

# FORM 7

## MONTHLY PROGRESS REPORT

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

Trading Symbol: PVO

Number of Outstanding Listed Securities: 73,366,617 common shares

Date: September 8, 2011

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 has continued to work and deliver on the objectives laid out in the business plan. Specifically, the Issuer has extended the exercise period for the call on its outstanding share purchase warrants (the "Warrants") from August 5, 2011 up to and including 5:00 pm Eastern Standard Time, September 16, 2011. The warrant call was originally issued

on July 14, 2011. The Warrants affected by the call relate to a non-brokered private placement, which closed on February 2, 2011. The issuer expects to realize CDN\$2,989,848 from the exercise of 11,959,392 common stock purchase warrants to purchase common stock for CDN\$0.25 per share. The Warrant call resulted from the issuers' share price closing at \$0.38 or greater on the Canadian National Stock Exchange for 10 consecutive trading days after March 31, 2011. The Issuer engaged a leading New York based investor relations firm, The Shoreham Group, LLC, to provide investor relations and strategic advisory services. Additionally, the Issuer announced the grant of incentive stock options and reported and filed its unaudited financial results for the second quarter ended June 30, 2011.

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

Management has continued to work and deliver on the objectives laid out in the business plan to commercialize VASCAZEN™ and increase shareholder value. Management extended the accelerated call of the Warrants as a direct response to Shareholders' requests and in consideration of the summer break. The Company signed on The Shoreham Group to assist with its corporate goals, including broadening the Company's exposure to institutional investors, daily investor relation activities, corporate communications and be responsible for creating significant awareness in positioning the Company for financing through access to the US and international capital markets. Management prepared and filed the Company's second quarter Condensed Interim Consolidated Financial Statements and Management Discussion and Analysis ("MD&A") for the second quarter ended June 30, 2011.

**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 2011.

**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 2011.

**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 relationship.**

The Issuer engaged The Shoreham Group, LLC, a leading New York investor relations firm. The Shoreham Group will assist the Issuer with its corporate goals, which include broadening exposure to institutional investors, daily

investor relation activities, corporate communications, and creating significant awareness in positioning the Issuer for financing through access to the US and international capital markets. In consideration for these services, the Issuer has both structured a monthly fee-for-service and has issued to Shoreham options to purchase 100,000 shares of common stock at an exercise price of \$0.30, equal to the closing price on August 17, 2011. The options are fully exercisable and have a term of five years.

- 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 2011.

- 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 2011.

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

This item is not applicable to the Issuer for the month of August 2011.

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

This item is not applicable to the Issuer for the month of August 2011.

- 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 2011.

- 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.

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

<b>Security</b>	<b>Number Issued</b>	<b>Details of Issuance</b>	<b>Use of Proceeds<sup>(1)</sup></b>
Common Shares	690,500	Exercise of warrants issued during initial financing.	The aggregate proceeds from the exercise of the warrants equals \$172,625. The proceeds will be used for operational purposes.
Options	100,000	Issued to Investor Relations firm. Date of Grant: August 18, 2011 Exercise Price: \$0.30 Expiry Date: August 18, 2016	Should the options be exercised in full, the resulting aggregate proceeds would equal \$30,000. The intended allocation of the proceeds would be for operational purposes.
Options	650,000	Issued to an Employee, Advisor and External Directors. Date of Grant: August 26, 2011 Exercise Price: \$0.30 Expiry Date: August 26, 2016	Should the options be exercised in full, the resulting aggregate proceeds would equal \$195,000. The intended allocation of the proceeds would be for operational purposes.

*(1) State aggregate proceeds and intended allocation of proceeds.*

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

This item is not applicable to the Issuer for the month of August 2011.

**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 2011.

**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 were 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 8<sup>th</sup>, 2011

Rachelle MacSweeney  
Name of Director or Senior  
Officer

"Rachelle MacSweeney"  
Signature  
President & Director  
Official Capacity

<b><i>Issuer Details</i></b>		<u>For Month End</u>	<u>Date of Report</u> (YY/MM/D)
<u>Name of Issuer</u> Pivotal Therapeutics Inc.		August 31, 2011	11/09/08
<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 & 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	