

FORM 7

MONTHLY PROGRESS REPORT – May 2014

Name of CNSX Issuer: Pivotal Therapeutics Inc. (the “Issuer”).

Trading Symbol: PVO

Number of Outstanding Listed Securities: 91,916,277 common shares

Date: June 5, 2014

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the CNSX.ca website.

This report is intended to keep investors and the market informed of the Issuer’s ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the CNSX Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

- 1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.**

Over the previous month, the Issuer's business activities have been focused on continuing the commercializing of its lead product **VASCAZEN**[®]. It is a prescription only medical food for the dietary management of an Omega-3 deficiency in patients with cardiovascular disease. The product is readily available for sale through a prescription in all major pharmacies across the U.S.

- 2. Provide a general overview and discussion of the activities of management.**

Management is continuing to work and deliver on the objectives laid out in the business plan to grow sales of its lead product **VASCAZEN**[®] and increase shareholder value. To support these efforts management announced it has engaged Brandkarma LLC., an award winning, US-based, healthcare marketing and brand specialist with global expertise to support the Company's commercialization strategy for **VASCAZEN**[®]. At the beginning of the month, the company presented two posters at the American Heart Association's Arteriosclerosis, Thrombosis and Vascular Biology (ATVB) 2014 Scientific Sessions held in Toronto, Ontario. Both posters discussed Omega-3 deficiency (OM3D) and **VASCAZEN**[®]'s unique formulation to correct the deficiency. At the end of the month the Company filed its first quarter financial results, which are available on www.sedar.com. Additionally, management continues to build relationships in the business community in which it operates.

- 3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.**

This item is not applicable to the Issuer for the month of May 2014.

- 4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.**

This item is not applicable to the Issuer for the month of May 2014.

5. **Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of.**

This item is not applicable to the Issuer for the month of May 2014.

6. **Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.**

This item is not applicable to the Issuer for the month of May 2014.

7. **Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.**

This item is not applicable to the Issuer for the month of May 2014.

8. **Describe the acquisition of new customers or loss of customers.**

This item is not applicable to the Issuer for the month of May 2014.

9. **Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.**

The U.S. Patent and Trademark Office (USPTO) issued patent Number 8,715,648 titled "Formulations Comprising Omega-3 Fatty Acids and Anti-Obesity Agent for the Reduction of Body Weight in Cardiovascular Disease Patients (CVD) and Diabetics" on May 7, 2014.

10. **Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.**

This item is not applicable to the Issuer for the month of May 2014.

11. Report on any labour disputes and resolutions of those disputes if applicable.

This item is not applicable to the Issuer.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

This item is not applicable to the Issuer.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

This item is not applicable to the Issuer for the month of May 2014.

14. Provide details of any securities issued and options or warrants granted.

On May 30, the Company reported in its 2014 first quarter financial results that on February 1, 2014, 100,000 stock options granted August 26, 2011 to a past employee were not exercised within the required option period following the employee departure and were forfeited.

15. Provide details of any loans to or by Related Persons.

This item is not applicable to the Issuer for the month of May 2014.

16. Provide details of any changes in directors, officers or committee members.

Dr. George Jackowski stepped down as Chairman of Pivotal Therapeutics Inc. Board of Directors effective May 13, 2014 but remains a director of the Board and the Chief Scientific Officer of the Company. John S. Gebhardt, an independent director of the Company, has been appointed as non-executive Chairman to fill the vacancy. Rear Admiral (Ret.) James Carey will remain as Vice-Chairman of the Board.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

None.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1)
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: June 5, 2014

Rachelle MacSweeney
Name of Director or Senior
Officer

“Rachelle MacSweeney”
Signature

President, Chief Operating
Officer and Director
Official Capacity

<i>Issuer Details</i> <u>Name of Issuer</u> Pivotal Therapeutics Inc.	<u>For Month End</u> May 31, 2014	<u>Date of Report</u> (YY/MM/D) 14/06/05
<u>Issuer Address</u> 81 Zenway Blvd., Unit 10		
<u>City/Province/Postal Code</u> Woodbridge, Ontario L4H 0S5	<u>Issuer Fax No.</u> (905) 856-2177	<u>Issuer Telephone No.</u> (905) 856-9797
<u>Contact Name</u> Rachelle MacSweeney	<u>Contact Position</u> President, Chief Operating Officer & Director	<u>Contact Telephone No.</u> (905) 856-9797
<u>Contact Email Address</u> rmacsweeney@pivotaltherapeutics.us	<u>Web Site Address</u> www.pivotaltherapeutics.us	