substantially in the form set forth in Schedule "A" hereto, to evidence those Warrants that will be evidenced by a certificate;

"**Warrantholders**", or "**holders**" without reference to Warrants, means the holders of Warrants and includes Registered Warrantholders and owners of Warrants who beneficially hold securities

entitlements in respect of the Warrants through a Book Based Participant, and " **Warrantholder**" means any of the Warrantholders;

"**Warrantholders' Request** " means an instrument signed in one or more counterparts by Registered Warrantholders entitled to acquire in the aggregate not less than 50% of the aggregate number of Common Shares which could be acquired pursuant to all Warrants then unexercised and outstanding, requesting the Warrant Agent to take some action or proceeding specified therein; and

"**written order of the Corporation** ", "**written request of the Corporation** ", "**written consent of the Corporation** " and "**certificate of the Corporation** " mean, respectively, a written order, request, consent and certificate signed in the name of the Corporation by any duly authorized signatory of the Corporation and may consist of one or more instruments so executed.

1.2 Gender and Number.

Words importing the singular number or masculine gender shall include the plural number or the feminine or neuter genders, and vice versa.

1.3 Headings, Etc.

The division of this Indenture into Articles and Sections, the provision of a Table of Contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture or of the Warrants.

1.4 Day not a Business Day.

If any day on or before which any action or notice is required to be taken or given hereunder is not a Business Day, then such action or notice shall be required to be taken or given on or before the requisite time on the next succeeding day that is a Business Day.

1.5 Time of the Essence.

Time shall be of the essence of this Indenture.

1.6 Monetary References.

Whenever any amounts of money are referred to herein, such amounts shall be deemed to be in lawful money of Canada unless otherwise expressed. References to "**CAD$**" are references to Canadian dollars.

1.7 Applicable Law.

This Indenture, the Warrants, the Warrant Certificates (including all documents relating thereto, which by common accord have been and will be drafted in English) shall be construed in accordance with the laws of the Province of Québec and the federal laws of Canada applicable therein and shall be treated in all respects as legally-binding contracts. Each of the parties hereto, which shall include the Warrantholders, irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Québec with respect to all matters arising out of this Indenture and the transactions contemplated herein.

ARTICLE 2
ISSUE OF WARRANTS

2.1 Creation and Issue of Warrants.

A maximum of 1,965,259 Warrants (subject to adjustment as herein provided) are hereby created and authorized to be issued in accordance with the terms and conditions hereof. By written order of the Corporation, the Warrant Agent shall deliver Warrant Certificates to Registered Warrantholders and record the name of the Registered Warrantholders on the Warrant register. Registration of interests in Warrants held by the Depository may be evidenced by a position appearing on the register for Warrants of the Warrant Agent for an amount representing the aggregate number of such Warrants outstanding from time to time. The Warrant Agent is hereby appointed Warrant Agent in respect of the Warrants.

2.2 Terms of Warrants.

(a) Subject to the applicable conditions for exercise set out in Article 3 having been satisfied and subject to adjustment in accordance with Article 4, each Warrant shall entitle each Warrantholder thereof, upon exercise at any time after the Issue Date and prior to the Expiry Time, to acquire one Common Share upon payment of the Exercise Price.

(b) No fractional Warrants shall be issued or otherwise provided for hereunder and Warrants may only be exercised in a sufficient number to acquire whole numbers of Common Shares. If any fractional interest in such securities would, except for the provisions of this Section, be deliverable hereunder, the number of Warrants or Common Shares, as the case may be, issuable by the Corporation shall be rounded down to the nearest whole number of Warrants or Common Shares, as the case may be, to be issued in accordance with this Indenture.

(c) Each Warrant shall entitle the holder thereof to such other rights and privileges as are set forth in this Indenture.

(d) The number of Common Shares which may be purchased pursuant to the Warrants and the Exercise Price therefor shall be adjusted upon the events and in the manner specified in Article 4.

(e) If at any time at least four months after the Effective Date, the volume weighted average trading price of the Common Shares shall equal or exceed $2.65 for a period of twenty (20) consecutive trading days on TSXV, the Corporation shall be entitled, at the option of the Corporation, to exercise the Acceleration Right by delivering an Acceleration Notice to the Warrantholders. An Acceleration Notice shall be delivered to each Warrantholder in the manner in Section 10.1.

2.3 Warrantholder not a Shareholder.

Except as may be specifically provided herein, nothing in this Indenture or in the holding of a Warrant Certificate, entitlement to a Warrant or otherwise, shall, in itself, confer or be construed as conferring upon a Warrantholder any right or interest whatsoever as a Shareholder, including, but not limited to, the right to vote at, to receive notice of, or to attend, meetings of

Shareholders or any other proceedings of the Corporation, or the right to Dividends and other allocations.

2.4 Warrants to Rank Pari Passu.

All Warrants shall rank equally and without preference over each other, whatever may be the actual date of issue thereof.

2.5 Form of Warrants and Certificated Warrants.

The Warrants may be issued in both certificated and uncertificated form. Each Warrant originally issued to a U.S. Warrantholder will be evidenced in certificated form only and bear the applicable legends as set forth in Schedule "A" hereto. All Warrants issued in certificated form shall be evidenced by one or more Warrant Certificates (including all replacements issued in accordance with this Indenture), substantially in the form set out in Schedule "A" hereto, which shall be dated as of the Issue Date, shall bear such distinguishing letters and numbers as the Corporation may, with the approval of the Warrant Agent, prescribe, and shall be issuable in any denomination excluding fractions. All Warrants issued to the Depository may be in either a certificated or uncertificated form, such uncertificated form being evidenced by a book position on the register of Warrantholders to be maintained by the Warrant Agent in accordance with Section 2.6.

Each Warrantholder, by purchasing Warrants, acknowledges and agrees that the terms and conditions set forth in the form of Warrant Certificate set out in Schedule "A" hereto shall apply to all Warrants and Warrantholders, regardless of whether such Warrants are issued in certificated or uncertificated form, or whether such Warrantholders are Registered Warrantholders or owners of Warrants who beneficially hold securities entitlements in respect of the Warrants through a Book Based Participant.

2.6 Beneficial Holders of Warrants.

(a) The Warrants may be represented in the form of one or more CDS Global Warrants registered in the name of the Depositary or its nominee and held by, or on behalf of, the Depositary, as depositary of the CDS Global Warrants for the Book Based Participants, and any such CDS Global Warrant will bear, or be deemed to bear the legend included in section 2.8(c) hereto.

(b) Registration of beneficial interests in and transfers of Warrants held by the Depository shall be made only through the Book Based System and no Warrant Certificates shall be issued in respect of such Warrants except where physical certificates evidencing ownership in such securities are required or as set out herein or as may be requested by a Depository, as determined by the Corporation, from time to time. Except as provided in this Section 2.6, owners of beneficial interests in any CDS Global Warrants shall not be entitled to have Warrants registered in their names and shall not receive or be entitled to receive Warrants in definitive form or to have their names appear in the register referred to in Section 2.9 herein.

(c) Notwithstanding any other provision in this Indenture, no CDS Global Warrants may be exchanged in whole or in part for registered Warrants, and no transfer of any CDS

Global Warrant in whole or in part may be registered, in the name of any Person other than the Depository for such CDS Global Warrants or a nominee thereof unless:

(i) the Depository notifies the Corporation that it is unwilling or unable to continue to act as depository in connection with the Book Based Warrants and the Corporation is unable to locate a qualified successor;

(ii) the Corporation determines that the Depository is no longer willing, able or qualified to discharge properly its responsibilities as holder of the CDS Global Warrants and the Corporation is unable to locate a qualified successor;

(iii) the Depository ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the Corporation is unable to locate a qualified successor;

(iv) the Corporation determines that the Warrants shall no longer be held as Book Based Warrants through the Depository;

(v) such right is required by Applicable Law, as determined by the Corporation and the Corporation's Counsel;

(vi) the Warrant is to be Authenticated to or for the account or benefit of a person in the United States or a U.S. Person; or

(vii) such registration is effected in accordance with the Internal Procedures of the Depository and the Warrant Agent,

following which Warrants for those holders requesting the same shall be registered and issued to the beneficial owners of such Warrants or their nominees as directed by the holder. The Corporation shall provide an Officer's Certificate giving notice to the Warrant Agent of the occurrence of any event outlined in this Section 2.6(b)(i) and (vi).

(d) Subject to the provisions of this Section 2.6, any exchange of CDS Global Warrants for Warrants which are not CDS Global Warrants may be made in whole or in part in accordance with the provisions of Section 2.11, *mutatis mutandis*. All such Warrants issued in exchange for a CDS Global Warrant or any portion thereof shall be registered in such names as the Depository for such CDS Global Warrants shall direct and shall be entitled to the same benefits and subject to the same terms and conditions (except insofar as they relate specifically to CDS Global Warrants) as the CDS Global Warrants or portion thereof surrendered upon such exchange.

(e) Every Warrant that is Authenticated upon registration or transfer of a CDS Global Warrant, or in exchange for or in lieu of a CDS Global Warrant or any portion thereof, whether pursuant to this Section 2.6, or otherwise, shall be Authenticated in the form of, and shall be, a CDS Global Warrant, unless such Warrant is registered in the name of a person other than the Depository for such CDS Global Warrant or a nominee thereof.

(f) Notwithstanding anything to the contrary in this Indenture, subject to Applicable Law, the CDS Global Warrant will be issued as an Uncertificated Warrant, unless otherwise requested in writing by the Depository or the Corporation.

(g) The rights of beneficial owners of Warrants who hold securities entitlements in respect of the Warrants through the Book Based System shall be limited to those established by applicable law and agreements between the Depository and the Book Based Participants and between such Book Based Participants and the beneficial owners of Warrants who hold securities entitlements in respect of the Warrants through the Book Based System, and such rights must be exercised through a Book Based Participant in accordance with the rules and procedures of the Depository.

(h) Notwithstanding anything herein to the contrary, neither the Corporation nor the Warrant Agent nor any agent thereof shall have any responsibility or liability for:

(i) any aspects of the records relating to any beneficial ownership interests or any other interests in the Warrants or the Book Based System, or payments made by the Depository or its nominee on account of any beneficial ownership interest or any other interest of any person in any Warrant represented by an electronic position in the Book Based System;

(ii) for maintaining, supervising or reviewing any records of the Depository or its nominee or any Book Based Participant relating to any such interest; or

(iii) any advice or representation made or given by the Depository or those contained herein that relate to the rules and regulations of the Depository or any action to be taken by the Depository on its own direction or at the direction of any Book Based Participant.

(i) The Corporation may terminate the application of this Section 2.6 in its sole discretion in which case all Warrants shall be evidenced by Warrant Certificates registered in the name of a Person other than the Depository.

2.7 Warrant Certificate.

(a) For Warrants issued in certificated form, the form of certificate representing Warrants shall be substantially as set out in Schedule "A" hereto or such other form as is authorized from time to time by the Warrant Agent. Each Warrant Certificate shall be Authenticated manually on behalf of the Warrant Agent. Each Warrant Certificate shall be signed by any authorized signatory of the Corporation; whose signature shall appear on the Warrant Certificate and may be printed, lithographed or otherwise mechanically reproduced thereon and, in such event, certificates so signed are as valid and binding upon the Corporation as if it had been signed manually. Any Warrant Certificate which is signed by any authorized signatory of the Corporation as hereinbefore provided shall be valid notwithstanding that one or more of the person(s) whose signature is printed, lithographed or mechanically reproduced no longer holds office at the date of issuance of such certificate. The Warrant Certificates may be engraved, printed or lithographed, or partly in one form and partly in another, as the Warrant Agent may determine.

(b) The Warrant Agent shall Authenticate Uncertificated Warrants (whether upon original issuance, exchange, registration of transfer, partial payment or otherwise) by completing its Internal Procedures and the Corporation shall, and hereby acknowledges that it shall, thereupon be deemed to have duly and validly issued such Uncertificated Warrants

under this Indenture. Such Authentication shall be conclusive evidence that such Uncertificated Warrant has been duly issued hereunder and that the holder or holders are entitled to the benefits of this Indenture. The register shall be final and conclusive evidence as to all matters relating to Uncertificated Warrants with respect to which this Indenture requires the Warrant Agent to maintain records or accounts. In case of differences between the register at any time and any other time, the register at the later time shall be controlling, absent manifest error and such Uncertificated Warrants are binding on the Corporation.

(c) Any Warrant Certificate validly issued in accordance with the terms of this Indenture in effect at the time of issue of such Warrant Certificate shall, subject to the terms of this Indenture and applicable law, validly entitle the holder to acquire Common Shares, notwithstanding that the form of such Warrant Certificate may not be in the form currently required by this Indenture.

(d) No Certificated Warrant shall be considered issued and Authenticated or, if Authenticated, shall be obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by manual signature by or on behalf of the Warrant Agent substantially in the form of the Warrant set out in Schedule "A" hereto. Such Authentication on any such Certificated Warrant shall be conclusive evidence that such Certificated Warrant is duly Authenticated and is valid and a binding obligation of the Corporation and that the holder is entitled to the benefits of this Indenture.

(e) No Uncertificated Warrant shall be considered issued and shall be obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by entry on the register of the particulars of the Uncertificated Warrant. Such entry on the register of the particulars of an Uncertificated Warrant shall be conclusive evidence that such Uncertificated Warrant is a valid and binding obligation of the Corporation and that the holder is entitled to the benefits of this Indenture.

(f) The Authentication by the Warrant Agent of any Warrants by way of entry on the register shall not be construed as a representation or warranty by the Warrant Agent as to the validity of this Indenture or of such Warrants (except the due Authentication thereof) or as to the performance by the Corporation of its obligations under this Indenture and the Warrant Agent shall in no respect be liable or answerable for the use made of the Warrants or any of them or the proceeds thereof.

2.8 Legends.

(a) Neither the Warrants nor the Common Shares issuable upon exercise of the Warrants have been or will be registered under the U.S. Securities Act or under any United States state securities laws. If applicable, each Warrant Certificate originally issued for the benefit or account of a U.S. Warrantholder and each Warrant Certificate issued in exchange therefor or in substitution thereof, shall bear the following legends or such variations thereof as the Corporation may prescribe from time to time:

THIS WARRANT AND THE SECURITIES DELIVERABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE " **U.S. SECURITIES ACT**"), OR

ANY STATE SECURITIES LAWS, AND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO ACASTI PHARMA INC. (THE "**CORPORATION**") (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) WITHIN THE UNITED STATES IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (1) RULE 144A UNDER THE U.S. SECURITIES ACT OR (2) IF AVAILABLE, RULE 144 UNDER THE U.S. SECURITIES ACT AND, IN EACH CASE, IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(2) OR (D) ABOVE, A LEGAL OPINION SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED TO COMPUTERSHARE TRUST COMPANY OF CANADA TO THE EFFECT THAT SUCH TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

provided, that, if the Warrants are being sold outside the United States in accordance with Rule 904 of Regulation S, and if the Corporation is a "foreign issuer" within the meaning of Regulation S at the time of sale, this legend may be removed by the transferor providing a declaration to the Warrant Agent in the form set forth in the attached Warrant Certificate or as the Warrant Agent or the Corporation may prescribe from time to time, and if required by the Warrant Agent, including an opinion of counsel, of recognized standing reasonably satisfactory to the Corporation and the Warrant Agent, that such legend is no longer required under the U.S. Securities Act and applicable state securities laws.

(b) Each Warrant Certificate and each Warrant Certificate issued in exchange therefor or in substitution thereof, shall bear the following legends or such variations thereof as the Corporation may prescribe from time to time:

"THE SECURITIES EVIDENCED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OR U.S. STATE SECURITIES LAWS. THESE WARRANTS MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON UNLESS AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS IS AVAILABLE AND THE CORPORATION HAS RECEIVED AN OPINION OF COUNSEL OF RECOGNIZED STANDING TO SUCH EFFECT IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT. IF REQUESTED BY THE CORPORATION, THE HOLDER AGREES TO

PROVIDE THE INFORMATION NECESSARY TO DETERMINE WHETHER THE TRANSFER OR EXERCISE OF THIS WARRANT IS PERMISSIBLE UNDER THE U.S. SECURITIES ACT."

(c) The Warrant Agent shall be entitled to request any other documents that it may require in accordance with its internal policies for the removal of the legend set forth above.

(d) Each CDS Global Warrant originally issued in Canada and held by the Depository, and each CDS Global Warrant issued in exchange therefor or in substitution thereof shall bear or be deemed to bear the following legend or such variations thereof as the Corporation may prescribe from time to time:

"UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (" **CDS**") TO ACASTI PHARMA INC. (THE " **ISSUER**") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO, OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE."

(e) Notwithstanding any other provisions of this Indenture, in processing and registering transfers of Warrants, no duty or responsibility whatsoever shall rest upon the Warrant Agent to determine the compliance by any transferor or transferee with the terms of the legend contained in subsections 2.8(a) or 2.8(c), or with the relevant securities laws or regulations, including, without limitation, Regulation S, and the Warrant Agent shall be entitled to assume that all transfers are legal and proper.

2.9 Register of Warrants

(a) The Warrant Agent shall maintain records and accounts concerning the Warrants, whether certificated or uncertificated, which shall contain the information called for below with respect to each Warrant, together with such other information as may be required by law or as the Warrant Agent may elect to record. All such information shall be kept in one set of accounts and records which the Warrant Agent shall designate (in such manner as shall permit it to be so identified as such by an unaffiliated party) as the register of the holders of Warrants. The information to be entered for each account in the register of Warrants at any time shall include (without limitation):

(i) the name and address of the holder of the Warrants, the date of Authentication thereof and the number of Warrants;

(ii) whether such Warrant is a Certificated Warrant or an Uncertificated Warrant and, if a Warrant Certificate, the unique number or code assigned to and imprinted thereupon and, if an Uncertificated Warrant, the unique number or code assigned thereto if any;

(iii) whether such Warrant has been cancelled; and

(iv) a register of transfers in which all transfers of Warrants and the date and other particulars of each transfer shall be entered.

The register shall be available for inspection by the Corporation and or any Warrantholder during the Warrant Agent's regular business hours on a Business Day and upon payment to the Warrant Agent of its reasonable fees. Any Warrantholder exercising such right of inspection shall first provide an affidavit in form satisfactory to the Corporation and the Warrant Agent stating the name and address of the Warrantholder and agreeing not to use the information therein except in connection with an effort to call a meeting of Warrantholders or to influence the voting of Warrantholders at any meeting of Warrantholders.

(b) Once an Uncertificated Warrant has been Authenticated, the information set forth in the register with respect thereto at the time of Authentication may be altered, modified, amended, supplemented or otherwise changed only to reflect exercise or proper instructions to the Warrant Agent from the holder as provided herein, except that the Warrant Agent may act unilaterally to make purely administrative changes internal to the Warrant Agent and changes to correct errors. Each person who becomes a holder of an Uncertificated Warrant, by his, her or its acquisition thereof shall be deemed to have irrevocably consented to the foregoing authority of the Warrant Agent to make such error corrections.

2.10 Issue in Substitution for Warrant Certificates Lost, etc.

(a) If any Warrant Certificate becomes mutilated or is lost, destroyed or stolen, the Corporation, subject to applicable law, shall issue and thereupon the Warrant Agent shall certify and deliver, a new Warrant Certificate of like tenor, and bearing the same legend, if applicable, as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Warrant Certificate, and the substituted Warrant Certificate shall be in a form approved by the Warrant Agent and the Warrants evidenced thereby shall be entitled to the benefits hereof and shall rank equally in accordance with its terms with all other Warrants issued or to be issued hereunder.

(b) The applicant for the issue of a new Warrant Certificate pursuant to this Section 2.10 shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issuance thereof, furnish to the Corporation and to the Warrant Agent such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation and to the Warrant Agent, in their sole discretion, and such applicant shall also be required to furnish an indemnity and surety bond in amount and form satisfactory to the

Corporation and the Warrant Agent, in their sole discretion, and shall pay the reasonable charges of the Corporation and the Warrant Agent in connection therewith.

2.11 Exchange of Warrant Certificates.

(a) Any one or more Warrant Certificates representing any number of Warrants may, upon compliance with the reasonable requirements of the Warrant Agent (including compliance with Applicable Securities Laws), be exchanged for one or more other Warrant Certificates representing the same aggregate number of Warrants and bearing the same legend, if applicable, as represented by the Warrant Certificate or Warrant Certificates so exchanged.

(b) Warrant Certificates may be exchanged only at the Warrant Agency or at any other place that is designated by the Corporation with the approval of the Warrant Agent. Any Warrant Certificate or duly executed Transaction Instruction from the holder (or such other instructions, in form satisfactory to the Warrant Agent), tendered for exchange shall be surrendered to the Warrant Agency and cancelled by the Warrant Agent.

(c) Warrant Certificates exchanged for Warrant Certificates that bear a legend set forth in Section 2.8 shall bear the same legend.

2.12 Transfer and Ownership of Warrants.

(a) The Warrants may only be transferred on the register kept by the Warrant Agent at the Warrant Agency by the holder or its legal representatives or its attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent only upon (a) in the case of a Warrant Certificate, surrendering to the Warrant Agent at the Warrant Agency the Warrant Certificate representing the Warrants to be transferred together with a duly executed transfer form as set forth in Schedule "B", (b) in the case of Book Based Warrants, in accordance with procedures prescribed by the Depository under the Book Based System, (c) in the case of Uncertificated Warrants, surrendering to the Warrant Agent at the Warrant Agency, a duly executed Transaction Instruction from the holder (or such other instructions, in form satisfactory to the Warrant Agent), and (d) upon compliance with:

(i) the conditions herein;

(ii) such reasonable requirements as the Warrant Agent may prescribe; and

(iii) all Applicable Securities Laws and requirements of regulatory authorities;

and such transfer shall be duly noted in such register by the Warrant Agent. Upon compliance with such requirements, the Warrant Agent shall issue to the transferee of a Certificated Warrant (or it shall Authenticate an Uncertificated Warrant instead, upon request), a Warrant Certificate, and to the transferee of an Uncertificated Warrant, an Uncertificated Warrant (or it shall Authenticate and deliver a Certificated Warrant instead, upon request), representing the Warrants transferred and the transferee of a Book Based Warrant shall be recorded through the relevant Book Based Participant in accordance with the Book Based System as the entitlement holder in respect of such

Warrants. Transfers within the Book Based System are not the responsibility of the Warrant Agent and will not be noted on the register maintained by the Warrant Agent.

(b) If a Warrant Certificate tendered for transfer bears the legend set forth in Section 2.8(a), the Warrant Agent shall not register such transfer unless the transferor has provided the Warrant Agent with the Warrant Certificate and (i) the transfer is made to the Corporation or (ii) a declaration to the effect set forth in Schedule C to this Warrant Indenture, or in such other form as the Corporation may from time to time prescribe, is delivered to the Warrant Agent, and if required by the Warrant Agent, the transferor provides an opinion of counsel of recognized standing, reasonably satisfactory to the Corporation and the Warrant Agent that the transfer is in compliance with applicable state laws and the U.S. Securities Act.

(c) Subject to the provisions of this Indenture and Applicable Legislation, the Warrantholder shall be entitled to the rights and privileges attaching to the Warrants, and the issue of Common Shares by the Corporation upon the exercise of Warrants in accordance with the terms and conditions herein contained shall discharge all responsibilities of the Corporation and the Warrant Agent with respect to such Warrants and neither the Corporation nor the Warrant Agent shall be bound to inquire into the title of any such holder.

2.13 Cancellation of Surrendered Warrants.

All Warrant Certificates surrendered pursuant to Article 3 shall be cancelled by the Warrant Agent and upon such circumstances all such Uncertificated Warrants shall be deemed cancelled and so noted on the register by the Warrant Agent. Upon request by the Corporation, the Warrant Agent shall furnish to the Corporation a cancellation certificate identifying the Warrant Certificates so cancelled, the number of Warrants evidenced thereby, the number of Common Shares, if any, issued pursuant to such Warrants and the details of any Warrant Certificates issued in substitution or exchange for such Warrant Certificates cancelled.

ARTICLE 3
EXERCISE OF WARRANTS

3.1 Right of Exercise.

Subject to the provisions hereof, each Registered Warrantholder may exercise the right conferred on such holder to subscribe for and purchase one Common Share for each Warrant after the Issue Date and prior to the Expiry Time and in accordance with the conditions herein.

Notwithstanding any provision to the contrary contained in this Indenture, no U.S. Warrantholder may exercise any Warrant unless an exemption from the registration requirements of the U.S. Securities Act is available and such holder provides evidence, including an opinion of counsel, of the availability of such exemption reasonably satisfactory to the Corporation and the Warrant Agent; *provided, however*, that a U.S. Warrantholder that is the original purchaser of Warrants and delivered to the Corporation a U.S. Accredited Investor Certificate in connection with its purchase of Units pursuant to the U.S. Placement will not be required to deliver an opinion of counsel in connection with the exercise of the Warrants, unless reasonably requested by the Corporation.

3.2 Warrant Exercise.

(a) Registered Warrantholders of Warrant Certificates who wish to exercise the Warrants held by them in order to acquire Common Shares must complete a Transaction Instruction or the exercise form (the "**Exercise Notice**") attached to the Warrant Certificate(s) in the form set forth in Schedule "C" hereto, which may be amended by the Corporation with the consent of the Warrant Agent, if such amendment does not, in the reasonable opinion of the Corporation and the Warrant Agent, which may be based on the advice of Counsel, materially and adversely affect the rights, entitlements and interests of the Warrantholders, and deliver such certificate(s), if applicable, the executed Exercise Notice and a certified cheque, bank draft or money order payable to or to the order of the Corporation for the aggregate Exercise Price to the Warrant Agent at the Warrant Agency. The Warrants represented by a Warrant Certificate shall be deemed to be surrendered upon personal delivery of such certificate, Exercise Notice and aggregate Exercise Price or, if such documents are sent by mail or other means of transmission, upon actual receipt thereof by the Warrant Agent at the office referred to above.

(b) In addition to completing the Exercise Form attached to the Warrant Certificate(s), a U.S. Warrantholder, or any other person requesting delivery of the Common Shares issuable upon exercise of the Warrants in or into the United States must (a) provide a completed and executed U.S. Purchaser Letter or (b) an opinion of counsel of recognised standing in form and substance reasonably satisfactory to the Corporation and the Warrant Agent that the exercise and delivery is exempt from the registration requirements of Applicable Securities Laws of any state of the United States and the U.S. Securities Act; *provided, however* a U.S. Warrantholder that is the original purchaser of Warrants and who has delivered the U.S. Accredited Investor Certificate attached to the subscription agreement of the Corporation in connection with its purchase of Units pursuant to the U.S. Placement, will not be required to deliver a U.S. Purchaser Letter or an opinion of counsel in connection with the due exercise of the Warrant at a time when the representations, warranties and covenants made by the Warrantholder in the U.S. Accredited Investor Certificate remain true and correct and the Warrantholder certifies to the Corporation as such.

(c) A Registered Warrantholder of Uncertificated Warrants evidenced by a security entitlement in respect of Warrants must complete the Exercise Notice and deliver the executed Exercise Notice and a certified cheque, bank draft or money order payable to or to the order of the Corporation for the aggregate Exercise Price to the Warrant Agent at the Warrant Agency. The Uncertificated Warrants shall be deemed to be surrendered upon receipt of the duly completed and executed Exercise Notice and payment of the applicable Exercise Price or, if such documents are sent by mail or other means of transmission, upon actual receipt thereof by the Warrant Agent at the office referred to above.

(d) A beneficial owner of Warrants evidenced by a security entitlement in respect of Warrants in the Book Based System who desires to exercise his or her Warrants must do so by causing a Book Based Participant to deliver to the Depository on behalf of the entitlement holder, notice of the owner's intention to exercise Warrants in a manner acceptable to the Depository. Forthwith upon receipt by the Depository of such notice,

as well as payment for the aggregate Exercise Price, the Depository shall deliver to the Warrant Agent confirmation of its intention to exercise Warrants ("**Confirmation**") in a manner acceptable to the Warrant Agent, including by electronic means through a book based registration system, including CDSX. An electronic exercise of the Warrants initiated by the Book Based Participant through a book based registration system, including CDSX, shall constitute a representation to both the Corporation and the Warrant Agent that the beneficial owner at the time of exercise of such Warrants (a) is not in the United States; (b) is not a U.S. Person and is not exercising such Warrants on behalf of a U.S. Person or a person in the United States; and (c) did not execute or deliver the notice of the owner's intention to exercise such Warrants in the United States. If the CDS Participant is not able to make or deliver the foregoing representation by initiating the electronic exercise of the Warrants, then such Warrants shall be withdrawn from the book based registration system, including CDSX by the CDS Participant and an individually registered Warrant Certificate shall be issued by the Warrant Agent to such Beneficial Owner or CDS Participant and the exercise procedures set forth in Section 3.2(a) shall be followed.

(e) Payment representing the aggregate Exercise Price must be provided to the appropriate office of the Book Based Participant in a manner acceptable to it. A notice in form acceptable to the Book Based Participant and payment from such beneficial holder should be provided to the Book Based Participant sufficiently in advance so as to permit the Book Based Participant to deliver notice and payment to the Depository and for the Depository in turn to deliver notice and payment to the Warrant Agent prior to the Expiry Time. The Depository will initiate the exercise by way of the Confirmation and forward the aggregate Exercise Price electronically to the Warrant Agent and the Warrant Agent will execute the exercise by issuing to the Depository through the Book Based System the Common Shares to which the exercising Warrantholder is entitled pursuant to the exercise. Any expense associated with the exercise process will be for the account of the entitlement holder exercising the Warrants and/or the Book Based Participant exercising the Warrants on its behalf.

(f) By causing a Book Based Participant to deliver notice to the Depository, a Warrantholder shall be deemed to have irrevocably surrendered his or her Warrants so exercised and appointed such Book Based Participant to act as his or her exclusive settlement agent with respect to the exercise and the receipt of Common Shares in connection with the obligations arising from such exercise.

(g) Any notice which the Depository determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the exercise to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a Book Based Participant to exercise or to give effect to the settlement thereof in accordance with the Warrantholder's instructions will not give rise to any obligations or liability on the part of the Corporation or Warrant Agent to the Book Based Participant or the Warrantholder.

(h) Any exercise form or Exercise Notice referred to in this Section 3.2 shall be signed by the Registered Warrantholder, or its executors or administrators or other legal representatives or an attorney of the Registered Warrantholder, duly appointed by an

instrument in writing satisfactory to the Warrant Agent but such exercise form need not be executed by the Depository.

(i) Any exercise referred to in this Section 3.2 shall require that the entire Exercise Price for Common Shares subscribed must be paid at the time of subscription and such Exercise Price and original Exercise Notice executed by the Registered Warrantholder or the Confirmation from the Depository must be received by the Warrant Agent prior to the Expiry Time.

(j) Warrants may only be exercised pursuant to this Section 3.2 by or on behalf of a Registered Warrantholder, as applicable, who makes the certifications set forth on the Exercise Notice set out in Schedule "C" or as provided herein.

(k) If the form of Exercise Notice set forth in the Warrant Certificate shall have been amended, the Corporation shall cause the amended Exercise Notice to be forwarded to all Registered Warrantholders.

(l) Exercise Notices and Confirmations must be delivered to the Warrant Agent at any time during the Warrant Agent's actual business hours on any Business Day prior to the Expiry Time. Any Exercise Notice or Confirmations received by the Warrant Agent after business hours on any Business Day other than the Expiry Date will be deemed to have been received by the Warrant Agent on the next following Business Day.

(m) Any Warrant with respect to which an Exercise Notice or Confirmation is not received by the Warrant Agent before the Expiry Time shall be deemed to have expired and become void and all rights with respect to such Warrants shall terminate and be cancelled.

3.3 Securities Restrictions.

Notwithstanding anything herein contained, Common Shares will be issued upon exercise of a Warrant only in compliance with the securities laws of any applicable jurisdiction, including without limitation the Applicable Securities Laws, and, without limiting the generality of the foregoing, the Corporation will direct the Warrant Agent to legend any certificates representing the Common Shares if, in the opinion of counsel to the Corporation acting reasonably, such legend is necessary in order to avoid a violation of such securities laws or to comply with the requirements of any stock exchange on which the Common Shares are listed; provided that if, at any time, in the opinion of counsel to the Corporation, acting reasonably, such legends are no longer necessary in order to avoid a violation of any such laws, or the holder of any such legended certificate, at his or her expense, provides the Corporation with evidence in form and substance reasonably satisfactory to the Corporation (which may include an opinion of Counsel of recognized standing in form and substance reasonably satisfactory to the Corporation) to the effect that such holder is entitled to sell or otherwise transfer such Common Shares in a transaction in which such legends are not required, such legended certificates may thereafter be surrendered to the Warrant Agent in exchange for a certificate which does not bear such legends.

The Warrant Agent shall be entitled to assume that Common Shares may be issued pursuant to the exercise of any Warrant without violating any Applicable Securities Laws and without legending the certificate representing the Common Shares unless the Warrant Agent has

received notice in writing from the Corporation stating otherwise and setting forth the restrictions on the exercise of the Warrants and any legend the certificates representing the Common Shares should bear.

3.4 Prohibition on Exercise by U.S. Persons; Legended Certificates

(a) Subject to Section 3.2(b) and Section 3.4(b), (i) Warrants may not be exercised within the United States or by or on behalf of any U.S. Warrantholders; and (ii) no Common Shares issued upon exercise of Warrants may be delivered to any address in the United States.

(b) Notwithstanding Section 3.4(a), Warrants which bear the legend set forth in Section 2.8(a) and 2.8(b) may be exercised in the United States or by or on behalf of a U.S. Warrantholder, and Common Shares issued upon exercise of any such Warrants may be delivered to an address in the United States, provided that (a) the Person exercising the Warrants (i) is an original U.S. Purchaser who purchased the Warrants directly from the Corporation, (ii) is an institutional "**accredited investor**" that satisfies one or more of the criteria set forth in Rule 501(a)(1), (2), (3) or (7) of Regulation D and (b) delivers a completed and executed U.S. Purchaser Letter or provides in form and substance satisfactory to the Corporation and Warrant Agent a legal opinion which confirms that issuance of shares without registration under the U.S. Securities Act is in compliance with the applicable state laws and the U.S. Securities Act; *provided however* that in the case of a U.S. Warrantholder that is the original purchaser of the Warrants and who delivered the U.S. Accredited Investor Certificate to the Corporation in connection with its purchase of Units pursuant to the U.S. Placement, such Warrantholder will not be required to deliver a U.S. Purchaser Letter or an opinion of counsel in connection with the exercise of the Warrant at a time when the representations, warranties and covenants made by the Warrantholder in the U.S. Accredited Investor Certificate remain true and correct and the Warrantholder certifies to the Corporation as such.

(c) Certificates representing Common Shares issued upon the exercise of Warrants which bear the legend set forth in Sections 2.8(a) and 2.8(b) and which are issued and delivered pursuant to Section 3.4(b) shall bear the following legend:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE " **U.S. SECURITIES ACT** "), OR ANY STATE SECURITIES LAWS, AND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO ACASTI PHARMA INC. (THE " **CORPORATION**") (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) WITHIN THE UNITED STATES IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (1) RULE 144A UNDER THE U.S. SECURITIES ACT OR (2) IF AVAILABLE, RULE 144 UNDER THE U.S. SECURITIES ACT AND, IN EACH CASE, IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN

THE CASE OF TRANSFERS PURSUANT TO (C)(2) OR (D) ABOVE, THE HOLDER MUST FURNISH TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION TO THE EFFECT THAT THE PROPOSED TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE U.S. SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE LISTED ON THE TSX VENTURE EXCHANGE ("TSXV"); HOWEVER, SUCH SECURITIES CANNOT BE TRADED THROUGH THE FACILITIES OF THE TSXV SINCE THEY ARE NOT FREELY TRANSFERABLE, AND CONSEQUENTLY DELIVERY OF ANY CERTIFICATE REPRESENTING SUCH SECURITIES IS NOT "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON THE TSXV. PROVIDED THAT THE CORPORATION IS A "FOREIGN ISSUER" WITHIN THE MEANING OF REGULATION S AT THE TIME OF SALE, A NEW CERTIFICATE, BEARING NO LEGEND, DELIVERY OF WHICH WILL CONSTITUTE "GOOD DELIVERY" MAY BE OBTAINED FROM COMPUTERSHARE INVESTOR SERVICES INC., AS REGISTRAR AND TRANSFER AGENT, OR SUCH OTHER ORGANIZATION OR ENTITY PERFORMING SUCH FUNCTION FOR THE CORPORATION (THE "TRANSFER AGENT") UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO THE TRANSFER AGENT AND THE CORPORATION, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT (AND IF REQUIRED BY THE TRANSFER AGENT OR THE CORPORATION, AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE TRANSFER AGENT AND THE CORPORATION)."

3.5 Transfer Fees and Taxes.

If any of the Common Shares subscribed for are to be issued to a person or persons other than the Registered Warrantholder, the Registered Warrantholder shall execute the form of transfer and will comply with such reasonable requirements as the Warrant Agent may stipulate and will pay to the Corporation or the Warrant Agent on behalf of the Corporation, all applicable transfer or similar taxes and the Corporation will not be required to issue or deliver certificates evidencing Common Shares or issue Common Shares in uncertificated form unless or until such Warrantholder shall have paid to the Corporation or the Warrant Agent on behalf of the Corporation, the amount of such tax or shall have established to the satisfaction of the Corporation and the Warrant Agent that such tax has been paid or that no tax is due.

3.6 Warrant Agency.

To facilitate the exchange, transfer or exercise of Warrants and compliance with such other terms and conditions hereof as may be required, the Corporation has appointed the Warrant Agency, as the agency at which Warrants may be surrendered for exchange or transfer or at which Warrants may be exercised and the Warrant Agent has accepted such appointment. The Corporation may from time to time designate alternate or additional places as the Warrant Agency (subject to the Warrant Agent's prior approval) and will give notice to the Warrant Agent of any proposed change of the Warrant Agency. Branch registers shall also be kept at such

other place or places, if any, as the Corporation, with the approval of the Warrant Agent, may designate. The Warrant Agent will from time to time when requested to do so by the Corporation or any Registered Warrantholder, upon payment of the Warrant Agent's reasonable charges, furnish a list of the names and addresses of Registered Warrantholders showing the number of Warrants held by each such Registered Warrantholder.

3.7 Effect of Exercise of Warrant Certificates.

(a) Upon the exercise of Warrants pursuant to and in compliance with Section 3.2 and subject to Section 3.3 and Section 3.4, the Common Shares to be issued pursuant to the Warrants exercised shall be deemed to have been issued and the person or persons to whom such Common Shares are to be issued shall be deemed to have become the holder or holders of record of such Common Shares on the Exercise Date, unless the register shall be closed on such date, in which case the Common Shares subscribed for shall be deemed to have been issued and such person or persons deemed to have become the holder or holders of record of such Common Shares, on the date on which such register is reopened. It is hereby understood that in order for persons to whom Common Shares are to be issued, to become holders of Common Shares of record on the Exercise Date, beneficial holders must commence the exercise process sufficiently in advance so that the Warrant Agent is in receipt of all items of exercise at least one Business Day prior to such Exercise Date.

(b) As soon as practicable, but in any event within five Business Days after the Exercise Date with respect to a Warrant, the Warrant Agent shall cause to be delivered or mailed to the person or persons in whose name or names the Warrant is registered or, if so specified in writing by the holder, cause to be delivered to such person or persons at the Warrant Agency where the Warrant Certificate was surrendered, a certificate or certificates for the appropriate number of Common Shares subscribed for, or any other appropriate evidence of the issuance of Common Shares to such person or persons in respect of Common Shares issued under the Book Based System.

3.8 Partial Exercise of Warrants; Fractions.

(a) The holder of any Warrants may exercise his right to acquire a number of whole Common Shares less than the aggregate number which the holder is entitled to acquire. In the event of any exercise of a number of Warrants less than the number which the holder is entitled to exercise, the holder of Warrants upon such exercise shall, in addition, be entitled to receive, without charge therefor, a new Warrant Certificate(s), bearing the same legend, if applicable, or other appropriate evidence of Warrants, in respect of the balance of the Warrants held by such holder and which were not then exercised.

(b) Notwithstanding anything herein contained including any adjustment provided for in Section 4.1, the Corporation shall not be required, upon the exercise of any Warrants, to issue fractions of Common Shares. Warrants may only be exercised in a sufficient number to acquire whole numbers of Common Shares.

3.9 Expiration of Warrants.

Immediately after the Expiry Time, all rights under any Warrant in respect of which the right of acquisition provided for herein shall not have been exercised shall cease and terminate and each Warrant shall be void and of no further force or effect.

3.10 Accounting and Recording.

(a) The Warrant Agent shall promptly account to the Corporation with respect to Warrants exercised, and shall promptly forward to the Corporation (or into an account or accounts of the Corporation with the bank or trust company designated by the Corporation for that purpose), all monies received by the Warrant Agent on the subscription of Common Shares through the exercise of Warrants. All such monies and any securities or other instruments, from time to time received by the Warrant Agent shall be received in trust for, and shall be segregated and kept apart by the Warrant Agent, the Warrantholders and the Corporation as their interests may appear.

(b) The Warrant Agent shall record the particulars of Warrants exercised, which particulars shall include the names and addresses of the persons who become holders of Common Shares on exercise and the Exercise Date, in respect thereof. The Warrant Agent shall provide such particulars in writing to the Corporation within five Business Days of any request by the Corporation therefor.

ARTICLE 4
ADJUSTMENT OF NUMBER OF COMMON SHARES AND EXERCISE PRICE

4.1 Adjustment of Number of Common Shares and Exercise Price.

The subscription rights in effect under the Warrants for Common Shares issuable upon the exercise of the Warrants shall be subject to adjustment from time to time upon the occurrence of any of the events and in the manner provided as follows:

(a) If and whenever, at any time during the Adjustment Period, the Corporation shall:

(i) subdivide, re-divide or change its Common Shares into a greater number of Common Shares;

(ii) reduce, combine or consolidate its outstanding Common Shares into a lesser number of Common Shares; or

(iii) issue Common Shares or securities exchangeable for, or convertible into, Common Shares to all or substantially all of the holders of Common Shares by way of stock dividend or other distribution (other than dividends paid in the ordinary course, and other than a distribution of Common Shares upon the exercise of any outstanding warrants, options or other securities);

(any of such events in Section 4.1(a) (i) to (iii), a " **Common Share Reorganization**"), then the Exercise Price shall be adjusted with effect on the effective date of such subdivision, re-division, change, reduction, combination, consolidation or on the record date of such distribution, as the case may be, shall in the case of the events referred to in

(i) or (iii) above be decreased in proportion to the number of outstanding Common Shares resulting from such subdivision, re-division, change or distribution, or shall, in the case of the events referred to in (ii) above, be increased in proportion to the number of outstanding Common Shares resulting from such reduction, combination or consolidation by multiplying the Exercise Price in effect immediately prior to such effective date or record date by a fraction, the numerator of which shall be the number of Common Shares outstanding on such effective date or record date before giving effect to such Common Share Reorganization and the denominator of which shall be the number of Common Shares outstanding as of the effective date or record date after giving effect to such Common Shares Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date or effective date). Such adjustment shall be made successively whenever any event referred to in this Section 4.1(a) shall occur. Upon any adjustment of the Exercise Price pursuant to Section 4.1(a), the Exchange Rate shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the Exercise Price in effect immediately prior to such adjustment and the denominator shall be the Exercise Price resulting from such adjustment;

(b) if and whenever at any time during the Adjustment Period, the Corporation shall fix a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible or exchangeable into Common Shares) at a price per Common Share (or having a conversion or exchange price per Common Share) less than 95% of the Current Market Price on such record date (a "**Rights Offering**"), the Exercise Price shall be adjusted immediately after such record date so that it shall equal the amount determined by multiplying the Exercise Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered) by such Current Market Price, and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase or into which the convertible or exchangeable securities so offered are convertible or exchangeable; any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that no such rights or warrants are exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or, if any such rights or warrants are exercised, to the Exercise Price which would then be in effect based upon the number of Common Shares (or securities convertible or exchangeable into Common Shares) actually issued upon the exercise of such rights or warrants, as the case may be. Upon any adjustment of the Exercise Price pursuant to this Section 4.1(b), the Exchange Rate

will be adjusted immediately after such record date so that it will equal the rate determined by multiplying the Exchange Rate in effect on such record date by a fraction, of which the numerator shall be the Exercise Price in effect immediately prior to such adjustment and the denominator shall be the Exercise Price resulting from such adjustment. Such adjustment will be made successively whenever such a record date is fixed, provided that if two or more such record dates or record dates referred to in this Section 4.1(b) are fixed within a period of 25 Trading Days, such adjustment will be made successively as if each of such record dates occurred on the earliest of such record dates;

(c) if and whenever at any time during the Adjustment Period the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of (i) securities of any class, whether of the Corporation or any other entity (other than Common Shares), (ii) rights, options or warrants to subscribe for or purchase Common Shares (or other securities convertible into or exchangeable for Common Shares), other than pursuant to a Rights Offering; (iii) evidences of its indebtedness or (iv) any property or other assets (other than cash dividends paid in the normal course) then, in each such case, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price on such record date, less the excess, if any, of the fair market value on such record date, as determined by the Corporation (whose determination shall be conclusive), of such securities or other assets so issued or distributed over the fair market value of any consideration received therefor by the Corporation from the holders of the Common Shares, and of which the denominator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price on such record date; and Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that such distribution is not so made, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed. Upon any adjustment of the Exercise Price pursuant to this Section 4.1(c), the Exchange Rate will be adjusted immediately after such record date so that it will equal the rate determined by multiplying the Exchange Rate in effect on such record date by a fraction, of which the numerator shall be the Exercise Price in effect immediately prior to such adjustment and the denominator shall be the Exercise Price resulting from such adjustment;

(d) if and whenever at any time during the Adjustment Period, there is a reclassification of the Common Shares or a capital reorganization of the Corporation other than as described in Section 4.1(a) or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate, trust, partnership or other entity (other than consolidations, amalgamations, arrangements or mergers which do not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or a sale or conveyance of the property and assets of the Corporation as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, any Registered Warrantholder who has not exercised its

right of acquisition prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale or conveyance, upon the exercise of such right thereafter, shall be entitled to receive upon payment of the Exercise Price and shall accept, in lieu of the number of Common Shares that prior to such effective date the Registered Warrantholder would have been entitled to receive, the number of shares or other securities or property of the Corporation or of the body corporate, trust, partnership or other entity resulting from such merger, amalgamation or consolidation, or to which such sale or conveyance may be made, as the case may be, that such Registered Warrantholder would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale or conveyance, if, on the effective date thereof, as the case may be, the Registered Warrantholder had been the registered holder of the number of Common Shares to which prior to such effective date it was entitled to acquire upon the exercise of the Warrants. If determined appropriate by the Warrant Agent, relying on advice of Counsel, to give effect to or to evidence the provisions of this Section 4.1(d), the Corporation, its successor, or such purchasing body corporate, partnership, trust or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance, enter into an indenture which shall provide, to the extent possible, for the application of the provisions set forth in this Indenture with respect to the rights and interests thereafter of the Registered Warrantholders to the end that the provisions set forth in this Indenture shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any shares, other securities or property to which a Registered Warrantholder is entitled on the exercise of its acquisition rights thereafter. Any indenture entered into between the Corporation and the Warrant Agent pursuant to the provisions of this Section 4.1(d) shall be a supplemental indenture entered into pursuant to the provisions of Article 8 hereof. Any indenture entered into between the Corporation, any successor to the Corporation or such purchasing body corporate, partnership, trust or other entity and the Warrant Agent shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 4.1 and which shall apply to successive reclassifications, capital reorganizations, amalgamations, consolidations, mergers, sales or conveyances;

(e) in any case in which this Section 4.1 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the Registered Warrantholder of any Warrant exercised after the record date and prior to the completion of such event the additional Common Shares issuable by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to such Registered Warrantholder an appropriate instrument evidencing such Registered Warrantholder's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the relevant date of exercise or such later date as such Registered Warrantholder would, but for the provisions of this Section 4.1(e), have become the holder of record of such additional Common Shares pursuant to Section 4.1;

(f) in any case in which Section 4.1(a)(iii), Section 4.1(b) or Section 4.1(c) require that an adjustment be made to the Exercise Price, no such adjustment shall be made if the Registered Warrantholders of the outstanding Warrants receive, subject to any required stock exchange or regulatory approval, the rights or warrants referred to in Section 4.1(a)(iii), Section 4.1(b) or the shares, rights, options, warrants, evidences of indebtedness or assets referred to in Section 4.1(c), as the case may be, in such kind and number as they would have received if they had been holders of Common Shares on the applicable record date or effective date, as the case may be, by virtue of their outstanding Warrant having then been exercised into Common Shares at the Exercise Price in effect on the applicable record date or effective date, as the case may be;

(g) the adjustments provided for in this Section 4.1 are cumulative, and shall, in the case of adjustments to the Exercise Price be computed to the nearest whole cent and shall apply to successive subdivisions, re-divisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section 4.1, provided that, notwithstanding any other provision of this Section, no adjustment of the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Exercise Price then in effect; provided, however, that any adjustments which by reason of this Section 4.1(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment; and

(h) after any adjustment pursuant to this Section 4.1, the term " **Common Shares**" where used in this Indenture shall be interpreted to mean securities of any class or classes which, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, the Registered Warrantholder is entitled to receive upon the exercise of his Warrants, and the number of Common Shares indicated by any exercise made pursuant to a Warrant shall be interpreted to mean the number of Common Shares or other property or securities a Registered Warrantholder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, upon the full exercise of a Warrant.

4.2 Entitlement to Common Shares on Exercise of Warrant.

All Common Shares or shares of any class or other securities, which a Registered Warrantholder is at the time in question entitled to receive on the exercise of its Warrant, whether or not as a result of adjustments made pursuant to this Article 4, shall, for the purposes of the interpretation of this Indenture, be deemed to be Common Shares which such Registered Warrantholder is entitled to acquire pursuant to such Warrant.

4.3 No Adjustment for Certain Transactions.

Notwithstanding anything in this Article 4, no adjustment shall be made in the acquisition rights attached to the Warrants if the issue of Common Shares is being made pursuant to this Indenture or in connection with (a) any share incentive plan or restricted share plan or share purchase plan in force from time to time for directors, officers, employees, consultants or other service providers of the Corporation; or (b) the satisfaction of existing instruments issued at the date hereof.

4.4 Determination by Independent Firm.

In the event of any question arising with respect to the adjustments provided for in this Article 4 such question shall be conclusively determined by an independent firm of chartered accountants other than the Auditors, who shall have access to all necessary records of the Corporation, and such determination shall be binding upon the Corporation, the Warrant Agent, all holders and all other persons interested therein.

4.5 Proceedings Prior to any Action Requiring Adjustment.

As a condition precedent to the taking of any action which would require an adjustment in any of the acquisition rights pursuant to any of the Warrants, including the number of Common Shares which are to be received upon the exercise thereof, the Corporation shall take any action which may, in the opinion of Counsel, be necessary in order that the Corporation has unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the Common Shares which the holders of such Warrants are entitled to receive on the full exercise thereof in accordance with the provisions hereof.

4.6 Certificate of Adjustment.

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 4.1, deliver a certificate of the Corporation to the Warrant Agent specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate shall be supported by a certificate of the Corporation's Auditors verifying such calculation. The Warrant Agent shall rely, and shall be protected in so doing, upon the certificate of the Corporation or of the Corporation's Auditor and any other document filed by the Corporation pursuant to this Article 4 for all purposes.

4.7 Notice of Special Matters.

The Corporation covenants with the Warrant Agent that, so long as any Warrant remains outstanding, it will give notice to the Warrant Agent and to the Registered Warrantholders of its intention to fix a record date that is prior to the Expiry Date for any matter for which an adjustment may be required pursuant to Section 4.1. Such notice shall specify the particulars of such event and the record date for such event, provided that the Corporation shall only be required to specify in the notice such particulars of the event as shall have been fixed and determined on the date on which the notice is given. The notice shall be given in each case not less than 14 days prior to such applicable record date. If notice has been given and the adjustment is not then determinable, the Corporation shall promptly, after the adjustment is determinable, file with the Warrant Agent a computation of the adjustment and give notice to the Registered Warrantholders of such adjustment computation.

4.8 No Action after Notice.

The Corporation covenants with the Warrant Agent that it will not close its transfer books or take any other corporate action which might deprive the Registered Warrantholder of the

opportunity to exercise its right of acquisition pursuant thereto during the period of 14 days after the giving of the certificate or notices set forth in Section 4.6 and Section 4.7.

4.9 Other Action.

If the Corporation, after the date hereof, shall take any action affecting the Common Shares other than action described in Section 4.1, which in the reasonable opinion of the directors of the Corporation would materially affect the rights of Registered Warrantholders, the Exercise Price and/or Exchange Rate, the number of Common Shares which may be acquired upon exercise of the Warrants shall be adjusted in such manner and at such time, by action of the directors, acting reasonably and in good faith, in their sole discretion as they may determine to be equitable to the Registered Warrantholders in the circumstances, provided that no such adjustment will be made unless any requisite prior approval of any stock exchange on which the Common Shares are listed for trading has been obtained.

4.10 Protection of Warrant Agent.

The Warrant Agent shall not:

(i) at any time be under any duty or responsibility to any Registered Warrantholder to determine whether any facts exist which may require any adjustment contemplated by Section 4.1, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;

(ii) be accountable with respect to the validity or value (or the kind or amount) of any Common Shares or of any other securities or property which may at any time be issued or delivered upon the exercise of the rights attaching to any Warrant;

(iii) be responsible for any failure of the Corporation to issue, transfer or deliver Common Shares or certificates for the same upon the surrender of any Warrants for the purpose of the exercise of such rights or to comply with any of the covenants contained in this Article 4; and

(iv) incur any liability or be in any way responsible for the consequences of any breach on the part of the Corporation of any of the representations, warranties or covenants herein contained or of any acts of the directors, officers, employees, agents or servants of the Corporation.

4.11 Participation by Warrantholder.

No adjustments shall be made pursuant to this Article 4 if the Registered Warrantholders are entitled to participate in any event described in this Article 4 on the same terms, *mutatis mutandis*, as if the Registered Warrantholders had exercised their Warrants prior to, or on the effective date or record date of, such event.

ARTICLE 5
RIGHTS OF THE CORPORATION AND COVENANTS

5.1 Optional Purchases by the Corporation.

Subject to compliance with Applicable Securities Laws and approval of applicable regulatory authorities and any stock exchange on which the Common Shares are listed, the Corporation may from time to time purchase by private contract or otherwise any of the Warrants. Any such purchase shall be made at the lowest price or prices at which, in the opinion of the directors, such Warrants are then obtainable, plus reasonable costs of purchase, and may be made in such manner, from such persons and on such other terms as the Corporation, in its sole discretion, may determine. In the case of Certificated Warrants, Warrant Certificates representing the Warrants purchased pursuant to this Section 5.1 shall forthwith be delivered to and cancelled by the Warrant Agent and reflected accordingly on the register of Warrants. In the case of Uncertificated Warrants, the Warrants purchased pursuant to this Section 5.1 shall be reflected accordingly on the register of Warrants and in accordance with procedures prescribed by the Depository under the Book Based System. No Warrants shall be issued in replacement thereof.

5.2 General Covenants.

The Corporation covenants with the Warrant Agent that so long as any Warrants remain outstanding:

(a) it will reserve and keep available a sufficient number of Common Shares for the purpose of enabling it to satisfy its obligations to issue Common Shares upon the exercise of the Warrants;

(b) it will cause the Common Shares from time to time acquired pursuant to the exercise of the Warrants to be duly issued and delivered in accordance with the Warrants and the terms hereof;

(c) all Common Shares which shall be issued upon exercise of the right to acquire provided for herein shall be fully paid and non-assessable;

(d) it will use reasonable commercial efforts to maintain its corporate existence and carry on its business in the ordinary course;

(a) it will use reasonable commercial efforts to ensure that all Common Shares outstanding or issuable from time to time (including without limitation the Common Shares issuable on the exercise of the Warrants) continue to be or are listed and posted for trading on the TSXV (or such other Canadian stock exchange acceptable to the Corporation) and NASDAQ, provided that this clause shall not be construed as limiting or restricting the Corporation from completing a consolidation, amalgamation, arrangement takeover bid or merger that would result in the Common Shares ceasing to be listed and posted for trading on the TSXV or NASDAQ, so long as the holders of Common Shares receive securities of an entity which is listed on a stock exchange in Canada or the United States, or cash, or the holders of the Common Shares have approved the transaction in

accordance with the requirements of applicable corporate and securities laws and the policies of the TSXV and, to the extent applicable, NASDAQ;

(b) it will make all requisite filings under applicable Canadian securities legislation including those necessary to remain a reporting issuer not in default in each of the provinces and other Canadian jurisdictions where it is or becomes a reporting issuer; and

(c) generally, it will well and truly perform and carry out all of the acts or things to be done by it as provided in this Indenture.

5.3 Warrant Agent's Remuneration and Expenses.

The Corporation covenants that it will pay to the Warrant Agent from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Warrant Agent upon its request for all reasonable expenses, disbursements and advances incurred or made by the Warrant Agent in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its Counsel and all other advisers and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Warrant Agent hereunder shall be finally and fully performed. Any amount owing hereunder and remaining unpaid after 30 days from the invoice date will bear interest at the then current rate charged by the Warrant Agent against unpaid invoices and shall be payable upon demand. This Section shall survive the resignation of the Warrant Agent and/ or the termination of this Indenture.

5.4 Performance of Covenants by Warrant Agent.

If the Corporation shall fail to perform any of its covenants contained in this Indenture, the Warrant Agent may notify the Registered Warrantholders of such failure on the part of the Corporation or may itself perform any of the covenants capable of being performed by it but, subject to Section 9.2, shall be under no obligation to perform said covenants or to notify the Registered Warrantholders of such performance by it. All sums expended or advanced by the Warrant Agent in so doing shall be repayable as provided in Section 5.3. No such performance, expenditure or advance by the Warrant Agent shall relieve the Corporation of any default hereunder or of its continuing obligations under the covenants herein contained.

5.5 Enforceability of Warrants.

The Corporation covenants and agrees that it is duly authorized to create and issue the Warrants to be issued hereunder and that the Warrants, when issued and Authenticated as herein provided, will be valid and enforceable against the Corporation in accordance with the provisions hereof and the terms hereof and that, subject to the provisions of this Indenture, the Corporation will cause the Common Shares from time to time acquired upon exercise of Warrants issued under this Indenture to be duly issued and delivered in accordance with the terms of this Indenture.

ARTICLE 6
ENFORCEMENT

6.1 Suits by Registered Warrantholders.

All or any of the rights conferred upon any Registered Warrantholder by any of the terms of this Indenture may be enforced by the Registered Warrantholder by appropriate proceedings but without prejudice to the right which is hereby conferred upon the Warrant Agent to proceed in its own name to enforce each and all of the provisions herein contained for the benefit of the Registered Warrantholders.

6.2 Suits by the Corporation.

The Corporation shall have the right to enforce full payment of the Exercise Price of all Common Shares issued by the Warrant Agent to a Registered Warrantholder hereunder and shall be entitled to demand such payment from the Registered Warrantholder or alternatively to instruct the Warrant Agent to cancel the share certificates and amend the securities register accordingly.

6.3 Immunity of Shareholders, etc.

The Warrant Agent and the Warrantholders hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any incorporator or any past, present or future shareholder, trustee, employee or agent of the Corporation or any successor entity on any covenant, agreement, representation or warranty by the Corporation herein.

6.4 Waiver of Default.

Upon the happening of any default hereunder:

(i) the Registered Warrantholders of not less than 51% of the Warrants then outstanding shall have power (in addition to the powers exercisable by Extraordinary Resolution) by requisition in writing to instruct the Warrant Agent to waive any default hereunder and the Warrant Agent shall thereupon waive the default upon such terms and conditions as shall be prescribed in such requisition; or

(ii) the Warrant Agent shall have power to waive any default hereunder upon such terms and conditions as the Warrant Agent may deem advisable, on the advice of Counsel, if, in the Warrant Agent's opinion, based on the advice of Counsel, the same shall have been cured or adequate provision made therefor;

provided that no delay or omission of the Warrant Agent or of the Registered Warrantholders to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein and provided further that no act or omission either of the Warrant Agent or of the Registered Warrantholders in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default hereunder of the rights resulting therefrom.

ARTICLE 7
MEETINGS OF REGISTERED WARRANTHOLDERS

7.1 Right to Convene Meetings.

The Warrant Agent may at any time and from time to time, and shall on receipt of a written request of the Corporation or of a Warrantholders' Request and upon being indemnified and funded to its reasonable satisfaction by the Corporation or by the Registered Warrantholders signing such Warrantholders' Request against the costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Registered Warrantholders. If the Warrant Agent fails to so call a meeting within seven days after receipt of such written request of the Corporation or such Warrantholders' Request and the indemnity and funding given as aforesaid, the Corporation or such Registered Warrantholders, as the case may be, may convene such meeting. Every such meeting shall be held in the City of Montreal, Québec or at such other place as may be approved or determined by the Warrant Agent.

7.2 Notice.

At least 21 days' prior written notice of any meeting of Registered Warrantholders shall be given to the Registered Warrantholders in the manner provided for in Section 10.2 and a copy of such notice shall be sent by mail to the Warrant Agent (unless the meeting has been called by the Warrant Agent) and to the Corporation (unless the meeting has been called by the Corporation). Such notice shall state the time when and the place where the meeting is to be held, shall state briefly the general nature of the business to be transacted thereat and shall contain such information as is reasonably necessary to enable the Registered Warrantholders to make a reasoned decision on the matter, but it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Section 7.2.

7.3 Chairman.

An individual (who need not be a Registered Warrantholder) designated in writing by the Warrant Agent shall be chairman of the meeting and if no individual is so designated, or if the individual so designated is not present within fifteen minutes from the time fixed for the holding of the meeting, the Registered Warrantholders present in person or by proxy shall choose an individual present to be chairman.

7.4 Quorum.

Subject to the provisions of Section 7.11, at any meeting of the Registered Warrantholders a quorum shall consist of Registered Warrantholder(s) present in person or by proxy and entitled to purchase at least 20% of the aggregate number of Common Shares which could be acquired pursuant to all the then-outstanding Warrants. If a quorum of the Registered Warrantholders shall not be present within thirty minutes from the time fixed for holding any meeting, the meeting, if summoned by Registered Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day, in which case it shall be adjourned to the next following Business Day) at the same time and place and no notice of the adjournment need be given. Any business may be brought before or dealt with at an adjourned meeting which might have been dealt with at the original meeting in accordance with the notice calling the

same. No business shall be transacted at any meeting unless a quorum be present at the commencement of business. At the adjourned meeting the Registered Warrantholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened, notwithstanding that they may not be entitled to acquire at least 20% of the aggregate number of Common Shares which may be acquired pursuant to all then outstanding Warrants.

7.5 Power to Adjourn.

The chairman of any meeting at which a quorum of the Registered Warrantholders is present may, with the consent of the meeting, adjourn any such meeting, and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

7.6 Show of Hands.

Every question submitted to a meeting shall be decided in the first place by a majority of the votes given on a show of hands except that votes on an Extraordinary Resolution shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

7.7 Poll and Voting.

(a) On every Extraordinary Resolution, and on any other question submitted to a meeting and after a vote by show of hands when demanded by the chairman or by one or more of the Registered Warrantholders acting in person or by proxy and entitled to acquire in the aggregate at least 5% of the aggregate number of Common Shares which could be acquired pursuant to all the Warrants then outstanding, a poll shall be taken in such manner as the chairman shall direct. Questions other than those required to be determined by Extraordinary Resolution shall be decided by a majority of the votes cast on the poll.

(b) On a show of hands, every person who is present and entitled to vote, whether as a Registered Warrantholder or as proxy for one or more absent Registered Warrantholders, or both, shall have one vote. On a poll, each Registered Warrantholder present in person or represented by a proxy duly appointed by instrument in writing shall be entitled to one vote in respect of each Warrant then held or represented by it. A proxy need not be a Registered Warrantholder. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Warrants, if any, held or represented by him.

7.8 Regulations.

(a) The Warrant Agent, or the Corporation with the approval of the Warrant Agent, may from time to time make and from time to time vary such regulations as it shall think fit for the setting of the record date for a meeting for the purpose of determining Registered Warrantholders entitled to receive notice of and to vote at the meeting.

(b) Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as a Registered Warrantholder, or be entitled to vote or be present at the meeting in respect thereof (subject to Section 7.9), shall be Registered Warrantholders or proxies of Registered Warrantholders.

7.9 Corporation and Warrant Agent May be Represented.

The Corporation and the Warrant Agent, by their respective directors, officers, agents, and employees and the Counsel for the Corporation and for the Warrant Agent may attend any meeting of the Registered Warrantholders.

7.10 Powers Exercisable by Extraordinary Resolution.

In addition to all other powers conferred upon them by any other provisions of this Indenture or by law, the Registered Warrantholders at a meeting shall, subject to the provisions of Section 7.11, have the power exercisable from time to time by Extraordinary Resolution:

(i) to agree to any modification, abrogation, alteration, compromise or arrangement of the rights of Registered Warrantholders or the Warrant Agent in its capacity as warrant agent hereunder (subject to the Warrant Agent's prior consent, acting reasonably) or on behalf of the Registered Warrantholders against the Corporation whether such rights arise under this Indenture or otherwise;

(ii) to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Registered Warrantholders;

(iii) to direct or to authorize the Warrant Agent, subject to Section 9.2(a) hereof, to enforce any of the covenants on the part of the Corporation contained in this Indenture or to enforce any of the rights of the Registered Warrantholders in any manner specified in such Extraordinary Resolution or to refrain from enforcing any such covenant or right;

(iv) to waive, and to direct the Warrant Agent to waive, any default on the part of the Corporation in complying with any provisions of this Indenture either unconditionally or upon any conditions specified in such Extraordinary Resolution;

(v) to restrain any Registered Warrantholder from taking or instituting any suit, action or proceeding against the Corporation for the enforcement of any of the covenants on the part of the Corporation in this Indenture or to enforce any of the rights of the Registered Warrantholders;

(vi) to direct any Registered Warrantholder who, as such, has brought any suit, action or proceeding to stay or to discontinue or otherwise to deal with the same upon payment of the costs, charges and expenses reasonably and properly incurred by such Registered Warrantholder in connection therewith;

(vii) to assent to any change in or omission from the provisions contained in this Indenture or any ancillary or supplemental instrument which may be agreed to by the Corporation, and to authorize the Warrant Agent to concur in and execute any ancillary or supplemental indenture embodying the change or omission;

(viii) with the consent of the Corporation, such consent not to be unreasonably withheld, to remove the Warrant Agent or its successor in office and to appoint a new warrant agent or warrant agents to take the place of the Warrant Agent so removed; and

(ix) to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any shares or other securities of the Corporation.

7.11 Meaning of Extraordinary Resolution.

(a) The expression "**Extraordinary Resolution**" when used in this Indenture means, subject as hereinafter provided in this Section 7.11 and in Section 7.14, a resolution proposed at a meeting of Registered Warrantholders duly convened for that purpose and held in accordance with the provisions of this Article 7 at which there are present in person or by proxy Registered Warrantholders holding at least 20% of the aggregate number of Common Shares that could be acquired and passed by the affirmative votes of Registered Warrantholders holding not less than 66 ⅔% of the aggregate number of Common Shares that could be acquired at the meeting and voted on the poll upon such resolution.

(b) If, at the meeting at which an Extraordinary Resolution is to be considered, Registered Warrantholders holding at least 20% of the aggregate number of Common Shares that could be acquired are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by Registered Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case it shall stand adjourned to such day, being not less than 15 or more than 60 days later, and to such place and time as may be appointed by the chairman. Not less than 14 days' prior notice shall be given of the time and place of such adjourned meeting in the manner provided for in Section 10.2. Such notice shall state that at the adjourned meeting the Registered Warrantholders present in person or by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting the Registered Warrantholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided in Section 7.11(a) shall be an Extraordinary Resolution within the meaning of this Indenture notwithstanding that Registered Warrantholders entitled to acquire at least 20% of the aggregate number of Common Shares which may be acquired pursuant to all the then outstanding Warrants are not present in person or by proxy at such adjourned meeting.

(c) Subject to Section 7.14, votes on an Extraordinary Resolution shall always be given on a poll and no demand for a poll on an Extraordinary Resolution shall be necessary.

7.12 Powers Cumulative.

Any one or more of the powers or any combination of the powers in this Indenture stated to be exercisable by the Registered Warrantholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the right of the Registered Warrantholders to exercise such power or powers or combination of powers then or thereafter from time to time.

7.13 Minutes.

Minutes of all resolutions and proceedings at every meeting of Registered Warrantholders shall be made and duly entered in books to be provided from time to time for that purpose by the Warrant Agent at the expense of the Corporation, and any such minutes as aforesaid, if signed by the chairman or the secretary of the meeting at which such resolutions were passed or proceedings had shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly convened and held, and all resolutions passed thereat or proceedings taken shall be deemed to have been duly passed and taken.

7.14 Instruments in Writing.

All actions which may be taken and all powers that may be exercised by the Registered Warrantholders at a meeting held as provided in this Article 7 may also be taken and exercised by Registered Warrantholders holding at least 66 ⅔% of the aggregate number of all of the then outstanding Warrants by an instrument in writing signed in one or more counterparts by such Registered Warrantholders in person or by attorney duly appointed in writing, and the expression "**Extraordinary Resolution**" when used in this Indenture shall include an instrument so signed.

7.15 Binding Effect of Resolutions.

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article 7 at a meeting of Registered Warrantholders shall be binding upon all the Warrantholders, whether present at or absent from such meeting, and every instrument in writing signed by Registered Warrantholders in accordance with Section 7.14 shall be binding upon all the Warrantholders, whether signatories thereto or not, and each and every Warrantholder and the Warrant Agent (subject to the provisions for indemnity herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing.

7.16 Holdings by Corporation Disregarded.

In determining whether Registered Warrantholders holding Warrants evidencing the entitlement to acquire the required number of Common Shares are present at a meeting of Registered Warrantholders for the purpose of determining a quorum or have concurred in any consent, waiver, Extraordinary Resolution, Warrantholders' Request or other action under this Indenture, Warrants owned legally or beneficially by the Corporation shall be disregarded in accordance with the provisions of Section 10.7.

ARTICLE 8
SUPPLEMENTAL INDENTURES

8.1 Provision for Supplemental Indentures for Certain Purposes.

From time to time, the Corporation (when authorized by action of the directors) and the Warrant Agent may, subject to the provisions hereof and they shall, when so directed in accordance with the provisions hereof, execute and deliver by their proper officers, indentures or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

(i) setting forth any adjustments resulting from the application of the provisions of Article 4;

(ii) adding to the provisions hereof such additional covenants and enforcement provisions as, in the opinion of Counsel, are necessary or advisable in the premises, provided that the same are not in the opinion of the Warrant Agent, relying on the advice of Counsel, prejudicial to the interests of the Registered Warrantholders;

(iii) giving effect to any Extraordinary Resolution passed as provided in Section 7.11;

(iv) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder or for the purpose of obtaining a listing or quotation of the Warrants on any stock exchange, provided that such provisions are not, in the opinion of the Warrant Agent, relying on the advice of Counsel, prejudicial to the interests of the Registered Warrantholders;

(v) adding to or altering the provisions hereof in respect of the transfer of Warrants, making provision for the exchange of Warrants, and making any modification in the form of the Warrant Certificates which does not affect the substance thereof;

(vi) modifying any of the provisions of this Indenture, including relieving the Corporation from any of the obligations, conditions or restrictions herein contained, provided that such modification or relief shall be or become operative or effective only if, in the opinion of the Warrant Agent, relying on the advice of Counsel, such modification or relief in no way prejudices any of the rights of the Registered Warrantholders or of the Warrant Agent, and provided further that the Warrant Agent may in its sole discretion decline to enter into any such supplemental indenture which in its opinion may not afford adequate protection to the Warrant Agent when the same shall become operative;

(vii) providing for the issuance of additional Warrants hereunder, including Warrants in excess of the number set out in Section 2.1 and any consequential amendments hereto as may be required by the Warrant Agent relying on the advice of Counsel; and

(viii) for any other purpose not inconsistent with the terms of this Indenture, including the correction or rectification of any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions herein, provided that in the opinion of the Warrant Agent, relying on the advice of Counsel, the rights of the Warrant Agent and of the Registered Warrantholders are in no way prejudiced thereby.

8.2 Successor Entities.

In the case of the consolidation, amalgamation, arrangement, merger or transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to or with another entity ("**successor entity**"), the successor entity resulting from such consolidation, amalgamation, arrangement, merger or transfer (if not the Corporation) shall expressly assume, by supplemental indenture satisfactory in form to the Warrant Agent and executed and delivered to the Warrant Agent, the due and punctual performance and observance of each and every covenant and condition of this Indenture to be performed and observed by the Corporation.

ARTICLE 9
CONCERNING THE WARRANT AGENT

9.1 Trust Indenture Legislation.

(a) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of Applicable Legislation, such mandatory requirement shall prevail.

(b) The Corporation and the Warrant Agent agree that each will, at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of Applicable Legislation.

9.2 Rights and Duties of Warrant Agent.

(a) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Warrant Agent shall exercise that degree of care, diligence and skill that a reasonably prudent warrant agent would exercise in comparable circumstances. No provision of this Indenture shall be construed to relieve the Warrant Agent from liability for its own gross negligent action, wilful misconduct, bad faith or fraud under this Indenture.

(b) The obligation of the Warrant Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Warrant Agent or the Registered Warrantholders hereunder shall be conditional upon the Registered Warrantholders furnishing, when required by notice by the Warrant Agent, sufficient funds to commence or to continue such act, action or proceeding and an indemnity reasonably satisfactory to the Warrant Agent to protect and to hold harmless the Warrant Agent and its officers, directors, employees and agents, against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this Indenture shall require the Warrant Agent to expend or to risk its own funds or otherwise to incur financial liability

in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified and funded as aforesaid.

(c) The Warrant Agent may, before commencing or at any time during the continuance of any such act, action or proceeding, require the Registered Warrantholders, at whose instance it is acting to deposit with the Warrant Agent the Warrants Certificates held by them, for which Warrants the Warrant Agent shall issue receipts.

(d) Every provision of this Indenture that by its terms relieves the Warrant Agent of liability or entitles it to rely upon any evidence submitted to it is subject to the provisions of Applicable Legislation.

9.3 Evidence, Experts and Advisers.

(a) In addition to the reports, certificates, opinions and other evidence required by this Indenture, the Corporation shall furnish to the Warrant Agent such additional evidence of compliance with any provision hereof, and in such form, as may be prescribed by Applicable Legislation or as the Warrant Agent may reasonably require by written notice to the Corporation.

(b) In the exercise of its rights and duties hereunder, the Warrant Agent may, if it is acting in good faith, rely as to the truth of the statements and the accuracy of the opinions expressed in statutory declarations, opinions, reports, written requests, consents, or orders of the Corporation, certificates of the Corporation or other evidence furnished to the Warrant Agent pursuant to a request of the Warrant Agent, provided that such evidence complies with Applicable Legislation and that the Warrant Agent complies with Applicable Legislation and that the Warrant Agent examines the same and determines that such evidence complies with the applicable requirements of this Indenture.

(c) Whenever it is provided in this Indenture or under Applicable Legislation that the Corporation shall deposit with the Warrant Agent resolutions, certificates, reports, opinions, requests, orders or other documents, it is intended that the truth, accuracy and good faith on the effective date thereof and the facts and opinions stated in all such documents so deposited shall, in each and every such case, be conditions precedent to the right of the Corporation to have the Warrant Agent take the action to be based thereon.

(d) The Warrant Agent may employ or retain such Counsel, accountants, appraisers or other experts or advisers as it may reasonably require for the purpose of discharging its duties hereunder and may pay reasonable remuneration for all services so performed by any of them, without taxation of costs of any Counsel, and shall not be responsible for any misconduct or negligence on the part of any such experts or advisers who have been appointed with due care by the Warrant Agent.

(e) The Warrant Agent may act and rely and shall be protected in acting and relying in good faith on the opinion or advice of or information obtained from any Counsel, accountant, appraiser, engineer or other expert or adviser, whether retained or employed by the

Corporation or by the Warrant Agent, in relation to any matter arising in the administration of the agency hereof.

9.4 Documents, Monies, etc. Held by Warrant Agent.

(a) Any monies, securities, documents of title or other instruments that may at any time be held by the Warrant Agent shall be placed in the deposit vaults of the Warrant Agent or of any Canadian chartered bank listed in Schedule I of the Bank Act (Canada), or deposited for safekeeping with any such bank. Any monies held pending the application or withdrawal thereof under any provisions of this Indenture, shall be held, invested and reinvested in Permitted Investments as directed in writing by the Corporation. Permitted Investments shall be treasury bills guaranteed by the Government of Canada having a term to maturity not to exceed ninety (90) days, or term deposits or bankers' acceptances of a Canadian chartered bank having a term to maturity not to exceed ninety (90) days, or such other investments that is in accordance with the Warrant Agent's standard type of investments. Unless otherwise specifically provided herein, all interest or other income received by the Warrant Agent in respect of such deposits and investments shall belong to the Corporation.

(b) Any written direction for the investment or release of funds received shall be received by the Warrant Agent by 9:00 a.m. (Montreal time) on the Business Day on which such investment or release is to be made, failing which such direction will be handled on a commercially reasonable efforts basis and may result in funds being invested or released on the next Business Day.

(c) The Warrant Agent shall have no responsibility or liability for any diminution of any funds resulting from any investment made in accordance with this Indenture, including any losses on any investment liquidated prior to maturity in order to make a payment required hereunder.

(d) In the event that the Warrant Agent does not receive a direction or only a partial direction, the Warrant Agent may hold cash balances constituting part or all of such monies and may, but need not, invest same in its deposit department, the deposit department of one of its affiliates, or the deposit department of a Canadian chartered bank; but the Warrant Agent, its affiliates or a Canadian chartered bank shall not be liable to account for any profit to any parties to this Indenture or to any other person or entity.

9.5 Actions by Warrant Agent to Protect Interest.

The Warrant Agent shall have power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Registered Warrantholders.

9.6 Warrant Agent Not Required to Give Security.

The Warrant Agent shall not be required to give any bond or security in respect of the execution of the agency and powers of this Indenture or otherwise in respect of the premises.

9.7 Protection of Warrant Agent.

By way of supplement to the provisions of any law for the time being relating to the Warrant Agent it is expressly declared and agreed as follows:

(i) the Warrant Agent shall not be liable for or by reason of any statements of fact or recitals in this Indenture or in the Warrant Certificates (except the representation contained in Section 9.9 or in the authentication of the Warrant Agent on the Warrant Certificates) or be required to verify the same, but all such statements or recitals are and shall be deemed to be made by the Corporation;

(ii) nothing herein contained shall impose any obligation on the Warrant Agent to see to or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto;

(iii) the Warrant Agent shall not be bound to give notice to any person or persons of the execution hereof;

(iv) the Warrant Agent shall not incur any liability or responsibility whatever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of its covenants herein contained or of any acts of any directors, officers, employees, agents or servants of the Corporation;

(v) the Corporation hereby indemnifies and agrees to hold harmless the Warrant Agent, its affiliates, their officers, directors, employees, agents, successors and assigns from and against any and all liabilities, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including legal fees and disbursements of whatever kind and nature which may at any time be imposed on or incurred by or asserted against the Warrant Agent, whether groundless or otherwise, arising from or out of any act, omission or error of the Warrant Agent, provided that the Corporation shall not be required to indemnify the Warrant Agent in the event of the gross negligence or wilful misconduct of the Warrant Agent, and this provision shall survive the resignation or removal of the Warrant Agent or the termination or discharge of this Indenture; and

(vi) notwithstanding the foregoing or any other provision of this Indenture, any liability of the Warrant Agent shall be limited, in the aggregate, to the amount of annual retainer fees paid by the Corporation to the Warrant Agent under this Indenture in the twelve (12) months immediately prior to the Warrant Agent receiving the first notice of the claim. Notwithstanding any other provision of this Indenture, and whether such losses or damages are foreseeable or unforeseeable, the Warrant Agent shall not be liable under any circumstances whatsoever for any: (a) breach by any other party of Applicable Securities Laws; (b) lost profits; or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

9.8 Replacement of Warrant Agent; Successor by Merger.

(a) The Warrant Agent may resign its agency and be discharged from all further duties and liabilities hereunder, subject to this Section 9.8, by giving to the Corporation not less than 60 days' prior notice in writing or such shorter prior notice as the Corporation may accept as sufficient. The Registered Warrantholders by Extraordinary Resolution shall have power at any time to remove the existing Warrant Agent and to appoint a new warrant agent. In the event of the Warrant Agent resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new Warrant Agent unless a new Warrant Agent has already been appointed by the Registered Warrantholders; failing such appointment by the Corporation, the retiring Warrant Agent or any Registered Warrantholder may apply to a judge of the Superior Court of the Province of Québec on such notice as such judge may direct, for the appointment of a new Warrant Agent; but any new Warrant Agent so appointed by the Corporation or by the Court shall be subject to removal as aforesaid by the Registered Warrantholders. Any new Warrant Agent appointed under any provision of this Section 9.8 shall be an entity authorized to carry on the business of a trust company in the Province of Québec and, if required by the Applicable Legislation for any other provinces, in such other provinces. On any such appointment the new warrant agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Warrant Agent hereunder.

(b) Upon the appointment of a successor warrant agent, the Corporation shall promptly notify the Registered Warrantholders thereof in the manner provided for in Section 10.2.

(c) Any Warrant Authenticated but not delivered by a predecessor Warrant Agent may be Authenticated by the successor Warrant Agent in the name of the predecessor or successor Warrant Agent.

(d) Any corporation into which the Warrant Agent may be merged or consolidated or amalgamated, or any corporation resulting therefrom to which the Warrant Agent shall be a party, or any corporation succeeding to substantially the corporate trust business of the Warrant Agent shall be the successor to the Warrant Agent hereunder without any further act on its part or any of the parties hereto, provided that such corporation would be eligible for appointment as successor Warrant Agent under Section 9.8(a).

9.9 Conflict of Interest.

(a) The Warrant Agent represents to the Corporation that to the best of its knowledge, at the time of execution and delivery hereof no material conflict of interest exists between its role as a Warrant Agent hereunder and its role in any other capacity and agrees that in the event of a material conflict of interest arising hereafter it will, within 90 days after ascertaining that it has such material conflict of interest, either eliminate the same or assign its agency hereunder to a successor Warrant Agent approved by the Corporation and meeting the requirements set forth in Section 9.8(a). Notwithstanding the foregoing provisions of this Section 9.9(a), if any such material conflict of interest exists or hereafter shall exist, the validity and enforceability of this Indenture and the Warrant

Certificate, if applicable, shall not be affected in any manner whatsoever by reason thereof.

(b) Subject to Section 9.9(a), the Warrant Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Corporation and generally may contract and enter into financial transactions with the Corporation without being liable to account for any profit made thereby.

9.10 Acceptance of Agency.

The Warrant Agent hereby accepts the agency in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth.

9.11 Warrant Agent Not to be Appointed Receiver.

The Warrant Agent and any person related to the Warrant Agent shall not be appointed a receiver, a receiver and manager or liquidator of all or any part of the assets or undertaking of the Corporation.

9.12 Warrant Agent Not Required to Give Notice of Default.

The Warrant Agent shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereby unless and until it shall have been required so to do under the terms hereof; nor shall the Warrant Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall distinctly specify the default desired to be brought to the attention of the Warrant Agent and the Warrant Agent shall promptly provide the Warrantholders with any such notice and in the absence of any such notice the Warrant Agent may for all purposes of this Indenture conclusively assume that no default has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained herein. Any such notice shall in no way limit any discretion herein given to the Warrant Agent to determine whether or not the Warrant Agent shall take action with respect to any default.

9.13 Anti-Money Laundering.

(a) Each party to this Agreement other than the Warrant Agent hereby represents to the Warrant Agent that any account to be opened by, or interest to be held by the Warrant Agent in connection with this Agreement, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Warrant Agent's prescribed form as to the particulars of such third party.

(b) The Warrant Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Warrant Agent, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline. Further, should the Warrant Agent, in its sole judgment, determine at any time that its acting under this Indenture has resulted in

its being in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline, then it shall have the right to resign on 10 days written notice to the other parties to this Indenture, provided (i) that the Warrant Agent's written notice shall describe the circumstances of such non-compliance; (ii) that if such circumstances are rectified to the Warrant Agent's satisfaction within such 10 day period, then such resignation shall not be effective.

9.14 Compliance with Privacy Code.

Each party to this Agreement acknowledges that the Warrant Agent may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

(i) to provide the services required under this Indenture and other services that may be requested from time to time;

(ii) to help the Warrant Agent manage its servicing relationships with such individuals;

(iii) to meet the Warrant Agent's legal and regulatory requirements; and

(iv) if Social Insurance Numbers are collected by the Warrant Agent, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

Each party to this Agreement acknowledges and agrees that the Warrant Agent may receive, collect, use and disclose personal information provided to it or acquired by it in the course of its acting as agent hereunder for the purposes described above and, generally, in the manner and on the terms described in its Privacy Code, which the Warrant Agent shall make available on its website or upon request, including revisions thereto. The Warrant Agent may transfer personal information to other companies in or outside of Canada that provide data processing and storage or other support in order to facilitate the service it provides.

Further, the Corporation agrees that it shall not provide or cause to be provided to the Warrant Agent any personal information relating to an individual who is not a party to this Indenture unless the Corporation has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

9.15 Securities Exchange Commission Certification.

The Corporation confirms that it has either (i) a class of securities registered pursuant to Section 12 of the U.S. Securities Exchange Act of 1934, as amended (the "**1934 Act**"); or (ii) a reporting obligation pursuant to Section 15(d) of the Act, and has provided the Warrant Agent with an Officers' Certificate (in a form provided by the Warrant Agent) certifying such reporting obligation and other information as requested by the Warrant Agent. The Corporation covenants that in the event that any such registration or reporting obligation shall be terminated by the Corporation in accordance with the 1934 Act, the Corporation shall promptly notify the Warrant Agent of such termination and such other information as the Warrant Agent may require at the

time. The Corporation acknowledges that the Warrant Agent is relying upon the foregoing representation and covenants in order to meet certain SEC obligations with respect to those clients who are filing with the SEC.

ARTICLE 10
GENERAL

10.1 Notice to the Corporation and the Warrant Agent.

(a) Unless herein otherwise expressly provided, any notice to be given hereunder to the Corporation or the Warrant Agent shall be deemed to be validly given if delivered, sent by registered letter, postage prepaid or faxed:

(i) If to the Corporation:

Acasti Pharma Inc.
545 Promenade du Centropolis, Suite 100, Laval, Québec, Canada, H7T 0A3
Attention: Chief Financial Officer
Telecopy: (450) 687-2272

(ii) If to the Warrant Agent:

Computershare Trust Company of Canada
1500 boul. Robert-Bourassa, 7th Floor, Montréal, Québec, Canada, H3A 3S8
Attention: General Manager, Corporate Trust
Telecopy: (514) 982-7677

and any such notice delivered in accordance with the foregoing shall be deemed to have been received and given on the date of delivery or, if mailed, on the fifth Business Day following the date of mailing such notice or, if telecopied, on the next Business Day following the date of transmission.

(b) The Corporation or the Warrant Agent, as the case may be, may from time to time notify the other in the manner provided in Section 10.1(a) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Corporation or the Warrant Agent, as the case may be, for all purposes of this Indenture.

(c) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrant Agent or to the Corporation hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if it is delivered to the named officer of the party to which it is addressed, as provided in Section 10.1(a), or given by facsimile or other means of prepaid, transmitted and recorded communication.

10.2 Notice to Registered Warrantholders.

(a) Unless otherwise provided herein, notice to the Registered Warrantholders under the provisions of this Indenture shall be valid and effective if delivered or sent by ordinary prepaid post addressed to such holders at their post office addresses appearing on the

register hereinbefore mentioned and shall be deemed to have been effectively received and given on the date of delivery or, if mailed, on the third Business Day following the date of mailing such notice. In the event that Warrants are held in the name of the Depository, a copy of such notice shall also be sent by electronic communication to the Depository and shall be deemed received and given on the next Business Day it is so sent.

(b) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Registered Warrantholders hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if it is delivered to such Registered Warrantholders to the address for such Registered Warrantholders contained in the register maintained by the Warrant Agent or such notice may be given, at the Corporation's expense, by means of publication in the Globe and Mail, National Edition, or any other English language daily newspaper or newspapers of general circulation in Canada, in the first such notice to be published within five business days of such event, each two successive weeks, and any so notice published shall be deemed to have been received and given on the latest date the publication takes place.

10.3 Ownership of Warrants.

The Corporation and the Warrant Agent may deem and treat the Registered Warrantholders as the absolute owner thereof for all purposes, and the Corporation and the Warrant Agent shall not be affected by any notice or knowledge to the contrary except where the Corporation or the Warrant Agent is required to take notice by statute or by order of a court of competent jurisdiction. The receipt of any such Registered Warrantholder of the Common Shares which may be acquired pursuant thereto shall be a good discharge to the Corporation and the Warrant Agent for the same and neither the Corporation nor the Warrant Agent shall be bound to inquire into the title of any such holder except where the Corporation or the Warrant Agent is required to take notice by statute or by order of a court of competent jurisdiction.

10.4 Counterparts.

This Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution they shall be deemed to be dated as of the date hereof. Delivery of an executed copy of the Indenture by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Indenture as of the date hereof.

10.5 Satisfaction and Discharge of Indenture.

Upon the earlier of:

(i) the date by which there shall have been delivered to the Warrant Agent for exercise or cancellation all Warrants theretofore Authenticated hereunder, in the case of Certificated Warrants, or by way of a Transaction Instruction (or such other instructions, in a form satisfactory to the Warrant Agent), in the case of

Uncertificated Warrants, or by way of standard processing through the Book Based System in the case of a CDS Global Warrant; and

(ii) the Expiry Time;

and if all certificates or other entry on the register representing Common Shares required to be issued in compliance with the provisions hereof have been issued and delivered hereunder or to the Warrant Agent in accordance with such provisions, this Indenture shall cease to be of further effect and the Warrant Agent, on demand of and at the cost and expense of the Corporation and upon delivery to the Warrant Agent of a certificate of the Corporation stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture. Notwithstanding the foregoing, the indemnities provided to the Warrant Agent by the Corporation hereunder shall remain in full force and effect and survive the termination of this Indenture.

10.6 Provisions of Indenture and Warrants for the Sole Benefit of Parties and Registered Warrantholders.

Nothing in this Indenture or in the Warrants, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the Registered Warrantholders, as the case may be, any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision herein or therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Registered Warrantholders.

10.7 Common Shares or Warrants Owned by the Corporation or its Subsidiaries – Certificate to be Provided.

For the purpose of disregarding any Warrants owned legally or beneficially by the Corporation in Section 7.16, the Corporation shall provide to the Warrant Agent, from time to time, a certificate of the Corporation setting forth as at the date of such certificate:

(i) the names (other than the name of the Corporation) of the Registered Warrantholders which, to the knowledge of the Corporation, hold Warrants which are owned by or held for the account of the Corporation; and

(ii) the number of Warrants owned legally or beneficially by the Corporation,

and the Warrant Agent, in making the computations in Section 7.16, shall be entitled to rely on such certificate without any additional evidence.

10.8 Severability.

If, in any jurisdiction, any provision of this Indenture or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision will, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Indenture and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other parties or circumstances.

10.9 Force Majeure.

No party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.

10.10 Assignment, Successors and Assigns.

Neither of the parties hereto may assign its rights or interest under this Indenture, except as provided in Section 9.8 in the case of the Warrant Agent, or as provided in Section 8.2 in the case of the Corporation. Subject thereto, this Indenture shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

10.11 Rights of Rescission and Withdrawal for Holders.

Should a holder of Warrants exercise any legal, statutory, contractual or other right of withdrawal or rescission that may be available to it, and the holder's funds which were paid on exercise have already been released to the Corporation by the Warrant Agent, the Warrant Agent shall not be responsible for ensuring the exercise is cancelled and a refund is paid back to the holder. In such cases, the holder shall seek a refund directly from the Corporation and subsequently, the Corporation, upon surrender to the Corporation or the Warrant Agent of any Common Shares that may have been issued, or such other procedure as agreed to by the parties hereto, shall instruct the Warrant Agent in writing, to cancel the exercise transaction and any such Common Shares on the register, which may have already been issued upon the Warrant exercise. In the event that any payment is received from the Corporation by virtue of the holder being a shareholder for such Warrants that were subsequently rescinded, such payment must be returned by the Corporation to such holder. The Warrant Agent shall not be under any duty or obligation to take any steps to ensure or enforce that the funds are returned pursuant to this section, nor shall the Warrant Agent be in any other way responsible in the event that any payment is not delivered or received pursuant to this section. Notwithstanding the foregoing, in the event that the Corporation provides the refund to the Warrant Agent for distribution to the holder, the Warrant Agent shall return such funds to the holder as soon as reasonably practicable, and in so doing, the Warrant Agent shall incur no liability with respect to the delivery or non-delivery of any such funds.

10.12 Language

The parties hereto confirm their express wish that this Indenture and all documents and agreements directly or indirectly relating thereto be drawn up in the English language. Notwithstanding such express wish, the parties agree that any such document or agreement, or any part thereof or of this Indenture, may be drawn up in the French language. *Les parties aux présentes confirment leur volonté expresse que la présente convention ainsi que tous les documents et conventions s'y rattachant directement ou indirectement soient rédigés en anglais. Nonobstant cette volonté expresse, les parties aux présentes conviennent que la présente*

convention ainsi que tous les documents et conventions s'y rattachant directement ou indirectement, ou toute partie de ceux-ci, puissent être rédigés en français.

[Signature page follows]

IN WITNESS WHEREOF the parties hereto have executed this Indenture under the hands of their proper officers in that behalf as of the date first written above.

ACASTI PHARMA INC.

By: _____

Name: Jan D'Alvise
Title: President and Chief Executive Officer

COMPUTERSHARE TRUST COMPANY OF CANADA

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE "A"
FORM OF WARRANT CERTIFICATE

[For all Warrants sold outside the United States and registered in the name of the Depository, include the following legend:]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (" **CDS**") TO ACASTI PHARMA INC. (THE " **ISSUER**") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.

[*If applicable, each Warrant Certificate originally issued for the benefit or account of a U.S. Warrantholder and each Warrant Certificate issued in exchange therefor or in substitution thereof, shall bear the following legends or such variations thereof as the Corporation may prescribe:]* **THIS WARRANT AND THE SECURITIES DELIVERABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR ANY STATE SECURITIES LAWS, AND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO ACASTI PHARMA INC. (THE "CORPORATION") (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) WITHIN THE UNITED STATES IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (1) RULE 144A UNDER THE U.S. SECURITIES ACT OR (2) IF AVAILABLE, RULE 144 UNDER THE U.S. SECURITIES ACT AND, IN EACH CASE, IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(2) OR (D) ABOVE, A LEGAL OPINION SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED TO COMPUTERSHARE TRUST COMPANY OF CANADA TO THE EFFECT THAT SUCH TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD**

DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

THE SECURITIES EVIDENCED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OR U.S. STATE SECURITIES LAWS. THESE WARRANTS MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON UNLESS AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS IS AVAILABLE AND THE CORPORATION HAS RECEIVED AN OPINION OF COUNSEL OF RECOGNIZED STANDING TO SUCH EFFECT IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT. IF REQUESTED BY THE CORPORATION, THE HOLDER AGREES TO PROVIDE THE INFORMATION NECESSARY TO DETERMINE WHETHER THE TRANSFER OR EXERCISE OF THIS WARRANT IS PERMISSIBLE UNDER THE U.S. SECURITIES ACT."]

SUBJECT TO THE CORPORATION'S ACCELERATION RIGHT, THE WARRANTS EVIDENCED HEREBY ARE EXERCISABLE AT OR BEFORE 5:00 P.M. (MONTREAL TIME) ON FEBRUARY 21, 2022, AFTER WHICH TIME THE WARRANTS EVIDENCED HEREBY SHALL BE DEEMED TO BE VOID AND OF NO FURTHER FORCE OR EFFECT.

WARRANT

To acquire Common Shares of

ACASTI PHARMA INC.

(incorporated pursuant to the laws of the Province of Québec)

Warrant Certificate No. ●

Certificate for _____

Warrants, each entitling the holder to acquire one (1) Common Share subject to adjustment in accordance with the terms of the Warrant Indenture

CUSIP: ●

ISIN: ●

THIS IS TO CERTIFY THAT, for value received,

_____

(the "**Warrantholder**") is the registered holder of the number of common share purchase warrants (the " **Warrants**") of Acasti Pharma Inc. (the "**Corporation**") specified above, and is entitled, on exercise of these Warrants upon and subject to the terms and conditions set forth herein and in the Warrant Indenture hereinafter referred to, to purchase at any time before 5:00 p.m. (Montreal time) (the "**Expiry Time**") on February 21, 2022 (the " **Expiry Date**"), subject to the Acceleration Right, one fully paid and non-assessable common share without par value in the capital of the Corporation as constituted on the date hereof (a "**Common Share**") for each Warrant subject to adjustment in accordance with the terms of the Warrant Indenture.

For the purpose of this Warrant Certificate and the Warrant Indenture, "Acceleration Right" means the right of the Company to accelerate the Expiry Date to a date that is not the less than 30 days following delivery of the Acceleration Notice if, at any time at least four months following the Effective Date, the volume weighted average trading price of the Common Shares equals or exceeds $2.65 for a period of 20 consecutive trading dates on the TSXV.

The Warrants evidenced hereby are exercisable at or before 5:00 p.m. (Montreal time) on February 21, 2022 after which time the warrants evidenced hereby shall be deemed to be void and of no further force or effect.

The right to purchase Common Shares may only be exercised by the Warrantholder within the time set forth above by:

(a) duly completing and executing the exercise form (the " **Exercise Form**") attached hereto; and

(b) surrendering this warrant certificate (the " **Warrant Certificate** "), with the Exercise Form to the Warrant Agent at the principal office of the Warrant Agent, in the city of Montreal, Québec, together with a certified cheque, bank draft or money order in the lawful money of Canada payable to or to the order of the Corporation in an amount equal to the aggregate Exercise Price (as defined herein) for the Common Shares so subscribed for.

The surrender of this Warrant Certificate, the duly completed Exercise Form and payment as provided above will be deemed to have been effected only on personal delivery thereof to, or if sent by mail or other means of transmission on actual receipt thereof by, the Warrant Agent at its principal office as set out above.

Subject to adjustment thereof in the events and in the manner set forth in the Warrant Indenture hereinafter referred to, the exercise price payable for each Common Share upon the exercise of the Warrants shall be CAD$2.15 per Common Share (the "**Exercise Price**") .

Certificates for the Common Shares subscribed for will be mailed to the persons specified in the Exercise Form at their respective addresses specified therein or, if so specified in the Exercise Form, delivered to such persons at the office where this Warrant Certificate is surrendered. If fewer Common Shares are purchased than the number that can be purchased pursuant to this Warrant Certificate, the holder hereof will be entitled to receive without charge a new Warrant Certificate in respect of the balance of the Common Shares not so purchased. No fractional Common Shares will be issued upon exercise of any Warrant.

This Warrant Certificate evidences Warrants of the Corporation issued or issuable under the provisions of a warrant indenture (which indenture together with all other instruments supplemental or ancillary thereto is herein referred to as the "**Warrant Indenture**") dated as of February 21, 2017 between the Corporation and Computershare Trust Company of Canada, as Warrant Agent, to which Warrant Indenture reference is hereby made for particulars of the rights of the holders of Warrants, the Corporation and the Warrant Agent in respect thereof and the terms and conditions on which the Warrants are issued and held, all to the same effect as if the provisions of the Warrant Indenture were herein set forth, to all of which the holder, by acceptance hereof, assents. The Corporation will furnish to the holder, on request and without charge, a copy of the Warrant Indenture.

The Warrants evidenced hereby shall not be exercised by any U.S. Warrantholder, or any other person requesting delivery of the Common Shares issuable upon exercise of the Warrants in or into the United States must (a) provide a completed and executed U.S. Purchaser Letter or (b) an opinion of counsel of recognised standing in form and substance reasonably satisfactory to the Corporation and the Warrant Agent that the exercise and delivery is exempt from the registration requirements of applicable securities laws of any state of the United States and the U.S. Securities Act; *provided, however* a U.S. Warrantholder that is the original purchaser of Warrants and who has delivered the U.S. Accredited Investor Certificate attached to the subscription agreement of the Corporation in connection with its purchase of Units pursuant to the U.S. Placement, will not be required to deliver a U.S. Purchaser Letter or an opinion of counsel in connection with the due exercise of the Warrant at a time when the representations, warranties and covenants made by the Warrantholder in the U.S. Accredited Investor Certificate remain true and correct and the Warrantholder represents to the Corporation as such.

On presentation at the principal office of the Warrant Agent as set out above, subject to the provisions of the Warrant Indenture and on compliance with the reasonable requirements of the Warrant Agent, one or more Warrant Certificates may be exchanged for one or more Warrant Certificates entitling the holder thereof to purchase in the aggregate an equal number of Common Shares as are purchasable under the Warrant Certificate(s) so exchanged.

The Warrant Indenture contains provisions for the adjustment of the Exercise Price per Common Share upon the exercise of Warrants and the number of Common Shares issuable upon the exercise of Warrants in the events and in the manner set forth therein.

The Warrant Indenture also contains provisions making binding on all holders of Warrants outstanding thereunder resolutions passed at meetings of holders of Warrants held in accordance with the provisions of the Warrant Indenture and instruments in writing signed by Warrantholders entitled to purchase a specific majority of the Common Shares that can be purchased pursuant to such Warrants.

Nothing contained in this Warrant Certificate, the Warrant Indenture or elsewhere shall be construed as conferring upon the holder hereof any right or interest whatsoever as a holder of Common Shares or any other right or interest except as herein and in the Warrant Indenture expressly provided. In the event of any discrepancy between anything contained in this Warrant Certificate and the terms and conditions of the Warrant Indenture, the terms and conditions of the Warrant Indenture shall govern.

Warrants may only be transferred in compliance with the conditions of the Warrant Indenture on the register to be kept by the Warrant Agent in Montreal, Québec, or such other registrar as the Corporation, with the approval of the Warrant Agent, may appoint at such other place or places, if any, as may be designated, upon surrender of this Warrant Certificate to the Warrant Agent or other registrar accompanied by a written instrument of transfer in form and execution satisfactory to the Warrant Agent or other registrar and upon compliance with the conditions prescribed in the Warrant Indenture and with such reasonable requirements as the Warrant Agent or other registrar may prescribe and upon the transfer being duly noted thereon by the Warrant Agent or other registrar. Time is of the essence hereof.

This Warrant Certificate will not be valid for any purpose until it has been countersigned by or on behalf of the Warrant Agent from time to time under the Warrant Indenture.

The parties hereto have declared that they have required that these presents and all other documents related hereto be in the English language. *Les parties aux présentes déclarent qu'elles ont exigé que la présente convention, de même que tous les documents s'y rapportant, soient rédigés en anglais*.

[Signature page follows]

IN WITNESS WHEREOF the Corporation has caused this Warrant Certificate to be duly executed as of _____, _____.

ACASTI PHARMA INC.

By: _____
Authorized Signatory

Countersigned and Registered by:

COMPUTERSHARE TRUST COMPANY OF CANADA

By: _____
Authorized Signatory

Date: _____

SCHEDULE "B"

FORM OF TRANSFER CERTIFICATE

To: Computershare Trust Company of Canada

RE: Transfer of Warrants under the Warrant Indenture (the " **Warrant Indenture**"), dated as of February 21, 2017, between Acasti Pharma Inc. (the "**Corporation**") and Computershare Trust Company of Canada, as Warrant Agent

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers to

_____

_____

(print name and address) the Warrants represented by this Warrants Certificate and hereby irrevocable constitutes and appoints _____ as its attorney with full power of substitution to transfer the said securities on the appropriate register of the Warrant Agent. Capitalized terms used herein and not otherwise defined have the meanings set forth in the Warrant Indenture.

In the case of a warrant certificate that contains a U.S. Warrant Legend, the undersigned hereby represents, warrants and certifies that (one (only) of the following must be checked):

☐ (A) the transfer is being made only to the Corporation;

☐ (B) the transfer is being made outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act, and in compliance with any applicable local securities laws and regulations and the holder has provided herewith the Declaration for Removal of Legend attached as Schedule "D" to the Warrant Indenture, or

☐ (C) the transfer is being made within the United States or to, or for the account or benefit of, U.S. Persons, in accordance in accordance with the exemption from registration under the U.S. Securities Act provided by (i) Rule 144A under the U.S. Securities Act, (ii) if available, Rule 144 under the U.S. Securities Act and, in each case, in compliance with applicable state securities laws, or (iii) in a transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws, and the undersigned has furnished to the Corporation and the Warrant Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation and the Warrant Agent to such effect.

In the case of a warrant certificate that does not contain a U.S. Warrant Legend, if the proposed transfer is to, or for the account or benefit of a U.S. Warrantholder or to a person in the United States, the undersigned hereby represents, warrants and certifies that the transfer of the Warrants is being completed pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws, in which case the undersigned has furnished to the Corporation and the Warrant Agent an opinion of counsel of recognized

standing in form and substance reasonably satisfactory to the Corporation and the Warrant Agent to such effect.

☐ If transfer is to a U.S. Person, check this box.

DATED this ____ day of_____, 20____.

SPACE FOR GUARANTEES OF SIGNATURES (BELOW)	_____ Signature of Transferor
_____ Guarantor's Signature/Stamp	_____ Name of Transferor

REASON FOR TRANSFER – For US Residents only (where the individual(s) or corporation receiving the securities is a US resident). Please select only one (see instructions below).

☐ Gift ☐ Estate ☐ Private Sale ☐ Other (or no change in ownership)

Date of Event (Date of gift, death or sale): Value per Warrant on the date of event:

/ /	**$** .	☐ **CAD OR** ☐ **USD**

CERTAIN REQUIREMENTS RELATING TO TRANSFERS – READ CAREFULLY

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. All securityholders or a legally authorized representative must sign this form. The signature(s) on this form must be guaranteed in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. Notarized or witnessed signatures are not acceptable as guaranteed signatures. As at the time of closing, you may choose one of the following methods (although subject to change in accordance with industry practice and standards):

- **Canada and the USA:** A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "*Medallion Guaranteed*", with the correct prefix covering the face value of the certificate.

- **Canada:** A Signature Guarantee obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust. The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed", sign and print their full name and alpha numeric signing number. Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program. For corporate holders, corporate signing resolutions, including certificate of incumbency, are also required to accompany the transfer, unless there is a "Signature & Authority to Sign Guarantee" Stamp affixed to the transfer (as opposed to a "Signature Guaranteed" Stamp) obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a Medallion Signature Guarantee with the correct prefix covering the face value of the certificate.

- **Outside North America:** For holders located outside North America, present the certificates(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

OR

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed by an authorized officer of Royal Bank of Canada, Scotia Bank or TD Canada Trust whose sample signature(s) are on file with the transfer agent, or by a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED", "MEDALLION GUARANTEED" OR "SIGNATURE & AUTHORITY TO SIGN GUARANTEE", all in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. For corporate holders, corporate signing resolutions, including certificate of incumbency, will also be required to accompany the transfer unless there is a "SIGNATURE & AUTHORITY TO SIGN GUARANTEE" Stamp affixed to the Form of Transfer obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a "MEDALLION GUARANTEED" Stamp affixed to the Form of Transfer, with the correct prefix covering the face value of the certificate.

REASON FOR TRANSFER – FOR US RESIDENTS ONLY

Consistent with US IRS regulations, Computershare is required to request cost basis information from US securityholders. Please indicate the reason for requesting the transfer as well as the date of event relating to the reason. The event date is not the day in which the transfer is finalized, but rather the date of the event which led to the transfer request (i.e. date of gift, date of death of the securityholder, or the date the private sale took place).

SCHEDULE "C"

EXERCISE FORM

TO: Acasti Pharma Inc. **AND TO**: Computershare Trust Company of Canada c/o of Corporate Trust Services 1500 Robert Bourassa Street, Suite 700 Montréal, Québec H3A 3S8 Attention: Manager, Corporate Trust	**OR TO**: Computershare Trust Company of Canada c/o of Corporate Trust Services 100 University Avenue, Suite 800 Toronto, ON M5J 2Y1 Attention: Manager, Corporate Trust

The undersigned hereby exercises the right of such holder to be issued, and hereby subscribes for, Common Shares that are issuable pursuant to the exercise of such Warrants on the terms specified in such Warrant Certificate and in the Warrant Indenture dated February 21, 2017 between Computershare Trust Company of Canada and Acasti Pharma Inc. (the "**Warrant Indenture**").

The undersigned holder of the Warrants evidenced by this Warrant Certificate hereby exercises the right to acquire _____ Common Shares of Acasti Pharma Inc. for an aggregate purchase price of CAD$_____.

☐ Please check if this Exercise Form is being exercised by or on behalf of a U.S. Warrantholder, or in connection with a request for delivery of the Common Shares issuable upon exercise of the Warrants in or into the United States (in which case, additional documentation and certifications may be required).

Exercise Price Payable: equals CAD$2.15 for each Common Share, subject to adjustment in accordance with the Warrant Indenture.

Capitalized terms used herein have the meaning ascribed to them in the Warrant Indenture.

The undersigned hereby irrevocably directs that the said Common Shares be issued, registered and delivered as follows:

Name(s) in Full	**Address(es)**	**Number of Common Shares**

Please print full name in which certificates representing the Common Shares are to be issued. If any Common Shares are to be issued to a person or persons other than the registered holder, the registered holder must pay to the Warrant Agent all exigible transfer taxes or other government charges, if any, and the Form of Transfer must be duly executed.

Once completed and executed, this Exercise Form must be mailed or delivered to Computershare Trust Company of Canada, c/o Corporate Trust Services, 1500 Robert Bourassa Street, Suite 700, Montréal, Quebec H3A 3S8.

It is understood that the Corporation and Computershare Trust Company of Canada may require evidence to verify the foregoing representation.

DATED _____, 20__.

Witness

Signature of Warrantholder, to be the same as appears on the face of this Warrant Certificate

Name of Registered Warrantholder

☐ Please check if the certificates representing the Common Shares are to be delivered at the office where this Warrant Certificate is surrendered, failing which such certificates will be mailed to the address set out above. Certificates will be delivered or mailed as soon as practicable after the surrender of this Warrant Certificate to the Warrant Agent.

SCHEDULE "D"

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: Computershare Trust Company of Canada
Computershare Investor Services Ltd., as registrar and transfer agent for the Warrants and Common Shares issuable upon exercise of the Warrants of Acasti Pharma Inc.

The undersigned (a) acknowledges that the sale of the securities of Acasti Pharma Inc. (the "**Corporation**") to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") and (b) certifies that (1) the undersigned is not (i) an "affiliate" of the Corporation (as that term is defined in Rule 405 under the U.S. Securities Act), (ii) a "distributor" as defined in Regulation S under the U.S. Securities Actor (iii) an affiliate of a distributor, (2) the offer of such securities was not made to a person in the United States and either (A) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believed that the buyer was outside the United States, or (B) the transaction was executed in, on or through the facilities of a designated offshore securities market (such as the TSX Venture Exchange or the Toronto Stock Exchange) and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States or a U.S. person, (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the offer and sale of such securities, (4) the sale is bona fide and not for the purpose of "**washing off**" the resale restrictions imposed because the securities are "**restricted securities**" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act), (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of the U.S. Securities Act with fungible unrestricted securities and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Terms used herein have the meanings given to them by Regulation S.

DATED this _____ day of _____, 20__.

_____
(Name of Seller)

By: _____
Name: **[*]**
Title: **[*]**

Affirmation By Seller's Broker-Dealer (required for sales in accordance with Section (b)(2)(B) above)

We have read the foregoing representations of our customer, _____ (the "**Seller**") dated _____, with regard to our sale, for such Seller's account, of the securities of the Corporation described therein, and on behalf of ourselves we certify and affirm that (A) we have no knowledge that the transaction had been prearranged with a buyer in the United States, (B) the transaction was executed on or through the facilities of designated offshore securities market, (C) neither we, nor any person acting on our behalf, engaged in any directed selling efforts in connection with the offer and sale of such securities, and (D) no selling concession, fee or other remuneration is being paid to us in connection with this offer and sale other than the usual and customary broker's commission that would be received by a person executing such transaction as agent. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

_____
Name of Firm

By: _____
Authorized officer

Date: _____

SCHEDULE "E"

FORM OF U.S. PURCHASER CERTIFICATION UPON EXERCISE OF WARRANTS

Acasti Pharma Inc.
545 Promenade du Centropolis, Suite 100, Laval, Québec, Canada, H7T 0A3
Attention: Chief Financial Officer

- and to -
Computershare Trust Company of Canada.
as Warrant Agent

Dear Sirs:
We are delivering this letter in connection with the purchase of common shares (the " **Common Shares**") of Acasti Pharma Inc., a corporation incorporated under the laws of the Province of Québec (the "**Corporation**") upon the exercise of warrants of the Corporation ("**Warrants**"), issued under the warrant indenture dated as of February 21, 2017 between the Corporation and Computershare Trust Company of Canada.

We hereby confirm that:

(a) we are an institutional "**accredited investor**" (satisfying one or more of the criteria set forth in Rule 501 (a) (1),(2),(3) or (7) of Regulation D under the United States Securities Act of 1933 (the "**U.S. Securities Act**")) who is also a " **Qualified Purchaser**" (as defined in Section 2(a) (51) of, and related rules under, the *United States Investment Company Act of 1940* , as amended (the "1940 Act"));

(b) we are purchasing the Common Shares for our own account;

(c) we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of purchasing the Common Shares;

(d) we are not acquiring the Common Shares with a view to distribution thereof or with any present intention of offering or selling any of the Common Shares, except (A) to the Corporation, (B) outside the United States in accordance with Rule 904 under the U.S. Securities Act or (C) inside the United States in accordance with Rule 144 under the U.S. Securities Act, if applicable, and in compliance with applicable state securities laws;

(e) we acknowledge that we have had access to such financial and other information as we deem necessary in connection with our decision to exercise the Warrants and purchase the Common Shares; and

(f) we acknowledge that we are not purchasing the Common Shares as a result of any general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio, television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

We understand that the Common Shares are being offered in a transaction not involving any public offering within the United States within the meaning of the U.S. Securities Act and that the Common Shares have not been and will not be registered under the U.S. Securities Act.

We further understand that any Common Shares acquired by us will be in the form of definitive physical certificates and that such certificates will bear a legend reflecting the fact that we will not offer, sell or otherwise transfer any of the Common Shares, directly or indirectly, unless (i) the sale is to the Corporation; (ii) the sale is made outside the United States in compliance with the requirements of Rule 904 of Regulation S under the U.S. Securities Act; or (iii) the sale is made in the United States pursuant to an exemption from registration under the U.S. Securities Act provided by (A) Rule 144A under the U.S. Securities Act or (2) if available, Rule 144 under the U.S. Securities Act and, in each case, in compliance with applicable state securities laws, or (iv) in a transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws; and, in the case of clause (iii)(B) or clause (iv), and, prior to such sale or transfer, the seller has furnished to the Corporation and the Corporation's transfer agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation and such Transfer Agent to the effect that the proposed transfer may be effected without registration under the U.S. Securities Act or applicable state securities laws.

We acknowledge that you will rely upon our confirmations, acknowledgements and agreements set forth herein, and we agree to notify you promptly in writing if any of our representations or warranties herein ceases to be accurate or complete.

DATED this _____ day of _____, 20__.

(Name of U.S. Purchaser)

By: _____

Name: **[*]**
Title: **[*]**

Exhibit 4.2

ACASTI PHARMA INC.

EQUITY INCENTIVE PLAN
JUNE 27, 2013

LASTLY AMENDED JUNE 8, 2017

Acasti Pharma Inc.

Equity Incentive Plan

ARTICLE 1
PURPOSE

1.1 Purpose

The purpose of this Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified Directors, Employees and Consultants of the Corporation and its Subsidiaries, to reward such of those Directors, Employees and Consultants as may be granted Awards under this Plan by the Board from time to time for their contributions toward the long term goals and success of the Corporation and to enable and encourage such Directors, Employees and Consultants to acquire Shares as long term investments and proprietary interests in the Corporation.

ARTICLE 2
INTERPRETATION

2.1 Definitions

When used herein, unless the context otherwise requires, the following terms have the indicated meanings, respectively:

"Affiliate" has the meaning set forth in the Securities Act;

"Associate" has the meaning ascribed to it in the Securities Act;

"Award" means any Bonus Share, Restricted Share Unit, Performance Share Unit, Deferred Share Unit, Restricted Share or Other Share-Based Award granted under this Plan;

"Award Agreement" means a signed, written agreement between a Participant and the Corporation, substantially in the form attached as Schedule A, subject to any amendments or additions thereto as may, in the discretion of the Board, be necessary or advisable, evidencing the terms and conditions on which an Award has been granted under this Plan;

"Award Value" means such percentage of annual base salary or such other amount as may be determined from time to time by the Board as the original value of the Award to be paid to a Participant and specified in the Participant's Award Agreement;

"Board" means the board of directors of the Corporation;

"Business Day" means a day, other than a Saturday or Sunday, on which the principal commercial banks in the City of Montréal are open for commercial business during normal banking hours;

"Bonus Share" means Shares issued to a Participant under the terms of this Plan;

"Cause" means, with respect to a particular Employee:

(a) "cause" as such term is defined in the written employment agreement between the Corporation and the Employee; or

(b) in the event there is no written employment agreement between the Corporation and the Employee or "cause" is not defined in the written employment agreement between the Corporation and the Employee, the usual meaning of "cause" under the laws of the Province of Québec.

"Change in Control" means the occurrence of any one or more of the following events:

(a) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Affiliates and another corporation or other entity, as a result of which the holders of Shares prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction;

(b) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of assets, rights or properties of the Corporation and/or any of its Subsidiaries which have an aggregate book value greater than 30% of the book value of the assets, rights and properties of the Corporation and its Subsidiaries on a consolidated basis to any other person or entity, other than a disposition to a wholly-owned subsidiary of the Corporation in the course of a reorganization of the assets of the Corporation and its subsidiaries;

(c) a resolution is adopted to wind-up, dissolve or liquidate the Corporation;

(d) any person, entity or group of persons or entities acting jointly or in concert (an " **Acquiror**") acquires or acquires control (including, without limitation, the right to vote or direct the voting) of Voting Securities of the Corporation which, when added to the Voting Securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or Associates and/or Affiliates of the Acquiror to cast or to direct the casting of 20% or more of the votes attached to all of the Corporation's outstanding Voting Securities which may be cast to elect directors of the Corporation or the successor corporation (regardless of whether a meeting has been called to elect directors);

(e) as a result of or in connection with: (A) a contested election of directors, or; (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Corporation or any of its affiliates and another corporation or other entity, the nominees named in the most recent Management

Information Circular of the Corporation for election to the Board shall not constitute a majority of the Board; or

(f) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

For the purposes of the foregoing, **"Voting Securities"** means Shares and any other shares entitled to vote for the election of directors and shall include any security, whether or not issued by the Corporation, which are not shares entitled to vote for the election of directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors including any options or rights to purchase such shares or securities.

Notwithstanding the foregoing definition, for Awards that are non-qualified deferred compensation held by a U.S. Taxpayer, any Change in Control must also meet the requirements for a "change in control" or "change in ownership" under Section 409A;

"Code" means the U.S. Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated under it;

"Committee" has the meaning set forth in Section 3.2;

"Corporation" means Acasti Pharma Inc.;

"Consultant" means an individual or Consultant Company, other than an Employee or a Director of the Corporation, that:

(a) is engaged to provide on a ongoing *bona fide basis*, consulting, technical, management or other services to the Corporation or an Affiliate of the Corporation, other than services provided in relation to a Distribution;

(b) provides the services under a written contract between the Corporation or an Affiliate of the Corporation and the individual or the Consultant Company;

(c) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate of the Corporation; and

(d) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation;

"Consultant Company" means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;

"Date of Grant" means, for any Award, the date specified by the Board at the time it grants the Award (which, for greater certainty, shall be no earlier than the date on which the Board meets for the purpose of granting such Award) or if no such date is specified, the date upon which the Award was granted;

"Deferred Share Unit" or **"DSU"** means a unit equivalent in value to a Share, credited by means of a bookkeeping entry in the books of the Corporation in accordance with ARTICLE 7;

"Director" means a director of the Corporation who is not an employee of the Corporation or a Subsidiary;

"Disabled" or **"Disability"** means the permanent and total incapacity of a Participant as determined in accordance with procedures established by the Board for purposes of this Plan;

"Distribution" has the meaning set forth in the Securities Act;

"Effective Date" means the effective date of this Plan, being June 27, 2013;

"Employee" means an individual who:

(a) is considered an employee of the Corporation or a Subsidiary of the Corporation under the *Income Tax Act* (Canada) (i.e., for whom income tax, employment insurance and CPP deductions must be made at source);

(b) works full-time for the Corporation or a Subsidiary of the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or a Subsidiary of the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source; or

(c) works for the Corporation or a Subsidiary of the Corporation on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or a Subsidiary of the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source.

"Exchange" means such stock exchange or other organized market on which the Shares are or may be listed or posted for trading from time to time, including as applicable the TSX-V or the TSX;

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended from time to time;

"Insider" means an "insider" as defined by the Exchange from time to time in its rules and regulations;

"Investor Relations Activities" means any activities, by or on behalf of the Corporation or shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:

(a) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation

(i) to promote the sale of products or services of the Corporation, or

(ii) to raise public awareness of the Corporation,

(b) that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;

(c) activities or communications necessary to comply with the requirements of:

(i) applicable Securities Laws;

(ii) Exchange requirements or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Corporation;

(d) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:

(i) the communication is only through the newspaper, magazine or publication, and

(ii) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or

activities or communications that may be otherwise specified by the Exchange.

"Market Price" at any date in respect of the Shares shall be the closing price of such Shares on the Exchange (and if listed on more than one stock exchange, then the highest of such closing prices) on the last Business Day prior to the relevant date. In the event that such Shares did not trade on such Business Day, the Market Price shall be the average of the bid and asked prices in respect of such Shares at the close of trading on such date. In the event that such Shares are not listed and posted for trading on any stock exchange, the Market Price shall be the fair market value of such Shares as determined by the Board in its sole discretion;

"NI 45-106" means National Instrument 45-106 Prospectus and Registration Exemptions of the Canadian Securities Administrators, as amended from time to time;

"Other Share-Based Award" means any right granted under Section 8.1;

"Participant" means an Employee, Consultant or Director to whom an Award has been granted under this Plan;

"Participant's Employer" means the Corporation or such Subsidiary as is or, if the Participant has ceased to be employed by the Corporation or such Subsidiary, was the Participant's Employer;

"Performance Goals" means performance goals expressed in terms of attaining a specified level of the particular criteria or the attainment of a percentage increase or decrease in the particular criteria, and may be applied to one or more of the Corporation, a Subsidiary, or a division or strategic business unit of the Corporation, or may be applied to the performance of the Corporation relative to a market index, a group of other companies or a combination thereof, all as determined by the Board;

"Performance Share Unit" or **"PSU"** means any right granted under Section 5.1 of the Plan;

"Permitted Assign" has the meaning assigned to that term in NI 45-106;

"Person" includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his or her capacity as trustee, executor, administrator or other legal representative;

"Plan" means this Acasti Pharma Inc. Equity Incentive Plan, as may be amended from time to time;

"QBCA" means the *Business Corporations Act* (Québec), as amended, or such other successor legislation which may be enacted, from time to time;

"Regulatory Authorities" means the Exchange and any other organized trading facilities on which the Corporation's Shares are listed and all securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation;

"Restricted Period" means the period during which Restricted Shares are subject to restrictions as set out in the Award Agreement;

"Restricted Shares" means Shares granted to a Participant under Section 6.1 hereof that are subject to certain restrictions and to a risk of forfeiture;

"Restricted Share Unit" or **"RSU"** means a right to receive a Share or a Restricted Share granted, as determined by the Board, under Section 4.1;

"Securities Act" means the *Securities Act* (Québec), as amended, or such other successor legislation as may be enacted, from time to time;

"Securities Laws" means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that govern or are applicable to the Corporation or to which it is subject, including, without limitation, the Securities Act;

"Share" means one (1) common share without par value in the capital stock of the Corporation as constituted on the Effective Date or, in the event of an adjustment contemplated by ARTICLE 12, such other shares or securities to which the holder of an Award may be entitled as a result of such adjustment;

"Stock Option Plan" means the Corporation's stock option plan in effect from time to time;

"Termination Date" means, in the case of a Participant whose employment or term of office or engagement with the Corporation or an Affiliate terminates:

(i) in the case of the resignation of the Participant as an Employee of the Corporation, the date that the Participant provides notice of his or her resignation as an Employee of the Corporation to the Corporation;

(ii) in the case of the termination of the Participant as an Employee of the Corporation by the Corporation for any reason other than death, the effective date of termination set out in the Corporation's notice of termination of the Participant as an Employee of the Corporation to the Participant;

(iii) in the case of the termination of the written contract of the Consultant Participant to provide consulting services to the Corporation, the effective date of termination set out in any notice provided by one of the parties to the written contract to the other party; or

(iv) the effective date of termination of a Director, Employee or Consultant pursuant to an order made by any Regulatory Authority having jurisdiction to so order;

provided that in the case of termination by reason of voluntary resignation by the Participant, such date shall not be earlier than the date that notice of resignation was received from such Participant, and **"Termination Date"** in any such case specifically does not mean the date on which any period of contractual notice, reasonable notice, salary continuation or deemed employment that the Corporation or the Affiliate, as the case may be, may be required at law to provide to a Participant would expire;

"TSX-V" means the TSX Venture Exchange;

"TSX" means the Toronto Stock Exchange; and

"U.S. Taxpayer" shall mean a Participant who is a U.S. citizen, U.S. permanent resident or individual providing services to the Corporation or its Subsidiaries in the U.S.

2.2 Interpretation

(a) Whenever the Board or, where applicable, the Committee is to exercise discretion in the administration of this Plan, the term "discretion" means the sole and absolute discretion of the Board or the Committee, as the case may be.

(b) As used herein, the terms "Article", "Section", "Subsection" and "clause" mean and refer to the specified Article, Section, Subsection and clause of this Plan, respectively.

(c) Words importing the singular include the plural and vice versa and words importing any gender include any other gender.

(d) Whenever any payment is to be made or action is to be taken on a day which is not a Business Day, such payment shall be made or such action shall be taken on the next following Business Day.

(e) In this Plan, a Person is considered to be a **"Subsidiary"** of another Person if:

(i) it is controlled by,

(A) that other, or

(B) that other and one or more Persons, each of which is controlled by that other, or

(C) two or more Persons, each of which is controlled by that other; or

(ii) it is a Subsidiary of a Person that is that other's Subsidiary.

(f) In this Plan, a Person is considered to be **"controlled"** by a Person if:

(i) in the case of a Person,

(A) voting securities of the first-mentioned Person carrying more than 50% of the votes for the election of directors are held, directly or indirectly, otherwise than by way of security only, by or for the benefit of the other Person; and

(B) the votes carried by the securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned Person;

(ii) in the case of a partnership that does not have directors, other than a limited partnership, the second-mentioned Person holds more than 50% of the interests in the partnership; or

(iii) in the case of a limited partnership, the general partner is the second-mentioned Person.

(g) Unless otherwise specified, all references to money amounts are to Canadian currency.

(h) This Plan is established under and the provisions of this Plan will be subject to and interpreted and construed in accordance with the laws of the Province of Québec.

(i) The headings used herein are for convenience only and are not to affect the interpretation of this Plan.

ARTICLE 3
ADMINISTRATION

3.1 Administration

Subject to Section 3.2, this Plan will be administered by the Board and the Board has sole and complete authority, in its discretion, to:

(a) determine the individuals to whom grants under the Plan may be made;

(b) make grants of Awards under the Plan relating to the issuance of Shares (including any combination of Bonus Shares, Restricted Share Units, Performance Share Units, Deferred Share Units, Restricted Shares or Other Share-Based Awards) in such amounts, to such Persons and, subject to the provisions of this Plan, on such terms and conditions as it determines including without limitation:

(i) the time or times at which Awards may be granted;

(ii) the conditions under which:

(A) Awards may be granted to Participants; or

(B) Awards may be forfeited to the Corporation,

including any conditions relating to the attainment of specified Performance Goals;

(iii) the price, if any, to be paid by a Participant in connection with the granting of Awards;

(iv) whether restrictions or limitations are to be imposed on the Shares issuable pursuant to grants of Awards, and the nature of such restrictions or limitations, if any; and

(v) any acceleration of exercisability or vesting or Restricted Period, or waiver of termination regarding any Award, based on such factors as the Board may determine;

(c) interpret this Plan and adopt, amend and rescind administrative guidelines and other rules and regulations relating to this Plan; and

(d) make all other determinations and take all other actions necessary or advisable for the implementation and administration of this Plan.

The Board's determinations and actions within its authority under this Plan are conclusive and binding on the Corporation and all other persons. The day-to-day administration of the Plan may be delegated to such officers and employees of the Corporation or of a Subsidiary as the Board determines.

3.2 Delegation to Committee

To the extent permitted by applicable law and the Corporation's articles, the Board may, from time to time, delegate to a committee (the **"Committee"**) of the Board, all or any of the powers conferred on the Board under the Plan. In connection with such delegation, the Committee will exercise the powers delegated to it by the Board in the manner and on the terms authorized by the Board. Any decision made or action taken by the Committee arising out of or in connection with the administration or interpretation of this Plan in this context is final and conclusive. Notwithstanding any such delegation or any reference to the Committee in this Plan, the Board may also take any action and exercise any powers that the Committee is authorized to take or has power to exercise under this Plan.

3.3 Eligibility

All Employees, Consultants and Directors are eligible to participate in the Plan, subject to subsections 10.11(c) and 10.2(g). Eligibility to participate does not confer upon any Employee, Consultant or Director any right to receive any grant of an Award pursuant to the Plan. The extent to which any Employee, Consultant or Director is entitled to receive a grant of an Award pursuant to the Plan will be determined in the sole and absolute discretion of the Board.

3.4 Board Requirements

Any Award granted under this Plan shall be subject to the requirement that, if at any time the Corporation shall determine that the listing, registration or qualification of the Shares issuable pursuant to such Award upon any securities exchange or under any Securities Laws of any jurisdiction, or the consent or approval of Regulatory Authority, is necessary as a condition of, or in connection with, the grant or exercise of such Award or the issuance or purchase of Shares thereunder, such Award may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Corporation to apply for or to obtain such listing, registration, qualification, consent or approval.

3.5 Participation

The Board may only grant Awards to an Employee or Consultant if such Employee or Consultant is a bona fide Employee or Consultant of the Corporation or a Subsidiary of the Corporation, as the case may be. The Board may, in its sole discretion, grant the majority of the Awards to Insiders of the Corporation. The number of Shares that may be purchased under any Award or the amount of any Award that shall be granted in any form that may result in the issuance of Shares will be determined and fixed by the Board at the date of grant, provided that:

(i) no more than 2% of the issued and outstanding Shares may be granted to any one Consultant in any 12 month period; and

(ii) no more than an aggregate of 2% of the issued and outstanding Shares may be granted to all Participants conducting Investor Relations Activities in any 12 month period.

3.6 Number of Shares Reserved

Subject to adjustment as provided for in ARTICLE 12 and any subsequent amendment to this Plan, the number of Shares reserved for issuance and which will be available for issuance pursuant to Awards granted under this Plan will be equal to a number that:

(a) if, and for so long as the Common Shares are listed on the TSXV, shall not exceed the lower of (i) 367,563 Common Shares, and (ii) 20% of the issued and outstanding Common Shares as of March 31, 2017, representing 2,940,511 Common Shares, which number shall include Common Shares issuable pursuant to options issued under the Stock Option Plan.

(b) if, and for so long as the Shares are listed on the TSX, shall not exceed 2.5% of the issued and outstanding Shares of the Corporation from time to time.

The aggregate maximum number of Shares available under the Plan may be used for any type of Award. Subject to the provisions and restrictions of this Plan, if any Award is exercised, cancelled, expired or otherwise terminated for any reason whatsoever, the number of Shares in respect of which Award is exercised, cancelled, expired or otherwise terminated for any reason whatsoever, as the case may be, will ipso facto again be immediately available for purchase pursuant to Awards granted under this Plan.

All grants of Awards under this Plan will be evidenced by Award Agreements. Award Agreements will be subject to the applicable provisions of this Plan and will contain such provisions as are required by this Plan and any other provisions that the Board may direct. Any one officer of the Corporation is authorized and empowered to execute and deliver, for and on behalf of the Corporation, an Award Agreement to each Participant granted an Award pursuant to this Plan.

3.7 Non-transferability of Awards

No assignment or transfer of Awards, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Awards whatsoever in any assignee or transferee (except that, if, and for so long as the Shares are listed on the TSX, a Participant may transfer Awards to Permitted Assigns in a manner consistent with applicable tax and securities laws) and immediately upon any assignment or transfer, or any attempt to make the same, such Awards will terminate and be of no further force or effect. If any Participant has transferred Awards to a corporation pursuant to this Section 3.7, such Awards will terminate and be of no further force or effect if at any time the transferor should cease to own all of the issued shares of such corporation.

3.8 Dividend Equivalents

(a) RSUs, PSUs and DSUs shall be credited with dividend equivalents in the form of additional RSUs, PSUs and DSUs as of each dividend payment date in respect of which normal cash dividends are paid on Shares. Such dividend equivalents shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Share by the number of RSUs, PSUs and DSUs held by the Participant on the record date for the payment of such dividend,

by (b) the Market Price at the close of the first business day immediately following the dividend record date, with fractions computed to three decimal places. Dividend equivalents credited to a Participant's accounts shall vest in proportion to the RSUs, PSUs and DSUs to which they relate.

(b) The Board may in its discretion include in an Award Agreement applicable to an Other Share-Based Award a dividend equivalent right entitling the Participant to receive amounts equal to the normal cash dividends that would be paid, during the time such Award is outstanding and unexercised, on the Shares covered by such Award if such Shares were then outstanding and may decide whether such payments shall be made in cash, in Shares or in another form, whether they shall be conditioned upon the vesting of the Award to which they relate, the time or times at which they shall be made, and such other terms and conditions as the Board shall deem appropriate.

(c) The foregoing does not obligate the Corporation to make dividends on Shares and nothing in this Plan shall be interpreted as creating such an obligation.

3.9 Permitted Assigns

If, and for so long as the Shares are listed on the TSX, grants of Awards may be made to Permitted Assigns of Employees, Directors and Consultants and may be transferred by Employees, Directors and Consultants to a Permitted Assign of an Employee, Director or Consultant as applicable, except for U.S. Taxpayers, if transfer to a Permitted Assign would be prohibited by Section 409A of the Code. In any such case, the provisions of ARTICLE 10 shall apply to the Award as if the Award was held by the Employee, Director or Consultant rather than such person's Permitted Assign.

In the event of the death of the Permitted Assign, the Award shall be automatically transferred to the Employee, Director or Consultant who effected the transfer of the Award to the deceased Permitted Assign.

ARTICLE 4
GRANT OF RESTRICTED SHARE UNITS

4.1 Grant of RSUs

If, and for so long as (i) the Corporation is a Tier 1 issuer on the TSXV, (ii) the Shares are listed on the Toronto Stock Exchange, or (iii) the prior approval of the of the stock exchange on which the Shares are listed for trading is obtained, the Board may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Board may prescribe, grant RSUs to any Participant. The number of RSUs to be credited to each Participant's account shall be computed by dividing (a) the Award Value, by (b) the Market Price of a Share on the day immediately preceding the Grant Date, with fractions rounded down to the nearest whole number.

4.2 Terms of RSUs

The Board shall have the authority to condition the grant of RSUs upon the attainment of

specified Performance Goals, or such other factors (which may vary as between awards of RSUs) as the Board may determine in its sole discretion.

4.3 Vesting of RSUs

The Board shall have the authority to determine at the time of grant, in its sole discretion, the duration of the vesting period and other vesting terms applicable to the grant of RSUs, provided that no RSU granted shall vest and be payable after December 31 of the third calendar year following the year of service for which the RSU was granted.

4.4 Delivery of Shares

Unless otherwise specified in the Award Agreement, as soon as practicable following the expiry of the applicable vesting period, or at such later date as may be determined by the Board in its sole discretion at the time of grant, a share certificate representing the Shares issuable pursuant to the RSUs shall be registered in the name of the Participant or as the Participant may direct, subject to applicable securities laws.

ARTICLE 5
PERFORMANCE SHARE UNITS

5.1 Grant of PSUs

If, and for so long as (i) the Corporation is a Tier 1 issuer on the TSXV, (ii) the Shares are listed on the Toronto Stock Exchange, or (iii) the prior approval of the of the stock exchange on which the Shares are listed for trading is obtained, the Board may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Board may prescribe, grant PSUs to any Participant. Each PSU will consist of a right to receive a Share upon the achievement of such Performance Goals during such performance periods as the Board will establish. The number of PSUs to be credited to each Participant's account shall be computed by dividing (a) the Award Value, by (b) the Market Price of a Share on the day immediately preceding the Grant Date, with fractions rounded down to the nearest whole number.

5.2 Terms of PSUs

Subject to the terms of the Plan, the Performance Goals to be achieved during any performance period, the length of any performance period, the amount of any PSU granted, the termination of a Participant's employment and the amount of any payment or transfer to be made pursuant to any PSU will be determined by the Board and by the other terms and conditions of any PSU, all as set forth in the applicable Award Agreement.

5.3 Performance Goals

The Board will issue Performance Goals prior to the commencement of the performance period to which such Performance Goals pertain. The Performance Goals may be based upon the achievement of corporation-wide, divisional or individual goals, or any other basis determined by the Board. The Board may modify the Performance Goals as necessary to align them with the Corporation's corporate objectives if there is a subsequent material change in the Corporation's business, operations or capital or corporate structure. The Performance Goals may include a

threshold level of performance below which no payment will be made (or no vesting will occur), levels of performance at which specified payments will be made (or specified vesting will occur), and a maximum level of performance above which no additional payment will be made (or at which full vesting will occur).

5.4 Delivery of Shares

Unless otherwise specified in the Award Agreement, as soon as practicable following the expiry of the applicable vesting period, or at such later date as may be determined by the Board in its sole discretion at the time of grant, a share certificate representing the Shares issuable pursuant to the PSUs shall be registered in the name of the Participant or as the Participant may direct, subject to applicable securities laws.

ARTICLE 6
RESTRICTED SHARES

6.1 Grant of Restricted Shares

If, and for so long as (i) the Corporation is a Tier 1 issuer on the TSXV, (ii) the Shares are listed on the Toronto Stock Exchange, or (iii) the prior approval of the of the stock exchange on which the Shares are listed for trading is obtained, the Board may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Board may prescribe, grant Restricted Shares to any Participant. The terms and conditions of each Restricted Shares grant shall be evidenced by an Award Agreement, which agreements need not be identical. The number of Restricted Shares to be credited to each Participant's account shall be computed by dividing (a) the Award Value, by (b) the Market Price of a Share on the day immediately preceding the Grant Date, with fractions rounded down to the nearest whole number.

Subject to the restrictions set forth in Section 10.2, except as otherwise set forth in the applicable Award Agreement, the Participant shall generally have the rights and privileges of a shareholder as to such Restricted Shares, including the right to vote such Restricted Shares. Unless otherwise set forth in a Participant's Award Agreement, cash dividends and stock dividends, if any, with respect to the Restricted Shares shall be withheld by the Corporation for the Participant's account, and shall be subject to forfeiture until released, in each case, to be released at the same time and in the same proportion as the lapse of restrictions on the Restricted Shares to which such dividends relate. Except as otherwise determined by the Board, no interest will accrue or be paid on the amount of any dividends withheld.

6.2 Restrictions on Transfer

In addition to any other restrictions set forth in a Participant's Award Agreement, until such time that the Restricted Period for the Restricted Shares has lapsed pursuant to the terms of the Award Agreement, which Restricted Period the Board may in its sole discretion accelerate at any time, the Participant shall not be permitted to sell, transfer, pledge, or otherwise encumber the Restricted Shares. Notwithstanding anything contained herein to the contrary, the Board shall have the authority to remove any or all of the restrictions on the Restricted Shares whenever it may determine that, by reason of changes in applicable laws or other changes in circumstances arising after the date of the Restricted Shares Award, such action is appropriate.

6.3 Separation of Service

Except as may otherwise be provided by applicable laws and regulations or in the applicable Award Agreement, in the event of a Participant's "separation from service" (within the meaning of Section 409A of the Code) with the Corporation or any of the Subsidiaries for any reason prior to the time that the Restricted Period for the Participant's Restricted Shares has lapsed, as soon as practicable following such Separation from Service, the Corporation shall repurchase from the Participant, and the Participant shall sell, all of such Participant's Restricted Shares for which the Restricted Period has not lapsed at a purchase price equal to the cash amount, if any, paid by the Participant for the Restricted Shares, or if no cash amount was paid by the Participant for the Restricted Shares, such Restricted Shares shall be forfeited by the Participant to the Corporation for no consideration as of the date of such separation from service.

ARTICLE 7
GRANT OF DEFERRED SHARE UNITS

7.1 Number of Deferred Share Units

If, and for so long as (i) the Corporation is a Tier 1 issuer on the TSXV, (ii) the Shares are listed on the Toronto Stock Exchange, or (iii) the prior approval of the of the stock exchange on which the Shares are listed for trading is obtained, the Board may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Board may prescribe, grant Deferred Share Units to any Participant; provided, however, to the extent required by applicable law (including, but not limited to, Section 409A of the Code), if any Participant is allowed an election to receive DSUs in lieu of other compensation, such election must be made in writing prior to the start of the calendar year during which services will be performed for which the compensation relates, or such later date as permitted in accordance with applicable law, including, but not limited to, Section 409A of the Code and the regulations thereunder. The number of DSUs to be credited to each Participant's account shall be computed by dividing (a) the Award Value, by (b) the Market Price of a Share on the day immediately preceding the Grant Date, with fractions rounded down to the nearest whole number.

All Deferred Share Units received by a Participant shall be credited to an account maintained for the Participant on the books of the Corporation, as of the Date of Grant. The award of Deferred Share Units for a calendar year to a Participant shall be evidenced by an Award Agreement.

7.2 Issuance of Shares

DSUs shall be settled on the date established in the Award Agreement (the " **Settlement Date**"); provided, however that in no event shall a DSU Award be settled prior to the date of the applicable Participant's Separation from Service. If the Award Agreement does not establish a date for the settlement of the DSUs, then the Settlement Date shall be the date of Separation from Service, subject to the delay that may be required under Section 13.9 below. On the Settlement Date for any DSU:

(a) the Participant shall deliver a cheque payable to the Corporation (or payment by such other method as may be acceptable to the Corporation) representing payment of any amounts required by the Corporation to be withheld in connection with such settlement as contemplated by Section 13.3; and

(b) the Corporation shall issue to the Participant one fully paid and non-assessable Share in respect of each Vested DSU being paid on such date.

ARTICLE 8
OTHER SHARE-BASED AWARDS

8.1 Other Share-Based Awards

The Board may, from time to time, subject to the prior approval of the TSX-V, if applicable, the provisions of this Plan and such other terms and conditions as the Board may prescribe, grant Other Share-Based Awards to any Participant. Each Other Share-Based Award will consist of a right (1) which is other than an Award or right described in Article 4, 5, 6 or 7 above and (2) which is denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares) as are deemed by the Board to be consistent with the purposes of the Plan; provided, however, that such right will comply with applicable law. Subject to the terms of the Plan and any applicable Award Agreement, the Board will determine the terms and conditions of Other Share-Based Awards. Shares or other securities delivered pursuant to a purchase right granted under this Section 8.1 will be purchased for such consideration, which may be paid by such method or methods and in such form or forms, including, without limitation, cash, Shares, other securities, other Awards, other property, or any combination thereof, as the Board will determine.

ARTICLE 9
BONUS SHARES

9.1 Bonus Shares

The Board may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Board may prescribe, grant fully paid and non-assessable Bonus Shares to any Participant. The allocation of the Bonus Shares among the Participants shall be determined by the Board of Directors at the time that the Bonus Shares are qualified for issuance and shall be evidenced by an Award Agreement.

ARTICLE 10
TERMINATION OF EMPLOYMENT OR SERVICES

10.1 Death or Disability

If a Participant dies or becomes Disabled while an Employee, Director or Consultant:

(a) a portion of the next instalment of any Awards due to vest (or for which the Restricted Period is due to lapse) shall immediately vest (or cease to be restricted) such portion to equal to the number of Awards next due to vest (or cease to be restricted) multiplied by a fraction the numerator of which is the number of days elapsed since the date of vesting (or lapse of Restricted Period) of the last instalment of the Awards (or if none have vested or have ceased to be restricted, the Date of Grant) to the date of Disability or death and the denominator of which is the number of days between the date of vesting (or lapse of Restricted Period) of the last instalment of the Awards (or if none have vested or have ceased to be

restricted, the Date of Grant) and the date of vesting (or lapse of Restricted Period) of the next instalment of the Awards;

(b) unless otherwise determined by the Board and set forth in an Award Agreement and subject to subsection (c), any Awards held by the Participant that are not yet vested (or for which the Restricted Period has not lapsed) at the date of Disability or death are immediately forfeited to the Corporation on the date of Disability or death; and

(c) such Participant's or Director's eligibility to receive further grants of Awards under the Plan ceases as of the date of Disability or death.

10.2 Termination of Employment or Services

(a) Where a Participant's employment or term of office or engagement with the Corporation or an Affiliate terminates by reason of the Participant's death or Disability, then the provisions of Section 10.1 will apply.

(b) Unless otherwise determined by the Board and set forth in an Award Agreement, where a Participant's employment or term of office or engagement terminates by reason of a Participant's resignation or, in the case of a Consultant, by reason of the termination by the Consultant of the Consultant's engagement in accordance with the terms of such engagement, then any Awards held by the Participant that are not yet vested (or for which the Restricted Period has not lapsed) at the Termination Date are immediately forfeited to the Corporation on the Termination Date.

(c) Unless otherwise determined by the Board and set forth in an Award Agreement, where a Participant's employment or term of office or engagement terminates by reason of termination by the Corporation or an Affiliate without cause in the case of an Employee, without breach of a Director's fiduciary duties or without breach of contract by a Consultant, as applicable (in each case as determined by the Board in its sole discretion) (whether such termination occurs with or without any or adequate notice or reasonable notice, or with or without any or adequate compensation in lieu of such notice), then any Awards held by the Participant that are not yet vested (or for which the Restricted Period has not lapsed) at the Termination Date are immediately forfeited to the Corporation on the Termination Date.

(d) Where an Employee Participant's or Consultant Participant's employment or engagement is terminated by the Corporation or an Affiliate for cause (as determined by the Board in its sole discretion), or, in the case of a Consultant, for breach of contract (as determined by the Board in its sole discretion), then any Awards held by the Participant at the Termination Date (whether or not then vested or subject to a Restricted Period) are immediately forfeited to the Corporation on the Termination Date.

(e) Where a Director's term of office is terminated by the Corporation for breach by the Director of his or her fiduciary duty to the Corporation (as determined by the

Board in its sole discretion), then any Awards held by the Director at the Termination Date (whether or not vested or subject to a Restricted Period) are immediately forfeited to the Corporation on the Termination Date.

(f) Where a Director's term of office terminates for any reason other than death or Disability of the Director or a breach by the Director of his or her fiduciary duty to the Corporation (as determined by the Board in its sole discretion), the Board may, in its sole discretion, at any time prior to or following the Termination Date, provide for the vesting (or lapse of restrictions) of any or all Awards held by a Director on the Termination Date.

(g) The eligibility of a Participant to receive further grants under the Plan ceases as of the date that the Corporation or an Affiliate, as the case may be, provides the Participant with written notification that the Participant's employment or term of service is terminated, notwithstanding that such date may be prior to the Termination Date.

(h) Unless the Board, in its sole discretion, otherwise determines, at any time and from time to time, Awards are not affected by a change of employment arrangement within or among the Corporation or a Subsidiary for so long as the Participant continues to be an employee of the Corporation or a Subsidiary, including without limitation a change in the employment arrangement of a Participant whereby such Participant becomes a Director.

10.3 Discretion to Permit Acceleration

Notwithstanding the provisions of Sections 10.1 and 10.2, the Board may, in its discretion, at any time prior to or following the events contemplated in such Sections, permit the acceleration of vesting (or Restricted Period) of any or all Awards, all in the manner and on the terms as may be authorized by the Board.

ARTICLE 11
CHANGE IN CONTROL

11.1 Change in Control

The Board shall have the right to determine that any unvested or unearned Bonus Shares, Restricted Share Units, Deferred Share Units, Performance Share Units or Other Share-Based Awards or Restricted Shares subject to a Restricted Period outstanding immediately prior to the occurrence of a Change in Control shall become fully vested or earned or free of restriction upon the occurrence of such Change in Control. The Board may also determine that any vested or earned Bonus Shares, Restricted Share Units, Deferred Share Units, Performance Share Units or Other Share-Based Awards shall be cashed out at the Market Price as of the date such Change in Control is deemed to have occurred, or as of such other date as the Board may determine prior to the Change in Control. Further, the Board shall have the right to provide for the conversion or exchange of any Bonus Shares, Restricted Share Unit, Deferred Share Unit, Performance Share Unit or Other Share-Based Award into or for rights or other securities in any entity participating in or resulting from the Change in Control.

ARTICLE 12
SHARE CAPITAL ADJUSTMENTS

12.1 General

The existence of any Awards does not affect in any way the right or power of the Corporation or its shareholders to make, authorize or determine any adjustment, recapitalization, reorganization or any other change in the Corporation's capital structure or its business, or any amalgamation, combination, arrangement, merger or consolidation involving the Corporation, to create or issue any bonds, debentures, Shares or other securities of the Corporation or to determine the rights and conditions attaching thereto, to effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or to effect any other corporate act or proceeding, whether of a similar character or otherwise, whether or not any such action referred to in this Section would have an adverse effect on this Plan or on any Award granted hereunder.

12.2 Reorganization of Corporation's Capital

Should the Corporation effect a subdivision or consolidation of Shares or any similar capital reorganization or a payment of a stock dividend (other than a stock dividend that is in lieu of a cash dividend), or should any other change be made in the capitalization of the Corporation that does not constitute a Change in Control and that would warrant the amendment or replacement of any existing Awards in order to adjust the number of Shares that may be acquired on the vesting of outstanding Awards and/or the terms of any Award in order to preserve proportionately the rights and obligations of the Participants holding such Awards, the Board will, subject to the prior approval of the Exchange, authorize such steps to be taken as it may consider to be equitable and appropriate to that end.

12.3 Other Events Affecting the Corporation

In the event of an amalgamation, combination, arrangement, merger or other transaction or reorganization involving the Corporation and occurring by exchange of Shares, by sale or lease of assets or otherwise, that does not constitute a Change in Control and that warrants the amendment or replacement of any existing Awards in order to adjust: (a) the number of Shares that may be acquired on the vesting of outstanding Awards and/or (b) the terms of any Award in order to preserve proportionately the rights and obligations of the Participants holding such Awards, the Board will, subject to the prior approval of the Exchange, authorize such steps to be taken as it may consider to be equitable and appropriate to that end.

12.4 Immediate Acceleration of Awards

Where the Board determines that the steps provided in Sections 12.2 and 12.3 would not preserve proportionately the rights, value and obligations of the Participants holding such Awards in the circumstances or otherwise determines that it is appropriate the Board may permit the immediate vesting of any unvested Awards and immediate lapse of any Restricted Period.

12.5 Issue by Corporation of Additional Shares

Except as expressly provided in this ARTICLE 12, neither the issue by the Corporation of shares of any class or securities convertible into or exchangeable for shares of any class, nor the

conversion or exchange of such shares or securities, affects, and no adjustment by reason thereof is to be made with respect to the number of Shares that may be acquired as a result of a grant of Awards.

12.6 Fractions

No fractional Shares will be issued pursuant to an Award. Accordingly, if, as a result of any adjustment under Section 12.2, 12.3 or dividend equivalent, a Participant would become entitled to a fractional Share, the Participant has the right to acquire only the adjusted number of full Shares and no payment or other adjustment will be made with respect to the fractional Shares, which shall be disregarded.

ARTICLE 13
MISCELLANEOUS PROVISIONS

13.1 Legal Requirement

The Corporation is not obligated to grant any Awards, issue any Shares or other securities, make any payments or take any other action if, in the opinion of the Board, in its sole discretion, such action would constitute a violation by a Participant, Director or the Corporation of any provision of any applicable statutory or regulatory enactment of any government or government agency or the requirements of any stock exchange upon which the Shares may then be listed.

13.2 Participants' Entitlement

Except as otherwise provided in this Plan, Awards previously granted under this Plan are not affected by any change in the relationship between, or ownership of, the Corporation and an Affiliate. For greater certainty, all grants of Awards remain are not affected by reason only that, at any time, an Affiliate ceases to be an Affiliate.

13.3 Withholding Taxes

The granting or vesting or lapse of the Restricted Period of each Award under this Plan is subject to the condition that if at any time the Board determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is necessary or desirable in respect of such grant, vesting or lapse of the Restricted Period, such action is not effective unless such withholding has been effected to the satisfaction of the Board. In such circumstances, the Board may require that a Participant pay to the Corporation such amount as the Corporation or an Affiliate is obliged to remit to the relevant taxing authority in respect of the granting or vesting or lapse of the Restricted Period of the Award. Any such additional payment is due no later than the date on which any amount with respect to the Award is required to be remitted to the relevant tax authority by the Corporation or an Affiliate, as the case may be.

13.4 Rights of Participant

No Participant has any claim or right to be granted an Award and the granting of any Award is not to be construed as giving a Participant a right to remain as an employee, consultant or director of the Corporation or an Affiliate. No Participant has any rights as a shareholder of the

Corporation in respect of Shares issuable pursuant to any Award until the allotment and issuance to such Participant, or as such Participant may direct, of certificates representing such Shares.

13.5 Other Incentive Awards

The Board shall have the right to grant other incentive awards based upon Shares under this Plan to Participants in accordance with applicable laws and regulations and subject to regulatory approval, including without limitation the approval of the Exchange (to the extent the Corporation has any securities listed on the particular exchange), having such terms and conditions as the Board may determine, including without limitation the grant of Shares based upon certain conditions and the grant of securities convertible into Shares.

13.6 Blackout Period

If an Award expires during, or within five business days after, a trading black-out period imposed by the Corporation to restrict trades in the Corporation's securities, then, notwithstanding any other provision of this Plan, the Award shall expire ten business days after the trading black-out period is lifted by the Corporation.

13.7 Termination

The Board may, without notice or shareholder approval, terminate the Plan on or after the date upon which no Awards remain outstanding.

13.8 Amendment

(a) Subject to the rules and policies of any stock Exchange on which the Shares are listed and applicable law, the Board may, without notice or shareholder approval, at any time or from time to time, amend the Plan for the purposes of:

(i) making any amendments to the general vesting provisions or Restricted Period of each Award;

(ii) making any amendments to the provisions set out in ARTICLE 10;

(iii) making any amendments to add covenants of the Corporation for the protection of Participants, as the case may be, provided that the Board shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the Participants, as the case may be;

(iv) making any amendments not inconsistent with the Plan as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Board, having in mind the best interests of the Participants and Directors, it may be expedient to make, including amendments that are desirable as a result of changes in law in any jurisdiction where a Participant resides, provided that the Board shall be of the opinion that such amendments and modifications will not be prejudicial to the interests of the Participants and Directors; or

(v) making such changes or corrections which, on the advice of counsel to the Corporation, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the Board shall be of the opinion that such changes or corrections will not be prejudicial to the rights and interests of the Participants.

(b) Subject to Section 11.1, the Board shall not materially adversely alter or impair any rights or increase any obligations with respect to an Award previously granted under the Plan without the consent of the Participant, as the case may be.

(c) Notwithstanding any other provision of this Plan, none of the following amendments shall be made to this Plan without approval of the Exchange (to the extent the Corporation has any securities listed on the particular Exchange) and the approval of shareholders in accordance with the requirements of such Exchange(s):

(i) amendments to the Plan which would increase the number of Shares issuable under the Plan, except as otherwise provided pursuant to the provisions in the Plan, including Sections 12.2 and 12.3, which permit the Board to make adjustments in the event of transactions affecting the Corporation or its capital;

(ii) amendments to the Plan which would increase the number of Shares issuable to Insiders, except as otherwise provided pursuant to the provisions in the Plan, including Sections 12.2 and 12.3, which permit the Board to make adjustments in the event of transactions affecting the Corporation or its capital; and

(iii) amendments to this Section 13.8.

Any amendment that would cause an Award held by a U.S. Taxpayer to fail to comply with Section 409A of the Code shall be null and void *ab initio*.

13.9 Section 409A of the Code

This Plan will be construed and interpreted to be exempt from, or where not so exempt, to comply with Section 409A of the Code to the extent required to preserve the intended tax consequences of this Plan. The Corporation reserves the right to amend this Plan to the extent it reasonably determines is necessary in order to preserve the intended tax consequences of this Plan in light of Section 409A of the Code and any regulations or guidance under that section. In no event will the Corporation be responsible if Awards under this Plan result in adverse tax consequences to a U.S. Taxpayer under Section 409A of the Code. Notwithstanding any provisions of the Plan to the contrary, in the case of any "specified employee" within the meaning of Section 409A of the Code who is a U.S. Taxpayer, distributions of non-qualified deferred compensation under Section 409A of the Code made in connection with a "separation from service" within the meaning set forth in Section 409A of the Code may not be made prior to the date which is 6 months after the date of separation from service (or, if earlier, the date of death of the U.S. Taxpayer). Any amounts subject to a delay in payment pursuant to the

preceding sentence shall be paid as soon practicable following such 6-month anniversary of such separation from service.

13.10 Requirement of Notification of Election Under Section 83(b) of the Code

If a Participant, in connection with the acquisition of Restricted Shares under the Plan, is permitted under the terms of the Award Agreement to make the election permitted under Section 83(b) of the Code (i.e., an election to include in gross income in the year of transfer the amounts specified in Section 83(b) of the Code notwithstanding the continuing transfer restrictions) and the Participant makes such an election, the Participant shall notify the Corporation of such election within ten (10) days of filing notice of the election with the Internal Revenue Service, in addition to any filing and notification required pursuant to regulations issued under Section 83(b) of the Code.

13.11 Indemnification

Every member of the Board will at all times be indemnified and saved harmless by the Corporation from and against all costs, charges and expenses whatsoever including any income tax liability arising from any such indemnification, that such member may sustain or incur by reason of any action, suit or proceeding, taken or threatened against the member, otherwise than by the Corporation, for or in respect of any act done or omitted by the member in respect of this Plan, such costs, charges and expenses to include any amount paid to settle such action, suit or proceeding or in satisfaction of any judgment rendered therein.

13.12 Participation in the Plan

The participation of any Participant in the Plan is entirely voluntary and not obligatory and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly provided in the Plan. In particular, participation in the Plan does not constitute a condition of employment or engagement nor a commitment on the part of the Corporation to ensure the continued employment or engagement of such Participant. The Plan does not provide any guarantee against any loss which may result from fluctuations in the market value of the Shares. The Corporation does not assume responsibility for the income or other tax consequences for the Participants and Directors and they are advised to consult with their own tax advisors.

13.13 International Participants

With respect to Participants who reside or work outside Canada and the United States, the Board may, in its sole discretion, amend, or otherwise modify, without shareholder approval, the terms of the Plan or Awards with respect to such Participants in order to conform such terms with the provisions of local law, and the Board may, where appropriate, establish one or more sub-plans to reflect such amended or otherwise modified provisions.

13.14 Effective Date

This Plan becomes effective on June 27, 2013, being the date on which the Plan was approved by the shareholders of the Corporation.

13.15 Governing Law

This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Québec and the federal laws of Canada applicable therein.

Lastly adopted by the Board on June 8, 2017

Lastly approved by Shareholders on July 12, 2016

SCHEDULE A

Award Agreement

Acasti Pharma Inc. ("**Us**" or "**Our**") hereby grants the following Award(s) to you subject to the terms and conditions of this Award Agreement (the "**Agreement**"), together with the provisions of Our Equity Incentive Plan (the "**Plan**") in which you become a "Participant", dated ●, 2013, all the terms of which are hereby incorporated into this Agreement:

Name and Address of Participant: _____

Date of Grant: _____

Type of Award: _____

Total Number Granted: _____

Vesting Date(s): _____

1. The terms and conditions of the Plan are hereby incorporated by reference as terms and conditions of this Award Notice and all capitalized terms used herein, unless expressly defined in a different manner, have the meanings ascribed thereto in the Plan.

2. Each notice relating to the Award must be in writing and signed by the Participant or the Participant's legal representative. All notices to US must be delivered personally or by prepaid registered mail and must be addressed to Our Corporate Secretary. All notices to the Participant will be addressed to the principal address of the Participant on file with US. Either the Participant or US may designate a different address by written notice to the other. Any notice given by either the Participant or US is not binding on the recipient thereof until received.

3. Nothing in the Plan, in this Agreement, or as a result of the grant of an Award to you, will affect Our right, or that of any Affiliate of Ours, to terminate your employment or term of office or engagement at any time for any reason whatsoever. Upon such termination, your rights to exercise Award will be subject to restrictions and time limits, complete details of which are set out in the Plan.

[4. ***Add a fixed payment date or permitted event for payment, for U.S. taxpayers*** **.]**

ACASTI PHARMA INC.

By: _____
Authorized Signatory

I have read the foregoing Agreement and hereby accept the Award in accordance with and subject to the terms and conditions of the Agreement and the Plan. **[I understand that I may review the complete text of the Plan on line at [●], or by contacting either my Human**

Resources representative or the Office of the Corporate Secretary.] I agree to be bound by the terms and conditions of the Plan governing the Award.

Date Accepted

Signature

Exhibit 4.3

ACASTI PHARMA INC.

STOCK OPTION PLAN
AS AMENDED JUNE 8, 2017

ACASTI PHARMA INC.

STOCK OPTION PLAN

THIS PLAN adopted October 8, 2008, amended on April 29, 2009, March 1, 2011, May 22, 2013, October 5, 2015, May 11, 2016 and June 8, 2017.

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions. Where used in this Plan, unless there is something in the subject matter or context inconsistent therewith, the following terms will have the meanings set forth below:

(a) "**Associate**" has the meaning ascribed to it in the Securities Act.

(b) "**Board**" means the board of directors of the Corporation, or any duly appointed committee thereof to which the board of directors of the Corporation has delegated the power to administer and grant Options under this Plan, as constituted from time to time.

(c) "**Cause**" means, with respect to a particular Employee:

(i) "cause" as such term is defined in the written employment agreement between the Corporation and the Employee; or

(ii) in the event there is no written employment agreement between the Corporation and the Employee or "cause" is not defined in the written employment agreement between the Corporation and the Employee, the usual meaning of cause under the laws of the Province of Québec.

(d) "**Change of Control**" means:

(i) a consolidation, reorganization, amalgamation, merger, acquisition or other business combination (or a plan of arrangement in connection with any of the foregoing), other than solely involving the Corporation and any one or more of its Associates, with respect to which all or substantially all of the Persons who were the beneficial owners of the Shares and other securities of the Corporation immediately prior to such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of arrangement do not, following the completion of such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of arrangement, beneficially own, directly or indirectly, more than 50% of the resulting voting rights (on a fully-diluted basis) of the Corporation or its successor;

(ii) a resolution is adopted to wind-up, dissolve or liquidate the Corporation;

(iii) the sale, exchange or other disposition to a person other than an Affiliate of the Corporation of all or substantially all of the Corporation's assets; or

(iv) a change in the composition of the Board, which occurs at a single meeting of the shareholders of the Corporation or upon the execution of a shareholders'

resolution, such that individuals who are members of the Board immediately prior to such meeting or resolution cease to constitute a majority of the Board, without the Board, as constituted immediately prior to such meeting or resolution, having approved of such change;

(e) "**Code**" has the meaning given in Section 7.1 of this Plan.

(f) "**Company**" means, unless specifically indicated otherwise, a corporation, incorporated association or organization, body corporate, partnership, trust, association, or other entity other than an individual.

(g) "**Consultant**" means a person, other than an Employee or Director of the Corporation, or a Company, who:

(i) provides on a *bona fide* basis consulting, technical, management or other services to the Corporation or a Subsidiary of the Corporation under a written contract;

(ii) possesses technical, business, management or other expertise of value to the Corporation or a Subsidiary of the Corporation;

(iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the business and affairs of the Corporation or a Subsidiary of the Corporation; and

(iv) has a relationship with the Corporation or a Subsidiary of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation.

(h) "**Corporation**" means Acasti Pharma Inc., and includes any successor corporation thereto.

(i) "**Director**" means a member of the board of directors of the Corporation or a member of the board of directors of a Subsidiary of the Corporation to whom stock options may be granted in reliance on a prospectus exemption under applicable Securities Laws.

(j) "**Effective Date**" means the effective date of this Plan, as amended, being October 8, 2008.

(k) "**Employee**" means an individual who:

(i) is considered an employee of the Corporation or a Subsidiary of the Corporation under the *Income Tax Act* (Canada) (i.e., for whom income tax, employment insurance and CPP deductions must be made at source);

(ii) works full-time for the Corporation or a Subsidiary of the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or a Subsidiary of the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source; or

(iii) works for the Corporation or a Subsidiary of the Corporation on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or a Subsidiary of the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source.

(l) "**Exchange**" means the TSX Venture Exchange and, where the context permits, any other exchange on which the Shares are or may be listed from time to time.

(m) "**Exercise Notice**" means the notice respecting the exercise of an Option, in the form set out in the Option Agreement, duly executed by the Option Holder.

(n) "**Exercise Period**" means the period during which a particular Option may be exercised and, subject to earlier termination in accordance with the terms hereof, is the period from and including the Grant Date through to and including the Expiry Date.

(o) "**Exercise Price**" means the price per Share at which Shares may be purchased under an Option duly granted under this Plan, as determined in accordance with Section 4.3 of this Plan and, if applicable, adjusted in accordance with Section 3.5 of this Plan.

(p) "**Expiry Date**" means the date determined in accordance with Section 4.2 of this Plan and after which a particular Option cannot be exercised and is deemed to be null and void and of no further force or effect.

(q) "**Grant Date**" means the date on which the Board grants a particular Option.

(r) "**Insider**" means an "insider" as defined by the Exchange from time to time in its rules and regulations.

(s) "**ISOs**" has the meaning given in Section 7.1 of this Plan.

(t) "**Market Price**" at any date in respect of the Shares shall be the closing price of such Shares on the Exchange (and if listed on more than one stock exchange, then the highest of such closing prices) on the last Business Day prior to the Grant Date (or, if such Shares are not then listed and posted for trading on the Exchange, on such stock exchange in Canada on which the Shares are listed and posted for trading as may be selected for such purpose by the Board). In the event that such Shares did not trade on such Business Day, the Market Price shall be the average of the bid and asked prices in respect of such Shares at the close of trading on such date. In the event that such Shares are not listed and posted for trading on any stock exchange, the Market Price shall be the fair market value of such Shares as determined by the Board in its sole discretion;

(u) "**Option**" means an option to acquire Shares granted to a Director, Employee or Consultant of the Corporation, or any Subsidiary of the Corporation pursuant to this Plan.

(v) "**Option Agreement**" means an agreement, in the form substantially similar as that set out in Schedule "A" hereto, evidencing an Option granted under this Plan.

(w) "**Option Holder**" means a Director, Employee or Consultant or former Director, Employee or Consultant, to whom an Option has been granted and who continues to hold an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.

(x) "**Plan**" means this stock option plan, as may be amended from time to time.

(y) "**Person**" means a Company or an individual.

(z) "**Personal Representative**" means:

(i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and

(ii) in the case of an Option Holder who, for any reason, is unable to manage his or her affairs, the individual entitled by law to act on behalf of such Option Holder.

(aa) "**QBCA**" means the *Business Corporations Act* (Québec), as amended, or such other successor legislation which may be enacted, from time to time.

(bb) "**Regulatory Authorities**" means the Exchange and any other organized trading facilities on which the Corporation's Shares are listed and all securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation.

(cc) "**Re-Organization Event**" has the meaning given in Section 3.5 of this Plan.

(dd) "**Securities Act**" means the *Securities Act* (Québec), as amended, or such other successor legislation as may be enacted, from time to time.

(ee) "**Securities Laws**" means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that govern or are applicable to the Corporation or to which it is subject, including, without limitation, the Securities Act.

(ff) "**Share**" means one (1) common share without par value in the capital stock of the Corporation as constituted on the Effective Date or, in the event of an adjustment contemplated by Section 3.5 of this Plan, such other shares or securities to which an Option Holder may be entitled upon the due exercise of an Option as a result of such adjustment.

(gg) "**Subsidiary**" means a subsidiary as defined in the QBCA.

(hh) "**Termination Date**" means:

(i) in the case of the resignation of the Option Holder as an Employee of the Corporation, the date that the Option Holder provides notice of his or her resignation as an Employee of the Corporation to the Corporation;

(ii) in the case of the termination of the Option Holder as an Employee of the Corporation by the Corporation for any reason other than death, the effective date of termination set out in the Corporation's notice of termination of the Option Holder as an Employee of the Corporation to the Option Holder;

(iii) in the case of the termination of the written contract of the Option Holder to provide consulting services to the Corporation, the effective date of termination set out in any notice provided by one of the parties to the written contract to the other party; or

(iv) the effective date of termination of a Director, Employee or Consultant pursuant to an order made by any Regulatory Authority having jurisdiction to so order.

(ii) "**U.S. Taxpayer**" has the meaning given in Section 7.1 of this Plan.

1.2 Choice of Law. This Plan is established under and the provisions of this Plan will be subject to and interpreted and construed in accordance with the laws of the Province of Québec.

1.3 Headings. The headings used herein are for convenience only and are not to affect the interpretation of this Plan.

ARTICLE 2
PURPOSE AND ADMINISTRATION

2.1 Purpose. The purpose of this Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified Directors, Employees and Consultants of the Corporation, and any Subsidiary of the Corporation, to reward such of those Directors, Employees and Consultants as may be granted Options under this Plan by the Board from time to time for their contributions toward the long term goals and success of the Corporation and to enable and encourage such Directors, Employees and Consultants to acquire Shares as long term investments and proprietary interests in the Corporation.

2.2 Administration. This Plan will be administered by the Board. The Board may make, amend and repeal at any time and from time to time such regulations not inconsistent with this Plan as it may deem necessary or advisable for the proper administration and operation of this Plan and such regulations will form part of this Plan. The Board may delegate to any director or other senior officer or employee of the Corporation such administrative duties and powers as it may see fit.

2.3 Board Powers. The Board shall have the power, where consistent with the general purpose and intent of this Plan and subject to the specific provisions of this Plan to, amongst other things:

(a) establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of this Plan;

(b) interpret and construe this Plan and to determine all questions arising out of this Plan or any Option, and any such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes;

(c) determine the number of Shares reserved for issuance by each Option;

(d) determine the Exercise Price of each Option;

(e) determine the time or times when Options will be granted and exercisable;

(f) determine if the Shares which are issuable on the due exercise of an Option will be subject to any restrictions upon the due exercise of such Option; and

(g) prescribe the form of the instruments and certificates relating to the grant, exercise and other terms of Options.

2.4 Board Discretion. The Board may, in its discretion, require as conditions to the grant or exercise of any Option that the Option Holder shall have:

(a) represented, warranted and agreed in form and substance satisfactory to the Corporation that the Option Holder is acquiring and will acquire such Option and the Shares to be issued upon the exercise thereof for his, her or its own account, for investment and not with a view to or in connection with any distribution, that the Option Holder has had access to such information as is necessary to enable him, her or it to evaluate the merits and risks of such investment and that the Option Holder is able to bear the economic risk of holding such Shares for an indefinite period;

(b) agreed to restrictions on transfer in form and substance satisfactory to the Corporation and to an endorsement on any option agreement or certificate representing the Shares making appropriate reference to such restrictions; and

(c) agreed to indemnify the Corporation in connection with the foregoing.

2.5 Board Requirements. Any Option granted under this Plan shall be subject to the requirement that, if at any time counsel to the Corporation shall determine that the listing, registration or qualification of the Shares issuable upon due exercise of such Option upon any securities exchange or under any Securities Laws of any jurisdiction, or the consent or approval of Regulatory Authority, is necessary as a condition of, or in connection with, the grant or exercise of such Option or the issuance or purchase of Shares thereunder, such Option may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Corporation to apply for or to obtain such listing, registration, qualification, consent or approval.

2.6 Interpretation. The interpretation by the Board of any of the provisions of this Plan and any determination by it pursuant thereto will be final and conclusive and will not be subject to any dispute by any Option Holder. No member of the Board or any individual acting pursuant to authority delegated by it hereunder will be liable for any action or determination in connection with this Plan made or taken in good faith and each member of the Board and each such individual will be entitled to indemnification with respect to any such action or determination in the manner provided for by the Corporation.

ARTICLE 3
GRANT OF OPTIONS

3.1 Board to Issue Shares. The Shares to be issued to Option Holders upon the exercise of Options will be previously authorized but unissued Shares in the capital stock of the Corporation.

3.2 Participation. The Board will, from time to time and in its sole discretion, determine (i) those Directors, Employees, Consultants (and, when applicable, to a Company wholly owned by any such Director, Employee or Consultant), if any, to whom Options are to be granted based upon certain participation criteria, which criteria include but are not limited to functions within the Corporation, or any Subsidiary of the Corporation, seniority or actual and future contributions to the success of to the Corporation, or any Subsidiary of the Corporation, and (ii) the number of Options to be granted to such Directors, Employees or Consultants. The Board may only grant options to an Employee or Consultant if such Employee or Consultant is a *bona fide* Employee or Consultant of the Corporation or a Subsidiary of the Corporation, as the case may be. The Board may, in its sole discretion, grant the majority of the Options to Insiders of the Corporation. However, in no case will the grant of Options under this Plan, together with any proposed or previously existing security based compensation arrangement, result in (in each case, as determined on the Grant Date):

(a) the grant to any one Consultant of the Corporation, or any Subsidiary of the Corporation, within any twelve (12) month period, of Options reserving for issuance a number of Shares exceeding in the aggregate two percent (2%) of the Corporation's issued and outstanding Shares (on a non-diluted basis); or

(b) the grant to any one Employee of the Corporation or any Subsidiary of the Corporation, which provides investor relations services, within any twelve (12) month period, of Options reserving for issuance a number of Shares exceeding in the aggregate two percent (2%) of the Corporation's issued and outstanding Shares (on a non-diluted basis).

3.3 Number of Shares Reserved. Subject to adjustment as provided for in Section 3.4 of this Plan and any subsequent amendment to this Plan, the number of Shares reserved for issuance and which will be available for purchase pursuant to Options granted under this Plan, together with any proposed or previously existing security based compensation arrangement, will equal to 2,940,511, representing 20% of the issued and outstanding Shares of the Corporation as of March 31, 2017. Subject to the provisions and restrictions of this Plan, if any Option is cancelled, expired or otherwise terminated for any reason whatsoever, the number of Shares in respect of which Option is cancelled, expired or otherwise terminated for any reason whatsoever, as the case may be, will *ipso facto* again be immediately available for purchase pursuant to Options granted under this Plan.

3.4 Adjustments. If, prior to the complete exercise of an Option, the Shares are consolidated, subdivided, converted, exchanged or reclassified or in any way substituted for (collectively, a "**Re-Organization Event**"), an Option, to the extent that it has not been exercised, will be adjusted by the Board in accordance with such Re-Organization Event in the manner the Board deems appropriate and equitable. No fractional Shares will be issued upon the exercise of the Options and accordingly, if as a result of the Re-Organization Event, an Option Holder would become entitled to a fractional Share, such Option Holder will have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

3.5 Notification of Grant. Following the approval by the Board of the granting of an Option, the Board will notify the Option Holder in writing of the award and will enclose with such notice the Option Agreement representing the Option so granted.

3.6 **Copy of Plan**. Each Option Holder, concurrently with the notice of the award of the Option, will, upon written request, be provided with a copy of this Plan, and a copy of any amendment to this Plan will be promptly provided by the Board to each Option Holder.

3.7 **Limitation**. This Plan does not give any Option Holder that is a Director the right to serve or continue to serve as a Director of the Corporation, does not give any Option Holder that is an Employee the right to be or to continue to be employed by the Corporation and does not give any Option Holder that is a Consultant the right to be or continue to be retained or engaged by the Corporation as a consultant for the Corporation.

ARTICLE 4
TERMS AND CONDITIONS OF OPTIONS

4.1 **Term of Option**. Subject to Section 4.2, the Expiry Date of an Option will be the date so fixed by the Board at the time the particular Option is granted, provided that such date will be no later than the tenth (10th) anniversary of the Grant Date of such Option.

4.2 **Termination of Option**. Subject to such other terms or conditions that may be attached to Options granted hereunder, an Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period will terminate and become null, void and of no effect as of 5:00 p.m. (Montréal time) on the Expiry Date. The Expiry Date of an Option will be the earlier of the date so fixed by the Board at the time the Option is granted and the date established, if applicable, in subsections (a) to (c) below:

(a) Death, Disability or Retirement of Option Holder

In the event that the Option Holder should die, become disable or retire from the Corporation while he or she is still an Employee (if he or she holds his or her Option as an Employee) or in the event that the Option Holder should die or become disable while he or she is still a Director (if he or she holds his or her Option as a Director) or a Consultant (if he or she holds his or her Option as a Consultant), the Expiry Date will be the first anniversary of the Option Holder's date of death, disability or retirement, as applicable.

(b) Ceasing to Hold Office

In the event that the Option Holder holds his or her Option as a Director of the Corporation and such Option Holder ceases to be a Director of the Corporation other than by reason of death or disability the Expiry Date of the Option will not exceed the sixtieth (60th) day following the date the Option Holder ceases to be a Director of the Corporation unless the Option Holder ceases to be a Director of the Corporation as a result of:

(i) ceasing to meet the qualifications of a director set forth the QBCA; or

(ii) an ordinary resolution having been passed by the shareholders of the Corporation pursuant to the QBCA; or

(iii) an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date will be the date the Option Holder ceases to be a Director of the Corporation.

(c) Ceasing to be an Employee or Consultant

In the event that the Option Holder holds his or her Option as an Employee or Consultant of the Corporation and such Option Holder ceases to be an Employee or Consultant of the Corporation other than by reason of death, disability or retirement, as applicable in accordance with Section 4.2(a), the Expiry Date of the Option will not exceed the sixtieth (60th) day following the Termination Date or, if the Employee or Consultant provides investor relations services, the thirtieth (30th) day following the Termination Date, unless the Option Holder::

(i) ceases to be an Employee of the Corporation as a result of termination for Cause; or

(ii) ceases to be an Employee or Consultant of the Corporation as a result of an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date will be the Termination Date.

(d) Bankruptcy

In the event that an Option Holder commits an act of bankruptcy or any proceeding is commenced against an Option Holder under the *Bankruptcy and Insolvency Act* (Canada) or other applicable bankruptcy or insolvency legislation in force at the time of such bankruptcy or insolvency, the Expiry Date of the Option will be the date immediately preceding the date on which such Option Holder commits such act of bankruptcy.

Notwithstanding anything contained in this Plan, with the exception of Section 5.5, in no case will an Option be exercisable after the tenth (10^{th}) anniversary of the Grant Date of the Option.

4.3 Exercise Price. The price at which an Option Holder may purchase a Share upon the exercise of an Option (the "**Exercise Price**") will be determined by the Board and set forth in the Option Agreement issued in respect of such Option and, in any event, will not be less than the Market Price of the Corporation's Shares calculated as of the Grant Date. Notwithstanding anything else contained in this Plan, in no case will the Market Price be less than the minimum prescribed by each of the organized trading facilities as would apply to the Grant Date in question.

4.4 Vesting. The date or dates on and after which a particular Option, or part thereof, may be exercised will be determined by the Board and set forth in the Option Agreement issued in respect of such Option. In any event, all Options will be vested gradually and evenly over a period of at least eighteen (18) months, on a quarterly basis.

4.5 Additional Terms. Subject to all applicable Securities Laws of all applicable Regulatory Authorities, the Board may attach other terms and conditions to the grant of a particular Option, such terms and conditions to be referred to in the Option Agreement at the time of grant. These terms and conditions may include, but are not necessarily limited to, the following:

(a) providing that an Option expires on a date other than as provided for herein;

(b) providing that a portion or portions of an Option vest after certain periods of time or upon the occurrence of certain events, or expire after certain periods of time or upon the occurrence of certain events;

(c) providing that an Option be exercisable immediately, in full, notwithstanding that it has vesting

provisions, upon the occurrence of certain events, such as a friendly or hostile take-over bid for the Corporation; and

(d) providing that an Option issued to, held by or exercised by an Option Holder who is a citizen or resident of the United Sates of America, and otherwise meeting the statutory requirements, be treated as an "Incentive Stock Option" as that term is defined for purposes of the United States of America Internal Revenue Code of 1986, as amended.

4.6 Non-Transferability of Options. The Options granted hereunder are not assignable, transferable or negotiable (whether by operation of law or otherwise) and may not be assigned or transferred, provided however that the Personal Representative of an Option Holder may, to the extent permitted by Section 5.1 of this Plan, exercise the Option within the Exercise Period. Upon any attempt to assign, transfer, negotiate, pledge, hypothecate or otherwise dispose of or transfer an Option contrary to this Section 4.6 of this Plan, or upon the levy of any attachment or similar process upon an Option, the Option and all rights, benefits and privileges arising thereunder or therefrom, at the sole discretion and election of the Board, shall cease and terminate and be of no further force or affect whatsoever.

4.7 No Rights as Shareholders. An Option Holder shall not have any rights as a shareholder of the Corporation with respect to any of the Shares covered by such Option until the date of issuance of a certificate for Shares upon the due exercise of such Option, in full or in part, and then only with respect to the Shares represented by such certificate or certificates. Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued.

ARTICLE 5
EXERCISE OF OPTION

5.1 Exercise of Option. An Option may be exercised only by the Option Holder or the Personal Representative of the Option Holder. Subject to the provisions of this Plan, an Option Holder or the Personal Representative of an Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period up to 5:00 p.m. (Montréal time) on the Expiry Date by delivering to the Secretary of the Corporation an Exercise Notice indicating the number of Shares to be purchased pursuant to the exercise of the Option, the applicable Option Agreement and a certified cheque or bank draft payable to "Acasti Pharma Inc." in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Option.

5.2 Withholding Taxes. In addition to the other conditions on exercise set forth in this Plan, the exercise of each Option granted under this Plan is subject to the satisfaction of all applicable withholding taxes or other withholding liabilities as the Corporation may determine to be necessary or desirable in respect of such exercise. The Corporation will require that an Option Holder pay to the Corporation, in addition to, and in the same manner as, the Exercise Price, such amount as the Corporation is obliged to remit to the relevant taxing authority in respect of the exercise of the Option.

5.3 Issue of Share Certificates. As soon as practicable following the receipt of (i) the Exercise Notice and the certified cheque or bank draft referred to in Section 5.1, and (ii) any amounts payable under Section 5.2, the Board will cause to be delivered to the Option Holder the Shares so purchased in certificated or uncertificated form. If the number of Shares so purchased is less than the number of Shares subject to the Option Agreement, the Option Holder will surrender the Option Agreement to the Corporation and the Board will forward a new Option Agreement to the Option Holder

concurrently with delivery of the Shares for the balance of Shares available under the Option.

5.4 Condition of Issue. The Options and the issue of Shares by the Corporation pursuant to the exercise of Options are subject to the terms and conditions of this Plan and compliance with the rules and policies of all applicable Regulatory Authorities to the granting of such Options and to the issuance and distribution of such Shares, and to all applicable Securities Laws. The Option Holder agrees to comply with all such laws, regulations, rules and policies and agrees to furnish to the Corporation any information, reports or undertakings required to comply with and to fully cooperate with the Corporation in complying with such laws, regulations, rules and policies. Notwithstanding any of the provisions contained in this Plan or in any Option, the Corporation's obligation to issue Shares to an Option Holder pursuant to the exercise of any Option granted under the Plan shall be subject to:

(a) completion of such registration or other qualification of such Shares or obtaining approval of such Regulatory Authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;

(b) the admission of such Shares to listing on any stock exchange on which the Shares may then be listed;

(c) the receipt from the Option Holder of such representations, warranties, agreements and undertakings, as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the Securities Laws of any jurisdiction; and

(d) the satisfaction of any conditions on exercise prescribed pursuant to this Plan.

5.5 Blackout Period. If an Option expires during, or within five business days after, a trading black-out period imposed by the Corporation to restrict trades in the Corporation's securities, then, notwithstanding any other provision of the Plan, the Option shall expire ten business days after the trading black-out period is lifted by the Corporation, subject to the maximum period of time during which an Option is exercisable under Sections 7.3 of this Plan.

ARTICLE 6
AMENDMENT AND TERMINATION

6.1 Amendment Without Shareholder Approval . Subject to the prior approval of the Exchange, The Board may amend, suspend or discontinue the Plan, and amend or discontinue any Options granted under the Plan, at any time without shareholder approval. Without limiting the foregoing, the Board is specifically authorized to amend the terms of the Plan, and the terms of any Options granted under the Plan, without obtaining shareholder approval, to:

(a) amend the vesting provisions to the extent permitted under the rules and regulations of the Exchange;

(b) amend the termination provisions, except as otherwise provided in Section 6.3 (b) hereof;

(c) amend the eligibility requirements of eligible Directors, Employees or Consultants which would have the potential of broadening or increasing Insider participation;

(d) add any form of financial assistance;

(e) amend a financial assistance provision which is more favorable to Directors, Employees or Consultants;

(f) add a deferred or restricted share unit or any other provision which results in Directors, Employees or Consultants receiving securities while no cash consideration is received by the Corporation; and

(g) make other amendments of a housekeeping nature or to comply with the requirements of any Regulatory Authority.

6.2 Amendment with Shareholder Approval. Notwithstanding Section 6.1, no amendments to the Plan to:

(a) increase the number of Shares reserved for issuance under the Plan (including a change from a fixed maximum number of shares to a fixed maximum percentage of Shares);

(b) change the manner of determining the Exercise Price; or

(c) amend the amending provisions of Sections 6.1 to 6.3 of this Plan; or

(d) change the employees (or class of employees) eligible to receive options under this Plan

shall be made without obtaining approval of the shareholders in accordance with the requirements of the Exchange.

6.3 Amendment of Insider Options. Notwithstanding Section 6.1, no amendments to granted Options to:

(a) reduce the Exercise Price for the benefit of Insiders; or

(b) extend the termination date for the benefit of Insiders, other than in accordance with Section 5.4 hereof;

shall be made without obtaining approval of the shareholders, or approval of the disinterested shareholders for amendments under Section 6.3(a), in accordance with the requirements of the Exchange; and no action shall be taken with respect to granted Options without the consent of the Option Holder, unless the Board determines that such action does not materially alter or impair such Option.

6.4 Options Granted Prior to Termination. No amendment, suspension or discontinuance of the Plan or of any granted Option may contravene the requirements of the Exchange or any securities commission or regulatory body to which the Plan or the Corporation is now or may hereafter be subject to. Termination of the Plan shall not affect the ability of the Board to exercise the powers granted to it hereunder with respect to Options granted under the Plan prior to the date of such termination.

6.5 Retrospective Amendment. The Board may from time to time retrospectively amend this Plan and, with the consent of the affected Option Holders, retrospectively amend the terms and conditions of any Options that have been previously granted.

6.6 Change of Control. Notwithstanding anything contained to the contrary in this Plan or in any resolution of the Board in implementation thereof:

(a) in the event of a proposed Change of Control of the Corporation, the Corporation shall have the right, upon written notice thereof to each Option Holder holding Options under the Plan, to permit the exercise of all such Options within the twenty (20) day period next following the date of such notice and to determine that upon the expiration of such twenty (20) day period, all rights of the Option Holders to such Options or to exercise same (to the extent not theretofore exercised) shall *ipso facto* terminate and cease to have further force or effect whatsoever;

(b) in the event of a Change of Control of the Corporation where a notice by the Corporation was not sent to Option Holders in accordance with Section 6.6(a),

(i) all of the Option Holder's Options will immediately vest on the date of such event. In such event, all Options so vested will be exercisable from such date until their respective expiry dates, subject to the terms of any employment agreement or other contractual arrangement between the Option Holder and the Corporation. For greater certainty, upon a Change of Control, Option Holders shall not be treated any more favourably than holders of Shares with respect to the consideration that the Option Holders would be entitled to receive for their Shares; and

(ii) if the Option Holder elects to exercise its Options following a Change of Control, such Option Holder shall be entitled to receive, and shall accept, in lieu of the number of Shares which such Option Holder was entitled upon such exercise, the kind and amount of shares and other securities, property or cash which such Option Holder could have been entitled to receive as a result of such Change of Control, on the effective date thereof, had such Option Holder been the registered holder of the number of Shares to which such Option Holder was entitled to purchase upon exercise of such Options.

6.7 Extension of Expiration Date, Non-Applicability of Termination of Employment Provisions. Subject to the rules of any relevant Regulatory Authority and Securities Laws, the Board may, by resolution:

(a) extend the Expiration Date of any Option, but shall not, in the event of any such advancement or extension, be under any obligation to advance or extend the date on or by which Options may be exercised by any other Option Holder; and

(b) decide that any of the provisions hereof concerning the effect of termination of the Option Holder's employment shall not apply to any Option Holder for any reason acceptable to the Board.

Notwithstanding the provisions of Sections 6.6 and 6.7, should changes be required to the Plan by any Regulatory Authority of any jurisdiction to which this Plan or the Corporation now is or hereafter becomes subject, such changes shall be made to the Plan as are necessary to conform with such requirements and, if such changes are approved by the Board, the Plan, as amended, shall be filed with the records of the Corporation and shall remain in full force and effect in its amended form as of and from the date of its adoption by the Board.

6.8 Regulatory Authority Approval. This Plan and any amendments hereto are subject to all necessary approvals of the applicable Regulatory Authorities.

6.9 Agreement. The Corporation and every Option granted hereunder will be bound by and subject to the terms and conditions of this Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Corporation to be bound by the terms and conditions of this Plan.

6.10 Effective Date of Plan. Upon approval by the shareholders of the Corporation in accordance with the QBCA, and by acceptance by the Exchange (if the Shares are listed or posted on an Exchange and such acceptance is required), the amendments to this Plan made on May 11, 2016 shall be deemed to be effective as of the Effective Date. Any Options granted prior to such approval and acceptance(s), that exceed the previous number of Options available for grant, shall be conditional upon such approval and acceptance(s) being given and no such Options may be exercised unless such approval and acceptance is given.

6.11 Governing Law. This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Québec and the federal laws of Canada applicable therein.

ARTICLE 7
U.S. TAXPAYERS

7.1 Provisions for U.S. Taxpayers. Options granted under this Plan to U.S. Taxpayers may be nonqualified stock options or incentive stock options intended to qualify under Section 422 ("**ISOs**") of the United States Internal Revenue Code of 1986 and the applicable authority thereunder (the "**Code**"). Each Option shall be designated in the Option Agreement as either an ISO or a non-qualified stock option. "**U.S. Taxpayer**" means a Person who is a U.S. citizen, U.S. permanent resident or U.S. tax resident for the purposes of the Code whose purchase of Shares under this Plan would be subject to U.S. taxation under the Code. Such Person shall be considered a U.S. Taxpayer solely with respect to such options. Options may be granted as ISOs only to individuals who are employees of the Corporation or any present or future "subsidiary corporation" or "parent corporation" as those terms are defined in Section 424(e) and (f) of the Code, and shall not be granted to non-employee Directors or independent contractors. If an Option Holder ceases to be employed by the Corporation and/or all "subsidiary corporations" or "parent corporations" as those terms are defined in Section 424(e) and (f) of the Code, other than by reason of death or disability (meaning "permanent and total disability" as defined in Section 22(e)(3) of the Code), Options shall be eligible for treatment as ISOs only if exercised no later than three months following such termination of employment.

7.2 ***ISOs.*** The maximum number of Options that may be granted as ISOs is equal to the maximum number of Shares issuable under Section 3.3. The terms and conditions of any ISOs granted

hereunder, including the eligible recipients of ISOs, shall be subject to the provisions of Section 422 of the Code, and the terms, conditions, limitations and administrative procedures established by the Board from time to time in accordance with this Plan. At the discretion of the Board, ISOs may be granted to any Employee of the Corporation, its "parent corporation" or any "subsidiary corporation" of the Corporation, as such terms are defined in Sections 424(e) and (f) of the Code.

7 . 3 ***ISO Grants to 10% Shareholders.*** Notwithstanding anything to the contrary in this Plan, if an ISO is granted to a Person who owns shares representing more than ten percent of the voting power of all classes of shares of the Corporation or of a "subsidiary corporation" or "parent corporation", as such terms are defined in Section 424(e) and (f) of the Code, the term of the Option shall not exceed five years from the time of grant of such Option and the Exercise Price shall be at least 110 percent (110%) of the Market Price (at the time of grant) of the Shares subject to the Option.

7.4 ***$100,000 Per Year Limitation for ISOs.*** To the extent the aggregate Market Price (determined at the time of grant) of the Shares for which ISOs are exercisable for the first time by any Person during any calendar year (under all plans of the Corporation) exceeds $100,000, such excess ISOs shall be treated as nonqualified stock options.

7.5 ***Disqualifying Dispositions.*** Each Person awarded an ISO under this Plan shall notify the Corporation in writing immediately after the date he or she makes a disqualifying disposition of any Shares acquired pursuant to the exercise of such ISO. A disqualifying disposition is any disposition (including any sale) of Shares before the later of (i) two years after the time of grant of the ISO or (ii) one year after the date the Person acquired the Shares by exercising the ISO. The Corporation may, if determined by the Board and in accordance with procedures established by it, retain possession of any Shares acquired pursuant to the exercise of an ISO as agent for the applicable Person until the end of the period described in the preceding sentence, subject to complying with any instructions from such Person as to the sale of such Share.

7 . 6 ***Section 409A.*** Any Options granted to U.S. Taxpayers shall be limited to Employees or Consultants providing services to the Corporation or to an affiliate which is an "eligible issuer", as defined in final Treas. Reg. 1.409A-1(b)(iii) (this includes corporate subsidiaries in which the Corporation has a controlling interest).

(a) No extension of term of an Option shall extend beyond the latest date that the right could have expired by its original terms.

(b) Any replacement options issued under Section 3.5 or 6.6 of this Plan shall comply with U.S. Treas. Reg. 1.424-1 as if the Option were a incentive stock option (ISO) so that the ratio of the Exercise Price to the fair market value of Shares subject to the Options immediately after the replacement may not be greater than the ratio of the Exercise Price to the fair market value of Shares subject to the Options immediately before the replacement.

7.7 ***Transferability.*** Notwithstanding any other provision in this Plan, an ISO is not transferable except by will or by the laws of descent and distribution, and may be exercised, during the Option Holder's lifetime, only by such Option Holder.

Adopted by the Board on October 8, 2008, as amended on April 29, 2009, March 1, 2011, May 22, 2013, October 5, 2015, May 11, 2016 and June 8, 2017 and lastly approved by the shareholders on July 12, 2016.

Exhibit 12.1

SECTION 302 CERTIFICATION

I, Janelle D'Alvise, certify that:

1. I have reviewed this annual report on Form 20-F of Acasti Pharma Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d–15(f)) for the company and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

/s/ Janelle D'Alvise

Name: Janelle D'Alvise
Title: Principal Executive Officer

Date: June 27, 2017

Exhibit 12.2

SECTION 302 CERTIFICATION

I, Linda P. O'Keefe, certify that:

1. I have reviewed this annual report on Form 20-F of Acasti Pharma Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d–15(f)) for the company and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

/s/ Linda P. O'Keefe

Name: Linda P. O'Keefe
Title: Principal Financial Officer

Date: June 27, 2017

Exhibit 13.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES–OXLEY ACT OF 2002

In connection with the Annual Report on Form 20-F of Acasti Pharma Inc. (the "Company") for the fiscal year ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Janelle D'Alvise, Principal Executive Officer of the Company certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 27, 2017

/s/ Janelle D'Alvise
Name: Janelle D'Alvise
Title: Principal Executive Officer

Exhibit 13.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES–OXLEY ACT OF 2002

In connection with the Annual Report on Form 20-F of Acasti Pharma Inc. (the "Company") for the fiscal year ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Linda P. O'Keefe, Principal Financial Officer of the Company certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 27, 2017

/s/ Linda P. O'Keefe
Name: Linda P. O'Keefe
Title: Principal Financial Officer