

FORM 7

MONTHLY PROGRESS REPORT – August 2014

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

Trading Symbol: PVO

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

Date: September 3, 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 commercialization of its lead products **VASCAZEN**[®] and **OMAZEN**[®]. During the month of August the Company entered into a Memorandum of Understanding to create a Joint Venture Distribution Agreement with ACGT Corporation ("ACGT") and associates. A leader in Canada's DNA services industry with extensive ties to China, ACGT will identify and introduce Pivotal to potential partners for the commercialization of its products in China. Also during the month, the Company announced that an article was published in the scientific journal PLOS ONE that supports the superiority of **VASCAZEN**[®]'s 6:1 EPA to DHA formulation. Finally, the company announced its second quarter financial results for the period April to June 2014.

VASCAZEN[®] 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. **OMAZEN**[®] is a pharmaceutical grade Omega-3 providing over 90% pure Omega-3 in each capsule for the maintenance of good health. **OMAZEN**[®] is available for sale and distribution in Canada.

- 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 products **VASCAZEN**[®] and **OMAZEN**[®] to increase shareholder value. 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 August 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 August 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.**

The issuer entered into a Memorandum of Understanding to create a Joint Venture Distribution Agreement with ACGT Corporation ("ACGT") and associates.

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 August 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 August 2014.

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

This item is not applicable to the Issuer for the month of August 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.**

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

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

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

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

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

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

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

- 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: September 3, 2014

Rachelle MacSweeney
Name of Director or Senior
Officer

“Rachelle MacSweeney”
Signature

President, Chief Operating
Officer and Director
Official Capacity

<u>Issuer Details</u>	<u>For Month End</u>	<u>Date of Report</u>
<u>Name of Issuer</u> Pivotal Therapeutics Inc.	August 31, 2014	(YY/MM/D) 14/09/03
<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	