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As filed with the Securities and Exchange Commission on May 4, 2016

Registration No. 333-

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

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

HELIUS MEDICAL TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Wyoming	**3845**	**36-4787690**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

Suite 400, 41 University Drive
Newtown, Pennsylvania 18940
(215) 809-2018
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Philippe Deschamps
President and Chief Executive Officer
Helius Medical Technologies, Inc.
Suite 400, 41 University Drive
Newtown, Pennsylvania 18940
(215) 809-2018
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:
Ori Solomon
Proskauer Rose LLP
One International Place
Boston, MA 02110
(617) 526-9600
(617) 526-9899 (facsimile)

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

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

Large accelerated filer [ ]	Accelerated filer [ ]	Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [X]

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share(4)	Proposed Maximum Aggregate Offering Price(4)	Amount of Registration Fee(5)
Class A Common Stock, without par value (1)	10,149,115	$1.12	$ 11,367,014.40	$ 1,144.66
Warrants to purchase Common Stock(2)	5,074,560			
Class A Common Stock, without par value, issuable upon exercise of warrants(3)	5,074,560	$1.20	$ 6,089,472.00	$ 613.21
Total			$ 17,456,486.40	$ 1,757.87

(1) Includes such indeterminate number of additional shares of common stock, pursuant to Rule 416 under the Securities Act of 1933, as amended (the "Securities Act"), that may be issued as a result of stock splits, stock dividends or similar transactions.

(2) Represents warrants to purchase shares of common stock (the "Warrants") exercisable at CAD$1.50 per share, expiring on April 18, 2019.

(3) Includes such indeterminate number of additional shares of common stock, pursuant to Rule 416 under the Securities Act that may be issued upon the exercise of the warrants as a result of the operation of anti-dilution provisions contained in such warrants.

(4) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) and Rule 457(g) under the Securities Act, based upon the average of the high and low price per share of the registrant's common stock on the OTCQB on April 29, 2016 and the exercise price of the Warrants, respectively, based on the conversion of the Canadian dollar denominated exercise price of CAD$1.50 at the noon exchange rate as published by the Bank of Canada on April 29, 2016 of U.S. $1.00 = CAD $1.25.

(5) Calculated pursuant to Rule 457(o) based on the proposed maximum aggregate offering price. No separate registration fee is required for the Warrants, pursuant to Rule 457(g) promulgated under the Securities Act. A registration fee in the aggregate amount of $7,064.52 was previously paid by the Registrant in connection with the filing of a Registration Statement on Form S-1 (Registration No. 333-197387), first filed on July 14, 2014 and subsequently withdrawn prior to the sale of any securities thereunder. Pursuant to Rule 457(p) under the Securities Act, the Registrant hereby applies $1,757.87 of the previously paid filing fee against amounts due herewith.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED May 4, 2016

PRELIMINARY PROSPECTUS

HELIUS MEDICAL TECHNOLOGIES, INC.

10,149,115 Shares of Class A Common Stock
5,074,560 Warrants to purchase Shares of Class A Common Stock and
5,074,560 Shares of Class A Common Stock Issuable upon Exercise of Warrants

This prospectus relates to the offer and sale from time to time by the selling securityholders named in this prospectus of up to 10,149,115 shares of our Class A common stock, without par value (the "Common Shares", and together with the Warrant Shares (as defined below), the "Shares"), 5,074,560 warrants to purchase shares of our Class A common stock (the "Warrants") and 5,074,560 shares of our Class A common stock issuable upon the exercise of the Warrants (the "Warrant Shares", and together with the Common Shares and the Warrants, the "Securities").

The prices at which the selling securityholders may sell the Securities in this offering will be determined by the prevailing market prices for the Securities or in privately negotiated transactions. See "Plan of Distribution." We will not receive any proceeds from the sale of the Shares or Warrants in this offering by the selling securityholders. Upon the cash exercise of the Warrants, however, we will receive the exercise price of the Warrants. If the Warrants are cashlessly exercised we will not receive any cash from these exercises. The funds that we receive are expected to be used for (a) completion of the traumatic brain injury registrational clinical trial and submission of data for FDA clearance; (b) build commercial inventory and launch post FDA clearance; (c) pursue clinical trials in other neurological conditions such as multiple sclerosis and stroke; (d) invest in device development to accelerate the launch of the next generation of the commercial PoNS™ therapy; and (e) general corporate purposes. We have agreed to pay all of the registration costs of this offering, other than underwriting discounts and commissions.

Our Class A common stock is listed on the Toronto Stock Exchange (the "TSX") under the symbol "HSM" and is quoted on the OTCQB marketplace, operated by OTC Markets Group, under the symbol "HSDT." Our Warrants have also been approved for listing on the TSX. See "Summary - Recent Developments - TSX Listing." On May 3, 2016 the last reported sale price of our common stock as reported on (a) the TSX was CAD$1.41 per share and (b) the OTCQB was US$1.11 per share.

We are an "emerging growth company" as that term is used in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") and, as such, have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings.

Investing in our common stock or warrants involves a high degree of risk. Before buying any Shares or Warrants, you should carefully read the discussion of material risks of investing in our Securities in "Risk Factors" beginning on page 11 of this prospectus. We may amend or supplement this prospectus from time to time by filing amendments or supplements as required. You should read the entire prospectus and any amendments or supplements carefully before you make your investment decision.

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

May 4, 2016

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You should rely only on the information contained in this prospectus, and any supplement or amendment to this prospectus. Neither we nor the selling securityholders have authorized anyone to provide you with additional or different information. Neither we nor the selling securityholders take responsibility for, nor can provide any assurance as to the reliability of, any other information that others may give you. Neither we nor the selling securityholders are making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should assume that the information contained in this prospectus is accurate only as of the date of this prospectus.

CURRENCY AND EXCHANGE RATES

Unless otherwise stated, all dollar amounts and the symbol "$" refer to United States dollars, and "CAD$" refers to Canada dollars.

The Canadian dollar exchange rates for United States dollars for each of the years in the five-year period ended December 31, 2015 as reported by the Bank of Canada, were as follows:

Year Ended December 31 (Cdn. $ per U.S. $1.00)	Last	Low	High	Average
2015	1.3840	1.1749	1.3965	1.2785
2014	1.1601	1.0589	1.1672	1.1045
2013	1.0636	0.9845	1.0704	1.0299
2012	0.9949	0.9642	1.0443	0.9996
2011	1.0170	0.9407	1.0658	0.9449

On May 3, 2016, the rate of exchange of the Canadian dollar, based on the daily noon rate in Canada as published by the Bank of Canada, was U.S. $1.00 = Canadian $1.2686.

SUMMARY

This summary highlights information contained in other parts of this prospectus and does not contain all of the information that you should consider in making your investment decision. **Before investing in the Shares and Warrants, you should carefully read this entire prospectus, including our financial statements and the related notes and the information set forth under the sections titled "Risk Factors," "Cautionary Note Regarding Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."**

Unless the context requires otherwise, references in this prospectus to "Helius", "we", "us" and "our" refer to Helius Medical Technologies, Inc. and its wholly owned subsidiaries, NeuroHabilitation Corporation, or NHC, and Helius Medical Technologies (Canada), Inc. Unless otherwise specified, all references to "dollars," "US$" or "$" in this prospectus are to United States dollars. Our financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Overview

The Company

On June 13, 2014, we acquired a 100% interest in NeuroHabilitation Corporation ("NHC") pursuant to a plan of merger whereby our wholly owned subsidiary was merged with and into NeuroHabilitation Corporation and all of the common shares in the capital of NHC were cancelled in consideration for the issuance of an aggregate of 35,300,083 shares of our Class A common stock to the shareholders of NHC. NHC is now our wholly owned subsidiary. Prior to the transaction we had no active business.

NHC is a Delaware company, incorporated on January 22, 2013, which is involved in the medical device industry. In January 2013, NeuroHabilitation Corporation entered into an exclusive rights agreement whereby Advanced Neuro-Rehabilitation LLC ("ANR") granted NHC exclusive worldwide rights to ANR's trade secrets, knowhow and patent pending technology for a non-invasive means for delivering neurostimulation through the oral cavity, in exchange for 50% equity in NeuroHabilitation Corporation and a 4% royalty of NHC's revenue collected from (a) the sale of products covered by any claim of the patent pending rights to end users and (b) services related to the therapy or use of such products in therapy services.

The brain's ability to reorganize its operation in response to new information sources, new functional needs, or new communication pathways is referred to as neuroplasticity. Neuroplasticity is a process underlying all cerebral learning, training, and rehabilitation. Neuromodulation is the use of various external stimulation to intentionally change and regulate the internal electrochemical environment of the brain.

Our Mission and Principal Product

Our mission is to develop, license and acquire non-invasive treatments designed to help patients affected by neurological symptoms caused by disease or trauma. Applying the principles of neuroplasticity, our portable neuromodulation stimulator ("PoNS™") device is designed to induce Cranial Nerve Non Invasive Neuromodulation that utilizes the brain's innate ability to achieve neuroplastic change to aid persons with neurological, cognitive, sensory, and motor disorders when combined with the rehabilitation process. For more information, see "Business – Our Principle Product."

Business Uncertainties and Going Concern Risk

To date we have not generated any revenue from the sales of products or services. There are a number of conditions that we must satisfy before we will be able to generate revenue, including but not limited to successful completion of the TBI or MS clinical studies, U.S. Food and Drug Administration ("FDA"), CE Mark or Health Canada clearance of the PoNS™ device for balance disorder associated with TBI or MS, manufacturing of a commercially-viable version of the PoNS™ device and demonstration of safety and effectiveness sufficient to generate commercial orders by customers for our product. In addition, given the importance of the U.S. Army to our early commercial plans, if the U.S. Army were to eventually decide not to purchase our product, we would need to replace those sales in the civilian market which will lower our early commercialization forecast. To date, we have not achieved any of these conditions, and the successful achievement of such conditions will require significant expenditures. Because we have not generated any revenues, we are significantly dependent on funding from outside investors. There is no guarantee that such funding will be available at all or in sufficient amounts to satisfy our required expenditures. Furthermore, even if we were able to raise sufficient capital to manufacture a commercially-viable version of the PoNS™ device and to receive FDA, CE Mark or Health Canada clearance, we do not currently have any contract or other arrangement to sell the PoNS™ device. Accordingly, we cannot assure you that we will ever be able to generate any revenue from the sales of products or services.

There is substantial doubt that we can continue as an on-going business for the next twelve months unless we obtain additional capital to pay our expenditures. As discussed in more detail below, we recently raised additional capital in an unregistered offering of common stock and warrants and we intend to seek additional funding. However, we do not currently have sufficient resources to accomplish all of the conditions necessary for us to generate revenue.

Risk Factors

Our business and our Securities are subject to a number of risks of which you should be aware before making an investment decision. These risks are discussed more fully in the section entitled “Risk Factors” appearing immediately following this prospectus summary. These risks include the following:

- risks related to the Company’s limited operating history;
- there is substantial doubt about our ability to continue as a going concern;
- the Company’s failure to maintain effective internal controls over financial reporting, resulting in restatements of the Company’s financial statements on January 11, 2016 and again on April 26, 2016;
- the Company being dependent on the ability and expertise of its Chief Executive Officer, Chief Financial Officer, Chief Medical Officer and a very limited number of employees;
- the Company having incurred losses since its inception and its anticipation that it will continue to incur substantial net losses for the foreseeable future and may never achieve or sustain profitability;
- risks relating to the Company requiring additional financing to carry out its plan of operations;
- risks related to the Company raising additional capital by issuing securities or through debt financing or licensing arrangements that may cause dilution to existing shareholders, restrict its operations or require the Company to relinquish proprietary rights;
- risks concerning the Company only having one product candidate, which is still in development, and the Company not having obtained clearance from the FDA or Health Canada with respect thereto;
- the Company’s dependence on outside scientists and third-party research institutions for its research and development in order to be able to commercialize its product candidates;
- the risk that if the Company fails to obtain FDA clearance for commercialization of or otherwise fails to ensure that the PoNS™ device is available for purchase by the U.S. Government by December 31, 2017, the Company will be subject to significant risk of loss of data and proprietary rights and a US$2,000,000 contract penalty payable to A&B pursuant to Section 7(f) of the Strategic Agreement (as such terms are defined below);
- the risk that the Strategic Agreement may be terminated;

- risks related to the conduct of clinical trials, including as a result of the Company's dependence on third parties to conduct clinical trials;
- risks related to the limited market awareness of the Company and its product;
- risks related to the neuromodulation market being new and growing but undefined;
- the Company's PoNS™ technology being a new "untested" form of neurostimulation therapy and the medical community tending to be very conservative in adopting new therapies;
- risks related to the Company needing to expand its products beyond its single product by commercializing new product candidates, and the Company not being able to do so in a timely fashion and at expected costs, or at all;
- the Company cannot provide assurances that the development by others of new or improved devices or products will not result in the Company's present and future products from becoming obsolete;
- if the Company's intellectual property protection is inadequate, competitors may gain access to the Company's technology and undermine its competitive condition and any successful intellectual property challenges or infringement proceedings against us could have a material adverse effect on the Company's business, financial condition, or results of operations;
- the Company being subject to various litigation claims and legal proceedings, including intellectual property litigation, such as patent infringement claims, which may result in the Company being liable for damages and having to alter or cease certain of its business practices or product lines;
- risks related to technologies and products used or developed by the Company infringing on the patent or proprietary rights of other parties;
- if the Company's expenses are greater than anticipated, then the Company will have fewer funds with which to pursue its plan of operations and its financing requirements will be greater than anticipated;
- the Company not being able to build an effective distribution network for its products;
- the Company being dependent on a single source for the manufacture of its product;
- the U.S. Army being under no obligation to purchase the PoNS™ device from the Company and there being no assurance that the U.S. Army will ultimately purchase the Company's product;
- risks related to the product liability claims and insufficient product liability insurance if and when the Company sells its products;
- the Company being an "emerging growth company" under the JOBS Act, and the Company not being certain if the reduced disclosure requirements applicable to emerging growth companies will make the Common Shares less attractive to investors;
- risks related to competition;
- risks related to the Company's officers being subject to conflicts of interest;
- risks concerning approval and clearance for the Company's products from the FDA, CE Mark or Health Canada and other foreign regulatory authorities;

- obtaining FDA clearance will be costly, may result in time-consuming delays and will subject the Company to ongoing compliance costs and regulatory risk for non-compliance;
- risks related to the clinical trial process, including the Company's ability to recruit subjects for the clinical trials to be completed in the forecasted timeline;
- risks associated with the Company being unable to obtain a reimbursement code from the U.S. Department of Health and Human Services so that the PoNS™ device is covered under Medicare and Medicaid;
- if hospitals and other healthcare providers are unable to obtain coverage or adequate reimbursement for procedures performed with the Company's products, its product will not likely be widely used;
- a decline in the price of the Common Shares could affect the Company's ability to raise any required working capital and adversely impact its operations;
- risks associated with two major shareholders of the Company having the ability to take shareholder action without the involvement of the Company's management or the Company's other shareholders;
- risks associated with the Common Shares being a penny stock under the regulations of the U.S. Securities and Exchange Commission ("SEC");
- risks related to the Financial Industry Regulatory Authority (the "FINRA") sales practice requirements;
- risks related to the future sales of the Company's equity securities diluting the ownership percentage of the Company's existing shareholders and decreasing the market price for the Common Shares; and
- the Company being authorized to issue an unlimited number of Common Shares which could result in substantial dilution to current shareholders and potential investors in the Common Shares.

Recent Developments

Restatement of Previously Issued and Amended Financial Statements Filed January 11, 2016 and February 16, 2016

On April 26, 2016, the Company filed restated financial statements covering the periods ending December 31, 2015, September 30, 2015, and June 30, 2015 (the "Second Restatement"). The Second Restatement resulted from a reevaluation of the classification of the warrants that the Company issued in private placements in 2015. Previously, the Company had classified these warrants as equity instruments. Under Accounting Standards Codification 815-40-15, if the exercise price of an instrument is denominated in a currency other than the Company's functional currency, the instrument shall not be considered as indexed to the Company's own stock because it is exposed to fluctuations in foreign currency exchange rates. Instead, the instrument should be recorded as a liability at fair value through profit or loss. The exercise prices of the warrants are denominated in U.S. dollars, but the functional currency of the Company is the Canadian dollar. Accordingly, these warrants should be classified as liabilities at fair value through profit or loss. The Company therefore determined to reclassify the fair value of these warrants from equity to liability through profit or loss. For more information about this restatement, see Note 13, "*Restatement of Previously Issued and Restated Financial Statements*," to our interim financial statements for the period ending December 31, 2015.

Prior Restatement of the Company's Financial Statements

On January 7, 2016, the Company's Board of Directors, after considering the recommendations of management, concluded that the Company's consolidated financial statements for the year ended March 31, 2015 and the quarters ended June 30, 2015 and September 30, 2015 (the "Non-Reliance Periods") should not be relied upon because of errors identified therein, relating to the accounting for share based compensation for non-employee consultants. The Company's Board of Directors discussed their conclusions with the Company's independent registered accounting firm. The independent registered accounting firm agreed with the conclusion that the financial statements for the Non-Reliance Periods should no longer be relied upon. On January 11, 2016, the Company filed restated financial statements covering such periods. For more information about this restatement, see Note 12, "*Restatement of Previously Issued Financial Statements*," to our financial statements for the period ending March 31, 2015, and Note 12, "*Correction of an Error in Previously Issued Financial Statements*," to our financial statements for the period ending December 31, 2015.

Offshore Offering and Private Placement

On April 18, 2016, the Company issued 9,215,000 units at a price of CAD$1.00 (US$0.78) per unit for total net proceeds of $7,199,781. On May 2, 2016, the Company issued an additional 1,090,125 units at a price of CAD$1.00 (US$0.78) for additional net proceeds of $765,062, and aggregate net proceeds of $7,964,843. Each unit consisted of one share of our common stock and one half of one Warrant. Each Warrant is exercisable for one share of our common stock on or before April 18, 2019 at an exercise price of CAD$1.50 (US$1.18 per share at the noon exchange rate as published by the Bank of Canada on May 3, 2016). Of the units issued on April 28 and May 2, 2016, 3,817,500 units were issued in the United States to accredited investors in private placements and 6,487,625 units were issued in an offshore offering conducted solely outside of the U.S. (the "Offshore Offering"). The Company expects the net proceeds of the Offshore Offering and the private placements to advance, including and without limitation, the following business objectives: (a) completion of the traumatic brain injury registrational clinical trial and submission of data for FDA clearance; (b) build commercial inventory and successfully launch distribution post FDA clearance; (c) pursue clinical trials in other neurological conditions such as multiple sclerosis and stroke; (d) invest in device development to accelerate the launch of the next generation of the commercial PoNS™ therapy; and (e) general corporate purposes.

The Company paid the agent for the Offshore Offering, Mackie Research Capital Corporation (the "Agent"), a cash commission equal to 6% of the gross proceeds of the Offshore Offering and concurrent private placement for a cash commission of CAD$501,458 (US$391,794) and issued to the Agent non-transferrable compensation options exercisable to purchase 501,457 units. Each compensation option entitles the holder thereof to acquire one unit at CAD$1.50 (US$1.18 per share at the noon exchange rate as published by the Bank of Canada on May 3, 2016) until the date which is 24 months following the closing date of the Offshore Offering.

Pursuant to our contractual obligations with respect to the Offshore Offering, we are required to file a registration statement under the Securities Act covering the offer and resale of the Securities.

TSX Listing

Our shares of Class A common stock were approved for listing on the TSX on April 18, 2016. However, some of our shares of common stock were issued in the Offshore Offering in transactions exempt from the registration requirements of the Securities Act and are listed under a separate ticker symbol for trading on the TSX. These shares of common stock are subject to restrictions on their re-sale to a U.S. person (as that term is defined in Regulation S), or to a person in the United States, unless in a registered transaction or pursuant to an applicable safe harbor or exemption from registration. Our Warrants were also approved for listing on the TSX on April 18, 2016. However, because only the Warrants issued in the Offshore Offering in transactions exempt from the registration requirements of the Securities Act were approved for listing on the TSX, the Warrants listed on the TSX may not be purchased by or on behalf of a U.S. person, or by a person in the United States, unless in a registered transaction or pursuant to an applicable safe harbor or exemption from registration. As of May 3, 2016, there have been no reported sales of our Warrants on the TSX.

Bylaw Amendments

On March 17, 2016, the board of directors of the Company (the "Board") approved certain amendments to the Company's Bylaws (the "Bylaw Amendments"). Pursuant to the Bylaw Amendments, the Company's Bylaws now provide that the Board may designate a record date, not exceeding 55 and not less than 25 calendar days prior to (i) a shareholders meeting, (ii) the date for the payment of any dividend, (iii) the allotment of rights, or (iv) to the date shareholders may exercise rights in respect of any exchange or reclassification of shares. If no record date is set by the Board, the default record date for a meeting of shareholders shall be the date on which notice of the meeting is mailed (which shall not exceed fifty-five (55) or be less than twenty-five (25) calendar days prior to the meeting). In addition, the Bylaw Amendments provide that the Board may not issue shares of common stock in exchange for promissory notes as consideration.

New Patents

The U.S. Patent Office has issued 14 patents to Helius since November 2015. Additionally, Helius has received Notices of Allowance for three new U.S. patent applications. The Company has a further 23 patents (12 U.S. and 11 international) pending on its technology in the U.S. and other markets around the world. For a full description of the allowed patents, please see "Business - Company Owned Intellectual Property" below.

Extension of CRADA to December 31, 2017

On December 31, 2015, the Company announced that the CRADA (as defined below) had been amended to extend the expiration date of the CRADA to December 31, 2017.

Changes to the Board of Directors

On December 29, 2015, the Board appointed Dr. Huaizheng Peng to the Board, pursuant to the terms of the funding commitment from A&B (as defined below), all as more particularly described below. The Board also appointed Mr. Blane Walter to the Board. Concurrently with such appointments, Joyce LaViscount and Yuri Danilov resigned from the Board. Ms. LaViscount continues to serve as Chief Financial Officer and Chief Operating Officer of the Company and Mr. Danilov continues to contribute to the scientific advancement of the PoNS™ device. Mr. Walter replaced Mr. Danilov on the Company's Audit Committee.

In connection with their appointment to the Board, Mr. Walter and Dr. Peng were each granted options to purchase up to 50,000 shares of common stock, at an exercise price equal to CAD$1.24 per share for a period of two years from the date of issuance. One-third of such shares vest on each of the date of the grant, the first anniversary of the date of the grant and the second anniversary of the date of the grant.

Changes to Management

On October 21, 2015, the Company announced that the Board had appointed Joyce LaViscount as Chief Financial Officer and Chief Operating Officer of the Company. Ms. LaViscount has extensive experience in finance and operations roles after spending the past 15 years in the pharmaceutical industry, including with Endo Pharmaceuticals Inc., Pfizer, Inc., Bristol-Myers Squibb Co. and Aptalis Pharma. Ms. LaViscount joined the Company from MediMedia Health where she was Chief Financial Officer and Chief Operating Officer for the private equity-owned company. Ms. LaViscount had been a member of the Board since March 2015.

Strategic Agreement with A&B and A&B Credit Facility

On October 13, 2015, the Company announced that it, through its wholly owned subsidiary NHC, entered into the Strategic Agreement with A&B for the development and commercialization of the PoNS™ therapy in China, Hong Kong, Macau, Taiwan and Singapore (collectively, the "Territories"). A&B is an investment and development company owned by Dr. Kong Lam and based in Hong Kong. The Strategic Agreement transfers ownership of certain Asian patents, patent applications, and product support material for the PoNS™ device from NHC to A&B and grants to A&B, among other things, an exclusive, perpetual, irrevocable and royalty-free license, with the right to sublicense, to certain NHC technology, as more particularly described in the Strategic Agreement, to market, promote, distribute and sell PoNS™ devices solely within the Territories. Pursuant to the Strategic Agreement, A&B has assumed all development, patent (both application and defense), future manufacturing, clinical trial, and regulatory clearance costs for the Territories. The Company and A&B will share and transfer ownership of any intellectual property or support material (developed by either party) for their respective geographies. In connection with the Strategic Agreement, A&B agreed to provide a credit facility to the Company.

On November 10, 2015, the Company announced that it had issued a convertible promissory note (the "Note") to A&B in connection with the drawdown of US$2.0 million under the Company's US$7.0 million credit facility with A&B (the "A&B Credit Facility"). The Company elected to immediately satisfy the terms of the Note by issuing to A&B: (i) 2,083,333 shares of common stock at a deemed price of US$0.96 per share; and (ii) 1,041,667 common share purchase warrants, with each warrant entitling A&B to purchase an additional common share at a price of US$1.44 for a period of three years expiring on November 10, 2018.

On December 29, 2015, the Company drew down the remaining US$5.0 million from the A&B Credit Facility in exchange for the issuance to A&B of 5,555,556 shares of common stock at a price of US$0.90 per share and warrants to purchase 2,777,778 shares for a period of three years having an exercise price of US$1.35 per common share. Additionally, pursuant to the terms of the funding commitment from A&B, the Company granted A&B the right to nominate one person to serve on the Board. A&B nominated Dr. Peng and the Board appointed Dr. Peng to the Board on December 29, 2016. The common shares and warrants issued to A&B, and the common shares underlying such warrants, were subject to a four-month statutory hold period.

Dispute with Wicab

On January 5, 2015, Wicab Inc. ("Wicab") sued the Company, NHC, Mitch Tyler, a director of the Company and NHC, Yuri Danilov, a former director of the Company and a director of NHC, and ANR, in the U.S. District Court for the Western District of Wisconsin. ANR is the licensor to the Company of three issued patents (U.S. Patent Nos. 8,849,407 and 8,909,345 and 9,020,612) and other patents pending related to neurostimulation methods and devices. The complaint contained various state and common law claims arising from Messrs. Danilov's and Tyler's prior employment with Wicab and relating to ownership of two of the issued patents (U.S. Patent Nos. 8,849,407 and 8,909,345). U.S. Patent No. 9,020,612 was not included in the Wicab complaint. The complaint alleged, among other things, that following their departure from Wicab, Messrs. Danilov and Tyler knowingly filed patent applications for and used ideas and inventions developed at Wicab in violation of various non-competition and confidentiality agreements, and that the two issued patents are therefore rightfully the property of Wicab. The complaint sought an unspecified amount of monetary damages, an injunction preventing NHC from using the ideas and inventions in the two patents, an order transferring ownership of the patents from ANR to Wicab, and recovery of costs and attorneys' fees. The Company conducted an internal investigation and determined that Wicab expressly waived all rights in the two issued patents and, additionally, that Wicab's claims were barred by the six year statute of limitations in Wisconsin. On January 14, 2015, the Company informed Wicab of its belief that the claims were barred due to the express waiver and the statute of limitations. On the same day, Wicab dismissed the complaint without prejudice.

On October 12, 2015, the Company received a letter from Wicab alleging that the two issued patents were invalid in view of prior art cited in the letter, including scientific publications and patent applications, and that Paul Bach-y-Rita, Wicab's founder, should have been named as an inventor on these two issued patents. Wicab indicated in the letter that it may file reexamination or inter partes review proceedings with the U.S. Patent Office to attempt to invalidate the claims in the two issued patents. Wicab also stated that it would consider an unspecified "business solution" to resolve this matter. On December 10, 2015, representatives of each of the Company and Wicab met to discuss the parameters of a potential settlement. There can be no guarantee that a settlement will be reached. In the event that a settlement with Wicab is not reached, Wicab may file reexamination or *inter partes* review proceedings with the U.S. Patent Office to challenge the validity of the two issued patents. If the Company receives an adverse decision from the U.S. Patent Office in connection with these proceedings, some or all of the claims in the two patents may be invalidated or otherwise impaired, which could prevent the Company from bringing an infringement suit against a future competitor for making use of the PoNS™ technology for neurorehabilitation, and could have a material adverse effect on the Company's business, operating results and financial condition. Wicab may also take other actions against the Company, its assets, intellectual property rights, officers, directors, employees, agents or other persons or entities which may also have a material on business, operating results and financial condition.

Sole Source Cost Sharing Contract with the USAMRMC

On July 7, 2015, the Company announced that NHC entered into a sole source cost sharing contract with the U.S. Army Medical Research and Materiel Command (the "USAMRMC"). The contract will support the Company's registrational trial investigating the safety and effectiveness of the PoNS™ device. Under the contract, the USAMRMC will reimburse the Company for costs related to the registration of up to a maximum amount of $2,996,244, which represents approximately 62% of the Company's estimated costs associated with the registration. The sole source cost sharing agreement expires December 31, 2016.

Corporate Information

We are incorporated in the state of Wyoming under the name "Helius Medical Technologies, Inc." Our principal executive offices are located at Suite 400, 41 University Drive, Newtown, Pennsylvania, and our telephone number is (215) 809-2018. Our website address is *www.heliusmedical.com*. We have included our website address in this prospectus solely as an inactive textual reference. The information on, or that can be accessed through, our website is not part of this prospectus, and you should not rely on any such information in making the decision whether to purchase the Shares or the Warrants.

Implications of Being an Emerging Growth Company

As a company with less than $1.0 billion in revenue during our most recently completed fiscal year, we qualify as an "emerging growth company" as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act. As an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise generally applicable to public companies that are not emerging growth companies. These provisions include:

- reduced disclosure about our executive compensation arrangements;
- no non-binding shareholder advisory votes on executive compensation or golden parachute arrangements;
- exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting; and
- reduced disclosure of financial information in this prospectus, including two years of audited financial information and two years of selected financial information.

We may take advantage of these exemptions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than $1.0 billion in annual revenues as of the end of a fiscal year, have more than $700.0 million in market value of our capital stock held by non-affiliates or if we issue more than $1.0 billion of non-convertible debt over a three year period. We may choose to take advantage of some, but not all, of the available exemptions. We have taken advantage of some reduced reporting burdens in this prospectus. Accordingly, the information contained herein may be different than the information provided by other public companies.

The JOBS Act also permits an emerging growth company to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth public companies.

THE OFFERING

The selling securityholders	The selling securityholders are named in this prospectus under "Selling Securityholders"
Shares offered by the selling securityholders	15,223,675 Shares, including 10,149,115 Common Shares and up to 5,074,560 Warrant Shares
Warrants offered by the selling securityholders	5,074,560 Warrants
Shares issuable upon the exercise of the Warrants	5,074,560 Warrant Shares
Offering Price	The selling securityholders may sell their shares and Warrants offered under this prospectus at prevailing market prices, privately negotiated prices or otherwise. See "Plan of Distribution."
Use of proceeds	We will not receive any of the proceeds from the sale of the Shares by the selling securityholders. Upon the cash exercise of the Warrants we will receive the exercise price of the Warrants. If the Warrants are cashlessly exercised we will not receive any cash from these exercises. The funds that we receive are expected to be used for (a) completion of the traumatic brain injury registrational clinical trial and submission of data for FDA clearance; (b) build commercial inventory and launch post FDA clearance; (c) pursue clinical trials in other neurological conditions such as multiple sclerosis and stroke; (d) invest in device development to accelerate the launch of the next generation of the commercial PoNS™ therapy; and (e) general corporate purposes. See "Use of Proceeds."
Risk factors	**Investing in our common stock or warrants involves a high degree of risk.** You should read the "Risk Factors" section of this prospectus for a discussion of factors to consider carefully before deciding to invest in the Shares or the Warrants.
TSX symbol; OTCQB symbol	TSX symbol "HSM" OTCQB symbol "HSDT"
Terms of the Warrants	
Warrants offered by the selling securityholders	5,074,560 Warrants
Exercise	Each of the Warrants is exercisable to purchase one common share of the Company at a purchase price of CAD$1.50 (US$1.18 per share at the noon exchange rate as published by the Bank of Canada on May 3, 2016)
Expiration Date	4:00 p.m. (Toronto time) on April 18, 2019

Unless we indicate otherwise or the context otherwise requires, all information in this prospectus:

- is based on 82,548,334 shares of Common Stock outstanding as of May 2, 2016;

- does not reflect the 6,675,360 shares of common stock issuable upon exercise of stock options outstanding at May 2, 2016 at a weighted-average exercise price of $1.08 per share;
- does not reflect the 12,908,609 shares of common stock issuable upon the exercise of warrants outstanding at May 2, 2016 at a weighted-average exercise price of $1.62 per share;
- does not reflect the 5,152,562 shares of common stock issuable upon the exercise of the Warrants outstanding at May 2, 2016 exercisable at price of CAD $1.50 per share, of which 5,074,560 are being offered pursuant to this prospectus;
- does not reflect the 501,457 shares of common stock and 250,728 warrants further exercisable into that number of common shares issuable upon the exercise of the Agent’s compensation options outstanding at May 2, 2016; and
- does not reflect the 5,432,656 shares of common stock reserved for future issuance under our June 2014 Stock Incentive Plan at May 2, 2016.

RISK FACTORS

Investing in our common stock or warrants involves a high degree of risk. You should carefully consider the risks and uncertainties described below together with all of the other information contained in this prospectus, including our financial statements and the related notes appearing at the end of this prospectus, the risk factors discussed in Part I., "Item 1A. Risk Factors" in our annual report on Form 10-K for the year ended March 31, 2015, as amended and refiled with the SEC on January 11, 2016 and the risk factors discussed in Part I., "Item 1A. Risk Factors" in our quarterly report on Form 10-Q for the quarterly period ended December 31, 2015, as amended and refiled with the SEC on April 26, 2016, before deciding to invest in the Shares or the Warrants. Our business, operating results and financial condition could be seriously harmed due to any of the following risks. The risks described below may not be all of the risks facing our company. Additional risks not presently known to us or that we currently consider immaterial may also impair our business operations. You could lose all or part of your investment due to any of these risks.

Risks Related to Our Company

We have a very limited operating history and have a history of operating losses.

Helius Medical Technologies, Inc. is our holding company and it has no material assets other than cash and cash equivalents and its ownership of all of the outstanding shares of NHC, which is our wholly owned subsidiary. NHC was incorporated in Delaware on January 22, 2013 and is a development stage company that has had limited operations to date. Since our inception, we have incurred significant net losses. As of December 31, 2015, our accumulated deficit was approximately $22,960,490.

We are heavily dependent upon the ability and expertise of our CEO and a very limited number of employees and the loss of such individuals could have a material adverse effect on our business, operating results or financial condition.

We currently have a very small management team and almost no other employees. Our success is dependent upon the ability, expertise, judgment, discretion and good faith of our senior management, and in particular Mr. Philippe Deschamps, our President and Chief Executive Officer. Currently, Mr. Deschamps is joined by Joyce LaViscount, our Chief Financial Officer and Chief Operating Officer, Jonathan Sackier, our Chief Medical Officer, Brian Bapty, our Vice President of Strategy and Business Development, and Misha Danilov, our Project Manager as our only full-time employees. We also have engaged 15 full-time equivalent persons as independent contractors. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on our business, operating results or financial condition.

Our independent registered public accounting firm has included an explanatory paragraph relating to our ability to continue as a going concern in its report on our audited financial statements. We may be unable to continue to operate without the threat of liquidation for the foreseeable future.

The report of our independent registered public accounting firm on our financial statements for the year ended March 31, 2015 includes an explanatory paragraph stating that our recurring losses from operations and net capital deficiency raise substantial doubt about our ability to continue as a going concern. If we are unable to obtain sufficient funding, our business, prospects, financial condition and results of operations will be materially and adversely affected and we may be unable to continue as a going concern. For example, our existing capital resources will be insufficient to fund our operations and commercial launch through the end of the first quarter of calendar 2017. If we are unable to continue as a going concern, we may have to liquidate our assets and may receive less than the value at which those assets are carried on our consolidated financial statements, and investors will likely lose all or a part of their investment. Future reports from our independent registered public accounting firm may also contain statements expressing doubt about our ability to continue as a going concern. If we seek additional financing to fund our business activities in the future and there remains doubt about our ability to continue as a going concern, investors or other financing sources may be unwilling to provide additional funding on commercially reasonable terms or at all. The financial statements have not been adjusted for this uncertainty.

We have identified a material weakness in our internal controls over financial reporting. If we do not maintain effective internal controls over financial reporting, we could fail to report our financial results accurately.

We have identified material weaknesses in our internal control over financial reporting. In connection with the filing of our Annual Report on Form 10-K for the year ended March 31, 2015 and our Quarterly Reports on Form 10-Q for the quarters ended June 30, 2015, September 30, 2015 and December 31, 2015, under the direction of our Chief Executive Officer and our Chief Financial Officer, our management evaluated our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and concluded that our disclosure controls and procedures were ineffective as of March 31, 2015, June 30, 2015, September 30, 2015, and December 31, 2015. Subsequently, the Board, after consulting with the Company's management, determined that it was necessary to re-evaluate the Company's accounting relating to warrants issued as part of its private placements conducted in April, June and July of 2015 (the "2015 Warrants"), and to restate the Company's previously reviewed, unaudited, condensed consolidated financial statements for the three months ended June 30, 2015, the three months and six months ended September 30, 2015, and the three and nine months ended December 31, 2015, as a result of an error in the classification of the 2015 Warrants. The Company previously recorded the issuance of the 2015 Warrants as equity instruments instead of liabilities. The warrant exercise prices are denominated in U.S. dollars whereas the functional currency of the Company is the Canadian dollar; as such, the settlement of the warrants fails the fixed for fixed criteria of ASC 815 and they are required to be recorded as a liability at their fair value on inception. The warrant liability is required to be remeasured at its fair value on each reporting date with the changes in fair value recorded in the Company's Statement of Comprehensive Loss. Subsequently, the Company's management also determined that the improper design of controls with respect to the classification of the Company's warrants was a deficiency in its internal control over financial reporting resulting from the material weaknesses identified at June 30, 2015, September 30, 2015, and December 31, 2015.

The Company had previously restated its consolidated financial statements for the periods as of and for the twelve months ended March 31, 2015 and the quarters therein and its interim condensed consolidated financial statements for the three months ended June 30, 2015 and the three months and six months ended September 30, 2015, as a result of the Company not previously re-measuring the fair value of stock options awarded to non-employees that had not yet vested. The Company's management has determined that the improper design of controls with respect to the calculation of the fair value of the Company's share based compensation was a deficiency in its internal control over financial reporting resulting from the material weakness identified at March 31, 2015, June 30, 2015, and September 30, 2015.

We are revising, clarifying and implementing our policies and controls related to the accounting for stock-based compensation. We have contracted with an individual with technical accounting knowledge to handle complex US GAAP matters, and with a US-based company to provide additional expertise on SEC and financial reporting services. We will continue to evaluate the impact of these steps to remediate the material weaknesses to ensure our disclosure controls and procedures are effective going forward.

It is possible that other control deficiencies could be identified in the future or may exist or occur without being identified. In the event additional material weaknesses in our internal controls are discovered in the future, they may adversely affect our ability to record, process, summarize and report financial information timely and accurately and, as a result, our financial statements may contain material misstatements or omissions.

We have incurred substantial net losses since our inception and anticipate that we will continue to incur substantial net losses for the foreseeable future. We may never achieve or sustain profitability.

We have incurred substantial net losses since our inception. For our fiscal years ending March 31, 2015 and March 31, 2014, we incurred a net loss of $9,838,317 and $1,067,284, respectively, and used cash in operations of $6,321,285 and $348,698, respectively. For the nine months ended December 31, 2015 and December 31, 2014, we incurred a net loss of $3,537,039 and $7,798,641, respectively, and used cash in operations of $6,254,529 and $4,379,967, respectively. We have an accumulated deficit of $19,423,451 and $ 22,960,490 as of March 31, 2015 and December 31, 2015, respectively. Our losses have resulted primarily from costs incurred in connection with our design, manufacturing and development, research and development activities, stock based compensation, legal, advertising, marketing and investor relations, and general and administrative expenses associated with our operations. Even if we are successful in obtaining clearance from the FDA and launching our PoNS™ device into the market, we expect to continue to incur substantial losses for the foreseeable future as we continue to sell and market our current product and research and develop, and seek regulatory approvals for, other potential product candidates.

We are subject to all of the business risks and uncertainties associated with any new business enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenue and the risk that we will not achieve our growth objective. If sales revenue from our current product or any potential product candidates that receive marketing clearance from the FDA or other regulatory body is insufficient, if we are unable to develop and commercialize any of our potential product candidates, or if our product development is delayed, we may never achieve or sustain profitability.

We will require additional financing to carry out our plan of operations and if we are unable to obtain such financing, our business may fail.

We currently have limited working capital and liquid assets. Our cash and cash equivalents as of December 31, 2015 were $4,350,350. To date we have not generated any revenue from the sales of products or services. There are a number of conditions that we must satisfy before we will be able to generate revenue, including but not limited to, completion of our clinical trial for the treatment of balance disorder in subjects with mild to moderate Traumatic Brain Injury (TBI). FDA, CE Mark or Health Canada clearance of the PoNS™ device for treating balance disorder in patients with mild to moderate TBI or gain and balance disorder associated with Multiple Sclerosis (MS), manufacturing of a commercially-viable version of the PoNS™ device and demonstration of effectiveness sufficient to generate commercial orders by customers for our product. We recently raised approximately $7,964,846 in unregistered offerings of securities; however, we do not currently have sufficient resources to accomplish all of the conditions necessary for us to generate revenue, and we do not expect to generate revenue in an amount sufficient to fund our operations for the foreseeable future. We will therefore require additional funds in order to continue to conduct the research and development and regulatory clearance and approval activities necessary to bring our product to market, to establish effective marketing and sales capabilities and to develop other product candidates. Our existing capital resources will not be sufficient to enable us to fund the completion of the development and commercialization of our current product and our product candidates. We cannot determine with certainty the duration and completion costs of the current or future development and commercialization of our product candidate or if, when, or to what extent we will generate revenues from the commercialization and sale of our current product candidate or potential future product candidates for which we obtain regulatory approval. We may never succeed in achieving regulatory approval for our current product candidate and any potential future product candidates. We may be unable to raise the additional funding to finance our business on commercially reasonable terms, or at all. If we are unable to obtain additional financing as needed, we may be required to reduce the scope of our operations and pursue only those projects that can be funded through cash flows generated from its existing operations, if any.

Raising additional capital by issuing securities or through debt financings or licensing arrangements may cause dilution to our existing stockholders, restrict our operations or require us to relinquish rights to our technologies or product candidate on terms unfavorable to us.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a stockholder. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take certain actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through strategic partnerships with third parties, we may have to relinquish valuable rights to our technologies or product candidate, future revenue streams, research programs or product candidate, or otherwise grant licenses on terms that are not favorable to us. If we are unable to raise additional capital when needed, we may be required to delay, limit, reduce or terminate our product development or commercialization efforts for our product candidate or our preclinical product candidates, or grant rights to develop and market potential future product candidates that we would otherwise prefer to develop and market ourselves. Any of these events could adversely affect our ability to achieve our product development and commercialization goals and have a material adverse effect on our business, financial condition and results of operations.

We currently only have one product candidate, which is still in development, and we have not obtained clearance from the FDA to commercially distribute the device in the United States or clearance from Health Canada to commercially distribute the device in Canada, and we may never obtain such clearances.

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through a combination of public and private equity offerings, debt financings, and license and development agreements through strategic partnerships with third parties. For example, we recently completed a license agreement and debt and equity financing arrangement with A&B. Under the agreements with A&B, we licensed the use of our intellectual property in Asia, and arranged for financing through the issuance of significant amounts of our common stock. Moreover, we recently completed the Offshore Offering and a private placement, and issued 10,305,125 shares of our common stock and Warrants to purchase 5,152,563 shares of our common stock. We currently have no products approved for commercial distribution. We currently are dependent on the potential development of a single product which is our PoNS™ device for use in the neuromodulation market. We are still developing this product, and we cannot begin marketing and selling the device in the United States, Europe, or Canada until we obtain clearances from the FDA or Health Canada, respectively. We have not yet submitted applications for regulatory clearance in the United States, Europe or Canada. The process of obtaining regulatory clearance is expensive and time-consuming and can vary substantially based upon, among other things, the type, complexity and novelty of a product. Changes in regulatory policy, changes in or the enactment of additional statutes or regulations, or changes in regulatory review for each submitted product application may cause delays in the clearance of a product candidate or rejection of a regulatory application altogether. The FDA has substantial discretion in the *de novo* review and clearance processes and may refuse to accept any application or may decide that our data are insufficient for clearance and require additional pre-clinical, clinical, or other studies. In addition, varying interpretations of the data obtained from pre-clinical and clinical testing could delay, limit, or prevent marketing authorization from the FDA or regulatory clearance of a product candidate. Any marketing authorization from the FDA or regulatory clearance we ultimately obtain may be limited or subject to restrictions or post-market commitments that render the product candidate not commercially viable. If our attempts to obtain marketing authorization are unsuccessful, we may be unable to generate sufficient revenue to sustain and grow our business, and our business, financial condition, and results of operations will be materially adversely affected.

If we are able to complete development of the PoNS™ device and obtain clearance of the PoNS™ device for treatment of chronic balance deficit in patients with mild to moderate TBI or chronic gait and balance deficit associated with MS in the United States, Europe or Canada, we plan to develop the PoNS™ device to treat other indications, or symptoms caused by neurological disorders. We would be required to commit our own resources to fund development of any other indications and each would require separate FDA clearance. The costs of such development efforts and FDA clearances would be substantial and would likely require additional funding, and each such indication would be subject to the same foregoing risks and uncertainties for FDA clearance.

We are and will continue to be dependent in significant part on outside scientists and third-party research institutions for our research and development in order to be able to commercialize our product candidate.

We currently have a limited number of employees and resources available to perform the research and development necessary to commercialize our PoNS™ device and potential future product candidates. We therefore rely at present, and will continue to rely on third-party research institution collaborators for this capability.

Our subsidiary, NHC, is currently party to the CRADA (as defined below) with the inventors, background patent owners and the Army Laboratories (as defined below). Pursuant to the CRADA, the Army Laboratories agree to cooperate with NHC on research for the ongoing design and development to determine if the PoNS™ device can be developed for commercial use in assisting physical therapy in the treatment of soldiers and others with military relevant neurological disorders, including but not limited to Tinnitus, post-traumatic stress disorder, or PTSD, pain and any subsequent indications identified by the parties. Under the terms of the initial CRADA, we are solely responsible to fund and oversee clinical studies for the PoNS™ device and seek FDA clearance and approval of the PoNS™ device. We are also solely responsible to complete the research and development efforts necessary to commercialize our PoNS™ device. The Army Laboratories also agreed in the January 12, 2015 amendment to our CRADA to be responsible to support the execution of clinical studies for the PoNS™ device as a treatment for mutually agreed upon military relevant neurological disorders, which could include but not be limited to Tinnitus, PTSD, and pain and any subsequent indications identified by the parties. The amount of such support, if any, and the terms of such responsibility to support such clinical studies are not yet negotiated and we have no assurance that we can ultimately reach agreement with the Army Laboratories on such amount or terms of support, and there can be no assurance that the Army Laboratories will not otherwise attempt to renegotiate its responsibilities under the CRADA. The Army Laboratories may terminate their obligations under the CRADA at any time upon 30 days prior written notice to us. If there are insufficient funds available to cover the necessary research and development costs for our product, the Army Laboratories could terminate the CRADA and cease research and development efforts which could jeopardize our ability to commercialize our PoNS™ device. On July 7, 2015 we announced that NHC entered into a sole-source contractual agreement with USAMRMC to support the execution of the registration trial for treatment of balance disorder associated with mild to moderate TBI. The objective of this contract is to defray the costs of the registration trial.

If we fail to obtain FDA clearance for commercialization of or otherwise fail to ensure that the PoNS™ device is available for purchase by the U.S. Government by December 31, 2017, we are subject to significant risk of loss of data, proprietary rights and to certain contractual penalties.

Under the CRADA if we fail to obtain FDA clearance of the PoNS™ device or otherwise fail to ensure that the PoNS™ device is available for purchase by the U.S. Government, in each case by the expiration date under the CRADA of December 31, 2017, we may forfeit the right to pursue commercialization on our own. Specifically, in either such case, we will be required to (i) transfer possession, ownership and sponsorship of any regulatory application, and correspondence supporting the PoNS™ technology to the USAMRMC and (ii) provide the U.S. Government with a non-exclusive, irrevocable license to any patent, copyright, data rights, proprietary information and regulatory information, in order to permit the U.S. Government to pursue commercialization on its own. Any such loss of our ability to exclusively market and sell the PoNS™ device would have a material adverse effect on our business. Additionally, under our Strategic Agreement with A&B if we fail to obtain FDA clearance for commercialization of or otherwise fail to ensure that the PoNS™ device is available for purchase by the U.S. Government by December 31, 2017, we are subject to a US$2,000,000 contract penalty payable to A&B.

We may encounter substantial delays in our clinical trials, or our clinical trials may fail to demonstrate the safety and efficacy of our product candidate to the satisfaction of applicable regulatory authorities.

Before obtaining marketing approval from regulatory authorities for the sale of our product candidate, we must conduct extensive clinical trials to demonstrate the safety and efficacy of the product candidate. Clinical testing is expensive, time consuming and uncertain as to outcome. We cannot guarantee that clinical trials will be conducted as planned or completed on schedule, if at all. A failure of one or more clinical trials can occur at any stage of testing. Delays can be costly and could negatively affect our ability to complete a clinical trial.

There is limited market awareness of our product and the neuromodulation market is new and uncertain.

There is currently limited market awareness of our product. In order to succeed, we must among other things increase market awareness of our PoNS™ product and implement a sales and marketing strategy. If we fail in any of these endeavors or experience delays in pursuing them, we will not generate revenues as planned and will need to curtail operations or seek additional financing earlier than otherwise anticipated. In addition, should the neuromodulation market fail to expand, it could have a materially adverse effect on our business and financial position.

Our PoNS™ technology is a new "untested" form of neurostimulation therapy and the medical community tends not to adopt new therapies very rapidly, which may have a material adverse effect on our business and financial position.

The effectiveness of our PoNS™ technology to treat TBI or any other neurological disorder has not been established in studies conducted in a controlled environment designed to produce scientifically significant results. Accordingly, our PoNS™ technology is a new "untested", and therefore unproven, therapy. Unproven and untested technologies are usually more slowly adopted by the medical community as the medical community tends to be very conservative and does not adopt new "untested" therapies very rapidly. Physicians may elect not to use our products for a variety of reasons, including:

- lack or perceived lack of evidence supporting the beneficial characteristics of our technology;
- limited long-term data on the use of PoNS™ technology for therapy;
- physicians' perception that there are insufficient advantages of our product relative to currently available products;
- hospitals may choose not to purchase our product;
- group purchasing organizations may choose not to contract for our product, thus limiting availability of our products to hospital purchasers;
- lack of coverage or adequate payment from managed care plans and other third-party payers for our product;
- Medicare, Medicaid or other third-party payers may limit or not permit reimbursement for our product; and
- the development of or improvement of competitive products.

If the medical community reacts in a similar fashion to adopting our PoNS™ device for neurostimulation therapy, we will not be able to generate significant revenues, if any.

In order to be successful, we must expand our products beyond our single product by commercializing new potential product candidates, but we may not be able to do so in a timely fashion and at expected costs, or at all.

In order to be successful, we will need to expand our product lines beyond our PoNS™ device which is currently our only product. To succeed in our commercialization efforts, we must effectively continue product development and testing, obtain regulatory clearances and approvals, and enhance our sales and marketing capabilities. There is no assurance that we will succeed in bringing any of our current or potential future product candidates to market. If we fail in bringing our product candidate to market, or experience delays in doing so, we will not generate revenues as planned and will need to curtail operations or seek additional financing earlier than otherwise anticipated.

The development of additional products is subject to the risks of failure inherent in the development of new, state of the art products, laboratory devices and products based on new technologies. These risks include: (a) delays in product development or manufacturing; (b) unplanned expenditures for product development or manufacturing; (c) failure of new products to have the desired effect or an acceptable accuracy profile; (d) emergence of superior or equivalent products; (e) failure by any potential collaborative partners to successfully develop products; and (f) the dependence on third parties for the manufacture, development and sale of our products. Because of these risks, our research and development efforts or those of potential collaborative partners may not result in any commercially viable products. If a significant portion of these development efforts is not successfully completed, or any products are not commercially successful, we are less likely to generate significant revenues, or become profitable. The failure to perform such activities could have a material adverse effect on our business, financial condition and results of its operations.

We can provide no assurance that the development by others of new or improved devices or products will not result in our present and future products from becoming obsolete.

The areas in which we plan to commercialize, distribute, and/or sell products involves rapidly developing technology. There can be no assurance that we will be able to establish ourselves in such fields, or, if established, that we will be able to maintain our market position, if any. There can be no assurance that the development by others of new or improved products will not make our present and future products, if any, superfluous or obsolete.

If our intellectual property protection is inadequate, competitors may gain access to our technology and undermine our competitive position.

We regard our intended and future intellectual property as important to our success, and we intend to rely on patent law to protect our proprietary rights. Despite our precautions, unauthorized third parties may copy certain portions of our devices or products or reverse engineer or obtain and use information that we regard as proprietary. We may seek additional patents in the future. We do not know if any future patent application will be issued with the scope of the claims we seek, if at all, or whether any patents we receive will be challenged or invalidated. Thus, we cannot assure you that any intellectual property rights that we may receive can be successfully asserted in the future or that they will not be invalidated, circumvented or challenged. In addition, the laws of some foreign countries do not protect proprietary rights to the same extent as do the laws of the United States. Our means of protecting any proprietary rights we may receive in the United States or abroad may not be adequate and competitors may independently develop a similar technology. Any failure to protect our proprietary information and any successful intellectual property challenges or infringement proceedings against us could have a material adverse effect on our business, financial condition, or results of operations.

Our future success depends on our ability to obtain approval on the patent for the PoNS™ technology, failing which we may be unable to protect our proprietary information and any competitive advantage which may have a material adverse effect on our business and financial condition.

Our future success will depend, in part, on our ability to obtain patent approval for the PoNS™ technology. There can be no assurance that the patent applications made will result in the issuance of patents or that the term of the patents will be extendable after they expire in due course, which would prevent us from being able to protect our proprietary information and may have a material adverse effect on our business and financial condition.

Much of our know-how and technology may not be patentable, though they may constitute trade secrets. There can be no assurance, however, that we will be able to meaningfully protect our trade secrets. To help protect our intellectual property rights and proprietary technology, we require employees, consultants, advisors and collaborators to enter into confidentiality agreements. There can be no assurance that these agreements will provide meaningful protection for our trade secrets, knowhow or other proprietary information in the event of any unauthorized use or disclosure.

Our intellectual property has been and may be the subject of lawsuits. See “Legal Proceedings.”

We may be subject to various litigation claims and legal proceedings, including intellectual property litigation, such as patent infringement claims, which could adversely affect our business.

We, as well as certain of our directors and officers, may be subject to claims or lawsuits. These lawsuits may result in significant legal fees and expenses and could divert management’s time and other resources. If the claims contained in these lawsuits are successfully asserted against us, we could be liable for damages and be required to alter or cease certain of our business practices or product lines. Any of these outcomes could cause our business, financial performance and cash position to be negatively impacted.

Additionally, our commercial success will also depend, in part, on not infringing on the patents or proprietary rights of others. There can be no assurance that the technologies and products used or developed by us will not infringe such rights. If such infringement occurs and we are not able to obtain a license from the relevant third party, we will not be able to continue the development, manufacture, use, or sale of any such infringing technology or product. There can be no assurance that necessary licenses to third-party technology will be available at all or on commercially reasonable term. In some cases, litigation or other proceedings may be necessary to defend against or assert claims of infringement or to determine the scope and validity of the proprietary rights of third parties. Any potential litigation could result in substantial costs to, and diversion of, our resources and could have a material and adverse impact on us.

An adverse outcome in any such litigation or proceeding could subject us to significant liabilities, require us to cease using the subject technology or require us to license the subject technology from the third party, all of which could have a material adverse effect on our business.

On January 5, 2015, Wicab sued the Company, NHC, Mitch Tyler, a director of the Company and NHC and Yuri Danilov, a former director of the Company and a director of NHC, and ANR, in the U.S. District Court for the Western District of Wisconsin. ANR is the licensor to the Company of three issued patents (U.S. Patent Nos. 8,849,407 and 8,909,345 and 9,020,612) and other patents pending related to neurostimulation methods and devices. The complaint contained various state and common law claims arising from Messrs. Danilov's and Tyler's prior employment with Wicab and relating to ownership of two of the issued patents (U.S. Patent Nos. 8,849,407 and 8,909,345). U.S. Patent No. 9,020,612 was not included in the Wicab complaint. The complaint alleged, among other things, that following their departure from Wicab, Danilov and Tyler knowingly filed patent applications for and used ideas and inventions developed at Wicab in violation of various non-competition and confidentiality agreements, and that the two issued patents are therefore rightfully the property of Wicab. The complaint sought an unspecified amount of monetary damages, an injunction preventing NHC from using the ideas and inventions in the two patents, an order transferring ownership of the patents from ANR to Wicab, and recovery of costs and attorneys' fees. The Company conducted an internal investigation and determined that Wicab expressly waived all rights in the two issued patents and, additionally, that Wicab's claims were barred by the six year statute of limitations in Wisconsin. On January 14, 2015, the Company informed Wicab of its belief that the claims were barred due to the express waiver and the statute of limitations. On the same day, Wicab dismissed the complaint without prejudice.

On October 12, 2015, the Company received a letter from Wicab alleging that the two issued patents were invalid in view of prior art cited in the letter, including scientific publications and patent applications, and that Paul Bach-y-Rita, Wicab's founder, should have been named as an inventor on these two issued patents. Wicab indicated in the letter that it may file reexamination or inter partes review proceedings with the U.S. Patent Office to attempt to invalidate the claims in the two issued patents. Wicab also stated that it would consider an unspecified "business solution" to resolve this matter. On December 10, 2015, representatives of each of the Company and Wicab met to discuss the parameters of a potential settlement. There can be no guarantee that a settlement will be reached. In the event that a settlement with Wicab is not reached, Wicab may file reexamination or *inter partes* review proceedings with the U.S. Patent Office to challenge the validity of the two issued patents. If the Company receives an adverse decision from the U.S. Patent Office in connection with these proceedings, some or all of the claims in the two patents may be invalidated or otherwise impaired, which could prevent the Company from bringing an infringement suit against a future competitor for making use of the PoNS™ technology for neurorehabilitation, and could have a material adverse effect on the Company's business, operating results and financial condition. Wicab may also take other actions against the Company, its assets, intellectual property rights, officers, directors, employees, agents or other persons or entities which may also have a material on business, operating results and financial condition. See "Legal Proceedings."

If our expenses are greater than anticipated, then we will have fewer funds with which to pursue our plan of operations and our financing requirements will be greater than anticipated.

We may find that the costs of carrying out our plan of operations are greater than we anticipate. Increased operating costs may cause the amount of financing that we require to increase. Investors may be more reluctant to provide additional financing if we cannot demonstrate that we can control our operating costs. There is no assurance that additional financing required as a result of our operating costs being greater than anticipated will be available to us. If we do not control our operating expenses, then we will have fewer funds with which to carry out our plan of operations with the result that our business may fail.

Our ability to use net operating losses to offset future taxable income may be subject to certain limitations.

Under Section 382 of the Internal Revenue Code of 1986, as amended, substantial changes in a corporation's ownership may limit the amount of net operating losses ("NOL"s) that can be utilized annually in the future to offset the corporation's (and the corporation's affiliates') U.S. federal and state taxable income. Specifically, this limitation may arise in the event of a cumulative change in ownership of more than 50% within any three-year period. The amount of the annual limitation is determined based on the value of the corporation that underwent the ownership change, immediately before the ownership change. Subsequent ownership changes may further affect any limitation in future years (including by the way of exercising of warrants). We plan to undertake a study to analyze and determine if any historical ownership changes of us or our subsidiary NHC have occurred to determine if there are any permanent limitations on our ability to utilize NOLs in the future. If we determine that an ownership change has occurred, the limitations on the use of our NOLs could increase our U.S. federal and state tax liability and reduce the amount of cash available for distribution to shareholders or otherwise adversely affect the value of an investment in our common stock or Warrants.

We may not be able to build an effective distribution network for our products.

We currently have very few employees and will likely need to rely on third party distributors to sell our product. We cannot assure you that we will succeed in entering into and maintaining productive arrangements with an adequate number of distributors that are sufficiently committed to selling our products. The establishment of a distribution network is expensive and time consuming. As we launch new products and increase our marketing effort with respect to existing products, we will need to continue to hire, train, retain and motivate skilled independent distributors with significant technical knowledge. In addition, the commissions we pay our distributors could increase over time which would result in higher sales and marketing expenses. Furthermore, current and potential distributors may market and sell the products of our competitors. Even if the distributors market and sell our products, our competitors may be able, by offering higher commission payments or other incentives, to persuade these distributors to reduce or terminate their sales and marketing efforts related to our products. The distributors may also help competitors solicit business from our existing customers. Some of our independent distributors will likely account for a significant portion of our sales volume, and, if we were to lose them, our sales could be adversely affected. Even if we engage and maintain suitable relationships with an adequate number of distributors, they may not generate revenue as quickly as we expect them to, commit the necessary resources to effectively market and sell our products, or ultimately succeed in selling our products.

We depend on a single source for the manufacture of our product and the loss of this third-party manufacture could harm our business.

We will be dependent on a single third-party to manufacture and supply our PoNS™ device. This manufacturer will also hold our inventory, warehouse and ship our products to our distribution center who will ship to customers as well as handle customer service related tasks. Our reliance on a single third-party manufacturer to supply us with our PoNS™ device and a separate vendor to provide such other distribution and warranty services exposes us to risks that could delay our sales, or result in higher costs or lost product revenues. In particular, our manufacturer could:

- encounter difficulties in achieving volume production, quality control and quality assurance or suffer shortages of qualified personnel, which could result in their inability to manufacture sufficient quantities of our commercially available product to meet market demand, or it could experience similar problems that result in the manufacture of insufficient quantities of our product candidate; and

- fail to follow and remain in compliance with the FDA-mandated QSRs, compliance which is required for all medical devices, or fail to document their compliance to QSRs, either of which could lead to significant delays in the availability of materials for our product.

If we are unable to obtain adequate supplies of our product that meet our specifications and quality standards, it will be difficult for us to compete effectively. We have no supply agreements in place with our manufacturer and it may change the terms of our future orders or choose not to supply us with products in the future. Furthermore, if such manufacturer fails to perform its obligations, we may be forced to purchase our product from other third-party manufacturers, which we may not be able to do on reasonable terms or in sufficient time, if at all. In addition, if we are required to change manufacturers for any reason, we will be required to verify that the new manufacturer maintains facilities and procedures that comply with quality standards and with all applicable regulations and guidelines. The delays associated with the verification of a new manufacturer or the re-verification of an existing manufacturer could negatively affect our ability to produce and distribute our product in a timely manner.

If the U.S. Army were to decide not to purchase our product or chose to no longer provide financial support for our clinical testing through the sole-source cost sharing contract we would face risks related to finding new partners or customers.

The U.S. Army is under no obligation to purchase the PoNS™ device from us and there is no assurance that the U.S. Army will ultimately purchase the Company's product. Given the importance of the U.S. Army to our commercial plans, if the U.S. Army were to eventually decide not to purchase our product, we would need to find other buyers for our product. If the U.S. Army were to decline to purchase our product, we may have more difficulty persuading other third parties to purchase our product. Additionally, through our subsidiary NHC, we are party to a sole source cost sharing contract with the USAMRMC. Under the contract, the USAMRMC will reimburse the Company for costs related to a registrational trial investigating the safety and effectiveness of the PoNS™ device the registration of up to a maximum amount of $2,996,244. The contract expires on December 31, 2016. If we fail to complete the registrational trial or renew the contract by that time we face the risk of needing to find additional financial support for the trial.

If and when we sell our products, we may be liable for product liability claims and we may not carry sufficient product liability insurance.

The devices and products that we intend to develop may expose us to potential liability from personal injury claims by end-users of the product. We intend to carry product liability insurance to protect us against the risk that in the future a product liability claim or product recall could materially and adversely affect our business. Inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product liability claims could prevent or inhibit the commercialization of our intended products. We cannot assure you that if and when we commence distribution of our product that we will be able to obtain or maintain adequate coverage on acceptable terms, or that such insurance will provide adequate coverage against all potential claims. Moreover, even if we maintain adequate insurance, any successful claim could materially and adversely affect our reputation and prospects, and divert management's time and attention. If we are sued for any injury allegedly caused by our future products our liability could exceed our total assets and our ability to pay the liability.

We are an "emerging growth company" under the JOBS Act, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an "emerging growth company" as defined in the JOBS Act. As an "emerging growth company", we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation, shareholder approval of any golden parachute payments not previously approved and presenting the relationship between executive compensation actually paid and our financial performance. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. Additionally, we have irrevocably elected to comply with new or revised accounting standards even though we are an emerging growth company.

We will remain an "emerging growth company" for up to five years after our first sale of common stock pursuant to the Securities Act, registration statement, although we will lose that status sooner if our revenues exceed $1 billion, if we issue more than $1 billion in non-convertible debt in a three year period, or if the market value of our common stock that is held by non-affiliates exceeds $700 million as of the end of our third quarter in any calendar year.

Our status as an "emerging growth company" under the JOBS Act may make it more difficult to raise capital as and when we need it. Because of the exemptions from various reporting requirements provided to us as an "emerging growth company", we may be less attractive to investors and it may be difficult for us to raise additional capital as and when we need it. If we are unable to raise additional capital as and when we need it, our financial condition and results of operations may be materially and adversely affected.

We are a small company with limited resources compared to some of our current and potential competitors and we may not be able to compete effectively and increase market share.

There is potential that we will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than us. Increased competition by larger and better financed competitors could materially and adversely affect our business, financial condition and our results of operations.

Because of the early stage of the industry in which we intend to operate, we expect to face additional competition from new entrants. To be competitive, we will require a continued high level of investment in research and development, marketing, sales and client support. We may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect our business, financial condition and our results of operations.

We have incurred increased costs and have become subject to additional regulations and requirements as a result of becoming a public company, which could lower our profits, if any, or make it more difficult to run our business.

As a public company, we have incurred significant legal, accounting and other expenses that we did not incur as a private company, including costs associated with public company reporting requirements. We will continue to incur costs associated with the rules implemented by the SEC, the TSX, the OTCQB, and any other exchange on which our common stock may become listed. The expenses incurred by public companies for reporting and corporate governance purposes have generally been increasing. These rules and regulations have increased our legal and financial compliance costs and have made some activities more time-consuming and costly. These laws and regulations also could make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our Board of Directors, our board committees or as our executive officers. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action and potentially civil litigation.

Several people who work for us on a part-time consulting basis may be subject to conflicts of interest.

Several people who provide services to us do so on a part-time consulting basis. Each may devote part of his working time to other business endeavors, including consulting relationships with other corporate entities, and may have responsibilities to these other entities. Because of these relationships, some of the persons who provide services to us may be subject to conflicts of interest. Such conflicts may include deciding how much time to devote to our affairs, as well as what business opportunities should be presented to us.

Risks Related to Government Regulation

Before we can market and sell our products, we will be required to obtain approval and clearance by the FDA and foreign regulatory authorities. These approvals and clearances will take significant time and require significant research, development, and clinical study expenditures, and ultimately may not succeed.

Before we begin to label and market the PoNS™ device for use in the United States, we are required to obtain clearance from the FDA under Section 510(k) of the FD&C Act, approval of a *de novo* reclassification petition for our product, or approval of pre-market approval application from the FDA, unless an exemption from pre-market review applies. We intend to utilize the *de novo* classification procedures to seek marketing authorization for the PoNS™ device, because there is currently no predicate cleared or approved by the FDA for commercial distribution and no existing classification decision by the FDA for such a device. We will also be required to comply with costly and time-consuming compliance by foreign regulatory authorities if we want to sell our products outside of the United States. The process of obtaining regulatory clearances or approvals, or completing the *de novo* classification process, to market a medical device can be costly and time consuming, and we may not be able to successfully obtain pre-market reviews on a timely basis, if at all.

If the FDA requires us to go through a lengthier, more rigorous examination for the PoNS™ device, introducing the product could be delayed or canceled, which could cause our launch to be delayed. In addition, the FDA may determine that the PoNS™ device requires the more costly, lengthy and uncertain pre-market approval process. For example, if the FDA disagrees with our determination that the *de novo* classification procedures are the appropriate path to obtain marketing authorizations for the PoNS™ device, the FDA may require us to submit a PMA application, which is generally more costly and uncertain and can take from one to three years, or longer, from the time the application is submitted to the FDA until an approval is obtained. Further, even with respect to those future products where a PMA is not required, we cannot be certain that we will be able to obtain 510(k) clearances with respect to those products.

Obtaining FDA clearance will be costly, may result in time-consuming delays and will subject us to ongoing compliance costs and regulatory risk for non-compliance.

Obtaining FDA clearance, *de novo* down-classification, or approval for medical devices can be expensive and uncertain, and generally takes from several months to several years, and generally requires detailed and comprehensive scientific and clinical data. Notwithstanding the expense, these efforts may never result in FDA clearance. Even if we were to obtain regulatory clearance, it may not be for the uses we believe are important or commercially attractive, in which case we would not be permitted to market our product for those uses.

The FDA can delay, limit or deny clearance or approval of a device for many reasons, including:

- we may not be able to demonstrate to the FDA's satisfaction that our product candidate is safe and effective, sensitive and specific diagnostic tests, for its intended users;
- the data from our pre-clinical studies and clinical trials may be insufficient to support clearance or approval, where required; and
- the manufacturing process or facilities we use may not meet applicable requirements.

In addition, the FDA may change its clearance and approval policies, adopt additional regulations or revise existing regulations, or take other actions which may prevent or delay approval or clearance of our products under development or impact our ability to modify our currently approved or cleared products on a timely basis. For example, in response to industry and healthcare provider concerns regarding the predictability, consistency and rigor of the 510(k) regulatory pathway, the FDA initiated an evaluation of the program, and in January 2011, announced several proposed actions intended to reform the review process governing the clearance of medical devices. The FDA intends these reform actions to improve the efficiency and transparency of the clearance process, as well as bolster patient safety. In addition, as part of the FDASIA the U.S. Congress reauthorized the Medical Device User Fee Amendments with various FDA performance goal commitments and enacted several "Medical Device Regulatory Improvements" and miscellaneous reforms which are further intended to clarify and improve medical device regulation both pre- and post-approval. Any delay in, or failure to receive or maintain, clearance or approval for our product candidate could prevent us from generating revenue from our product candidate and adversely affect our business operations and financial results.

Even if granted, a 510(k) clearance, *de novo* down-classification, or pre-market approval for any future product would likely place substantial restrictions on how our device is marketed or sold, and FDA will continue to place considerable restrictions on our products and operations. For example, the manufacture of medical devices must comply with FDA's QSR. In addition, manufacturers must register their manufacturing facilities, list the products with FDA, and comply with requirements relating to labeling, marketing, complaint handling, adverse event and medical device reporting, reporting of corrections and removals, and import and export. FDA monitors compliance with the QSR and these other requirements through periodic inspections. If our facilities or those of our manufacturers or suppliers are found to be in violation of applicable laws and regulations, or if we or our manufacturers or suppliers fail to take satisfactory corrective action in response to an adverse inspection, the regulatory authority could take enforcement action, including any of the following sanctions:

- untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;
- customer notifications of repair, replacement, refunds, detention or seizure of our products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying requests for 510(k) marketing clearance or pre-market approvals of new products or modified products;
- withdrawing 510(k) marketing clearances or pre-market approvals that have already been granted;
- refusing to provide Certificates for Foreign Government;
- refusing to grant export approval for our products; or
- pursuing criminal prosecution

Additionally, the FDA and other regulatory authorities have broad enforcement powers. Regulatory enforcement or inquiries, or other increased scrutiny on us, could affect the perceived safety and efficacy of our product candidate and dissuade our customers from using our product candidate, if and when it is authorized for marketing.

We expect to be required to conduct clinical trials to support regulatory approval of some of our potential future product candidates. We have limited experience in the clinical trials process, they may proceed more slowly than anticipated, and we cannot be certain that our product candidate will be shown to be safe and effective for human use.

In order to commercialize our product candidate in the United States, we may be required by the FDA to submit an application for PMA for review and approval by the FDA. A PMA application must be submitted to the FDA if our device cannot be cleared through the 510(k) clearance process or is not exempt from premarket review by the FDA. We could also be required to submit a PMA application for other potential future product candidates. If we are required by the FDA to submit a PMA application, the FDA will also require us to conduct clinical trials. The FDA could also require us to provide the FDA with clinical trial data to support some of our 510(k) premarket notifications. We will receive approval or clearance from the FDA to commercialize products requiring a clinical trial only if we can demonstrate to the satisfaction of the FDA, through well-designed and properly conducted clinical trials, that our product candidate is safe and effective and otherwise meet the appropriate standards required for approval or clearance for specified indications.

Clinical trials are complex, expensive, time consuming, uncertain and are subject to substantial and unanticipated delays. Before we may begin clinical trials, we must submit and obtain approval for an investigational device exemption, or IDE, that describes, among other things, the manufacture of, and controls for, the device and a complete investigational plan. Clinical trials generally involve a substantial number of patients in a multi-year study. Because we do not have the experience or the infrastructure necessary to conduct clinical trials, we will have to hire one or more contract research organization (“CRO”), to conduct trials on our behalf. CRO contract negotiations may be costly and time consuming and we will rely heavily on the CRO to ensure that our trials are conducted in accordance with regulatory and industry standards. We may encounter problems with our clinical trials and any of those problems could cause us or the FDA to suspend those trials, or delay the analysis of the data derived from them.

A number of events or factors, including any of the following, could delay the completion of our clinical trials in the future and negatively impact our ability to obtain FDA approval for, and to introduce our product candidate:

- failure to obtain financing necessary to bear the cost of designing and conducting clinical trials;
- failure to obtain clearance from the FDA or foreign regulatory authorities to commence investigational studies;
- conditions imposed on us by the FDA or foreign regulatory authorities regarding the scope or design of our clinical trials;
- delays in obtaining or in our maintaining required approvals from institutional review boards or other reviewing entities at clinical sites selected for participation in our clinical trials;
- insufficient supply of our product candidate or other materials necessary to conduct our clinical trials;
- difficulties in enrolling patients in our clinical trials;
- negative or inconclusive results from clinical trials, or results that are inconsistent with earlier results, that necessitate additional clinical studies;
- failure on the part of the CRO to conduct the clinical trial in accordance with regulatory requirements;
- our failure to maintain a successful relationship with the CRO or termination of our contractual relationship with the CRO before completion of the clinical trials;
- serious or unexpected side effects experienced by patients in whom our product candidate are implanted; or
- failure by any of our third-party contractors or investigators to comply with regulatory requirements or meet other contractual obligations in a timely manner.

Our clinical trials may need to be redesigned or may not be completed on schedule, if at all. Delays in our clinical trials may result in increased development costs for our product candidate, which could cause our stock price to decline and limit our ability to obtain additional financing. In addition, if one or more of our clinical trials are delayed, competitors may be able to bring products to market before we do, and the commercial viability of our product candidate could be significantly reduced.

We will be substantially dependent on third parties to conduct clinical trials.

As we are required to conduct clinical trials to obtain FDA clearance, we need to rely heavily on third parties over the course of our clinical trials, and as a result will have limited control over the clinical investigators and limited visibility into their day-to-day activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol and legal, regulatory, and scientific standards, and our reliance on third parties does not relieve us of our regulatory responsibilities. We and these third parties are required to comply with current good clinical practices, or cGCPs, which are regulations and guidelines enforced by the FDA and comparable foreign regulatory authorities for product candidates in clinical development. Regulatory authorities enforce these cGCPs through periodic inspections of trial sponsors, principal investigators, and trial sites. If we or any of these third parties fail to comply with applicable cGCP regulations, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require us to perform additional nonclinical or clinical trials before approving our marketing applications. We cannot be certain that, upon inspection, such regulatory authorities will determine that any of our clinical trials comply with the cGCP regulations. In addition, our clinical trials may be required to be conducted with a large number of test patients. Our failure or any failure by these third parties to comply with these regulations or to recruit a sufficient number of patients may require us to repeat clinical trials, which would delay the regulatory approval process. Moreover, our business may be implicated if any of these third parties violates federal or state fraud and abuse or false claims laws and regulations or healthcare privacy and security laws.

Any third parties conducting our clinical trials are not and will not be our employees and, except for remedies available to us under our agreements with such third parties, we cannot control whether or not they devote sufficient time and resources to our ongoing 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. If these third parties do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements or for other reasons, our clinical trials may be extended, delayed, or terminated and we may not be able to complete development of, obtain regulatory approval of or successfully commercialize our product candidate. As a result, our financial results and the commercial prospects for our product candidate would be harmed, our costs could increase, and our ability to generate revenue could be delayed.

If any of our relationships terminate with these third-party CROs, we may not be able to enter into arrangements with alternative CROs or do so on commercially reasonable terms. Switching or adding additional CROs involves additional cost and requires management time and focus. In addition, there is a natural transition period when a new CRO begins work. As a result, delays occur, which can materially impact our ability to meet our desired clinical development timelines. Though we carefully manage our relationships with our CROs, there can be no assurance that we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition, and prospects.

If we are unable to obtain a reimbursement code from the U.S. Department of Health and Human Services so that the PoNS™ device is covered under Medicare and Medicaid, this would have a negative impact on our intended sales and would have a material adverse effect on our business, financial condition and operating results.

We plan to submit an application to the U.S. Department of Health and Human Services for an International Classification of Disease 10 reimbursement code so that the PoNS™ device is covered under Medicare and Medicaid. There can be no assurance that our application will be successful, or that we will be able to obtain a reimbursement code in a timely manner. In the event that we do not obtain a reimbursement code for the PoNS™ device, our customers would be unable to obtain reimbursement for their purchases under private or government-sponsored insurance plans which would have a negative impact on sales and have a material adverse effect on our business, financial condition and operating results.

If hospitals and other healthcare providers are unable to obtain coverage or adequate reimbursement for procedures performed with our products, our product will not likely be widely used.

In the United States, the commercial success of our existing product and any future products will depend, in part, on the extent to which governmental payers at the federal and state levels, including Medicare and Medicaid, private health insurers and other third-party payers provide coverage for and establish adequate reimbursement levels for procedures utilizing our products. Hospitals and other healthcare providers that purchase our product for treatment of their patients generally rely on third-party payers to pay for all or part of the costs and fees associated with our products as part of a “bundled” rate for the associated procedures. The existence of coverage and adequate reimbursement for our products and the procedures performed with them by government and private payers critical to market acceptance of our existing and future products. Neither hospitals nor physicians are likely to use our product and any future products if they do not receive adequate reimbursement for the procedures utilizing our products.

Many private payers currently base their reimbursement policies on the coverage decisions and payment amounts determined by the CMS, which administers the Medicare program. Others may adopt different coverage or reimbursement policies for procedures performed with our products, while some governmental programs, such as Medicaid, have reimbursement policies that vary from state to state, some of which may not pay for the procedures performed with our products in an adequate amount, if at all. A Medicare national or local coverage decision denying coverage for one or more of our products could result in private and other third-party payers also denying coverage for our products. Third-party payers also may deny reimbursement for our products if they determine that a product used in a procedure was not medically necessary, was not used in accordance with cost-effective treatment methods, as determined by the third-party payer, or was used for an unapproved use. Unfavorable coverage or reimbursement decisions by government programs or private payers underscore the uncertainty that our products face in the market and could have a material adverse effect on our business.

Many hospitals and clinics in the United States belong to group purchasing organizations, which typically incentivize their hospital members to make a relatively large proportion of purchases from a limited number of vendors of similar products that have contracted to offer discounted prices. Such contracts often include exceptions for purchasing certain innovative new technologies, however. Accordingly, the commercial success of our products may also depend to some extent on our ability to either negotiate favorable purchase contracts with key group purchasing organizations and/or persuade hospitals and clinics to purchase our product "off contract."

The healthcare industry in the United States has experienced a trend toward cost containment as government and private payers seek to control healthcare costs by paying service providers lower rates. While we believe that hospitals will be able to obtain coverage for procedures using our products, the level of payment available to them for such procedures may change over time. State and federal healthcare programs, such as Medicare and Medicaid, closely regulate provider payment levels and have sought to contain, and sometimes reduce, payment levels. Private payers frequently follow government payment policies and are likewise interested in controlling increases in the cost of medical care. In addition, some payers are adopting pay-for-performance programs that differentiate payments to healthcare providers based on the achievement of documented quality-of-care metrics, cost efficiencies, or patient outcomes. These programs are intended to provide incentives to providers to deliver the same or better results while consuming fewer resources. As a result of these programs, and related payer efforts to reduce payment levels, hospitals and other providers are seeking ways to reduce their costs, including the amounts they pay to medical device manufacturers. We may not be able to sell our implants profitably if third-party payers deny or discontinue coverage or reduce their levels of payment below that which we project, or if our production costs increase at a greater rate than payment levels. Adverse changes in payment rates by payers to hospitals could adversely impact our ability to market and sell our products and negatively affect our financial performance.

In international markets, medical device regulatory requirements and healthcare payment systems vary significantly from country to country, and many countries have instituted price ceilings on specific product lines. We cannot assure you that our products will be considered cost-effective by international third-party payers, that reimbursement will be available or, if available, that the third-party payers' reimbursement policies will not adversely affect our ability to sell our products profitably. Any failure to receive regulatory or reimbursement approvals would negatively impact market acceptance of our products in any international markets in which those approvals are sought.

Risks Related to Our Common Stock, the Warrants and this Offering

A decline in the price of our common stock could affect our ability to raise any required working capital and adversely impact our operations.

A decline in the price of our common stock could result in a reduction in the liquidity of our common stock and a reduction in our ability to raise any required capital for our operations. Because our operations to date have been principally financed through the sale of equity securities, a decline in the price of our common stock could have an adverse effect upon our liquidity and our continued operations. A reduction in our ability to raise equity capital in the future may have a material adverse effect upon our business plan and operations. If our stock price declines, we may not be able to raise additional capital or generate funds from operations sufficient to meet our obligations.

Our common stock does not have a well-establish trading market in the United States. Trading of our common stock is sporadic, and the price of our common stock may be volatile; we caution you as to the highly illiquid nature of an investment in our shares.

Our common stock is currently periodically quoted on the OTCQB electronic quotation service operated by OTC Markets Group Inc. A well-established market for our common stock may never develop in the United States.

Trading in stock quoted on the OTCQB is often thin and characterized by wide fluctuations in trading prices, due to many factors that may have little to do with our operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to operating performance or future prospects of our business. Moreover, the OTCQB is not a stock exchange, and trading of securities on the OTCQB is often more sporadic than the trading of securities listed on a quotation system like Nasdaq or a stock exchange like Amex. Accordingly, shareholders may have difficulty reselling any of the shares.

Our common stock has been listed on the TSX since April 18, 2016. Certain shares of our common stock are also restricted for immediate resale to U.S. persons or to anyone for the account or on behalf of any U.S. person, pursuant to the requirements of Regulation S. These shares are traded separately on the TSX under a separate ticker symbol. To date, trading on the TSX in our common stock has been extremely limited and sporadic. Trading in our common stock on the Canadian Securities Exchange was also extremely limited.

Our Warrants were also approved for listing on the TSX on April 18, 2016. However, because only the Warrants issued in the Offshore Offering in transactions exempt from the registration requirements of the Securities Act were approved for listing on the TSX, the Warrants listed on the TSX may not be purchased by or on behalf of a U.S. person, or by a person in the United States, unless in a registered transaction or pursuant to an applicable safe harbor or exemption from registration.

Securities of microcap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. We believe that trading in our stock, if it occurs at all, will likely be subject to significant volatility since, among other reasons, we do not have nor will we have in the foreseeable future an active trading market in our stock. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. Factors unrelated to our performance that may affect the price of our common stock include the following: the extent of analytical coverage available to investors concerning our business may be limited if investment banks with research capabilities do not follow us, a reduction in trading volume and general market interest in our common stock may affect an investor's ability to trade significant numbers of shares of our common stock; the size of our public float may limit the ability of some institutions to invest in our common stock; and a substantial decline in the price of shares of our common stock that persists for a significant period of time could cause our common stock, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. As a result of any of these factors, the market price of our common stock at any given point in time may not accurately reflect our long-term value. The price of our common shares may increase or decrease in response to a number of events and factors, including: changes in financial estimates; our acquisitions and financings; quarterly variations in our operating results; the operating and share price performance of other companies that investors may deem comparable; and purchase or sale of blocks of our common stock. These factors, or any of them, may materially adversely affect the prices of our common shares regardless of our operating performance. We caution you as to the highly illiquid nature of an investment in our shares.

The market price of our common stock is affected by many other variables which are not directly related to our success and are, therefore, not within our control. These include other developments that affect the breadth of the public market for shares of our common stock and the attractiveness of alternative investments. The effect of these and other factors on the market price of our common stock is expected to make our common stock price volatile in the future, which may result in losses to investors.

We have not voluntarily implemented various corporate governance measures, in the absence of which, shareholders may have more limited protections against interested director transactions, conflicts of interest and similar matters.

Federal legislation, including the Sarbanes-Oxley Act of 2002, has resulted in the adoption of various corporate governance measures designed to promote the integrity of the corporate management and the securities markets. Some of these measures have been adopted in response to legal requirements. Others have been adopted by companies in response to the requirements of national securities exchanges, such as the New York Stock Exchange or the Nasdaq Stock Market, on which their securities are listed. Among the corporate governance measures that are required under the rules of national securities exchanges are those that address board of directors' independence, and audit committee oversight. While we have formed an audit committee, we have not yet adopted some corporate governance measures adopted by listed companies.

It is possible that if we were to adopt some or all of these corporate governance measures, securityholders would benefit from somewhat greater assurances that internal corporate decisions were being made by disinterested directors and that policies had been implemented to define responsible conduct. Investors should bear in mind our current lack of corporate governance measures in formulating their investment decisions.

Our shares are subject to potential delisting if we do not meet or continue to maintain the listing requirements of the TSX.

The TSX rules for continued listing include minimum market capitalization and other requirements. Failure to maintain our listing on the TSX or being de-listed from the TSX would make it more difficult for shareholders to dispose of our common stock and more difficult to obtain accurate quotations on our common stock. This could have an adverse effect on the price of our common stock. Our ability to issue additional securities for financing or other purposes, or to otherwise arrange for any financing we may need in the future, may also be materially and adversely affected if our common stock is not traded on a national securities exchange.

The market price of our common stock is likely to be highly volatile and subject to wide fluctuations, and you may be unable to resell your shares at or above the price at which you acquired them, or at all.

The market price of our common stock is likely to be highly volatile and could be subject to wide fluctuations in response to a number of factors that are beyond our control, including, but not limited to:

- quarterly variations in our revenues and operating expenses;
- developments in the financial markets and worldwide or regional economies;
- announcements of innovations or new products or services by us or our competitors;
- announcements by the government relating to regulations that govern our industry;
- significant sales of our common stock or other securities in the open market;
- variations in interest rates;
- changes in the market valuations of other comparable companies; and
- changes in accounting principles.

In the past, stockholders have often instituted securities class action litigation after periods of volatility in the market price of a company's securities. If a stockholder were to file any such class action suit against us, we would incur substantial legal fees and our management's attention and resources would be diverted from operating our business to respond to the litigation, which could harm our business.

Our two major shareholders have the ability to take shareholder action without the involvement of our other shareholders.

In accordance with our governing documents, any action required to be taken at a shareholders' meeting may be taken without a meeting if consents in writing setting forth the action so taken are signed by the holders of our outstanding shares having not less than the minimum number of votes that would be required to authorize or take the action at a meeting at which all shares entitled to vote on the action were present and voted. Currently, our two major shareholders, MPJ Healthcare, LLC ("MPJ") and ANR, hold approximately 39% of our outstanding shares of common stock. Philippe Deschamps, our Chief Executive Officer, and Jonathan Sackier, our Chief Medical Officer, each serve on the board of members of MPJ.

Our two major shareholders may have the ability to take shareholder action at a shareholders' meeting even if they do not hold a majority of our outstanding common stock.

As long as our two major shareholders, MPJ and ANR, collectively hold at least 33 1/3% of our outstanding common stock, they may be able to effect a vote requiring shareholder approval. In accordance with our governing documents, shareholders holding at least five percent of all the votes entitled to be cast on a proposal may call a special meeting to vote on the proposal. Also in accordance with our governing documents, quorum for a shareholders' meeting is at least 33 1/3% of our outstanding common stock entitled to vote and, where quorum is present, shareholder action may be taken by the affirmative vote of a majority of the shares represented at the meeting and entitled to vote. Accordingly, if our two major shareholders call a meeting and establish quorum, they can effect shareholder approval on a proposal unless other shareholders holding a greater number of shares than our two major shareholders were present at the meeting, either in person or by proxy, and vote against the proposal. There is no guarantee that such other shareholders will be present at any such meeting or, even if they were present at such meeting, will vote against the proposal.

We are authorized to issue an unlimited number of Class A common stock, and we intend to issue significantly more shares to raise capital, which would result in substantial dilution to your investment in our shares.

Our Articles of Incorporation authorize the issuance of an unlimited number of Class A common shares that can be issued for such consideration and on such terms and conditions as are established by our board of directors without the approval of any of our shareholders. Any additional financings effected by us may result in the issuance of additional securities without stockholder approval and the substantial dilution in the percentage of common stock held by our then existing stockholders. Moreover, the common stock issued in any such transaction may be valued on an arbitrary or non-arm's-length basis by our management, resulting in an additional reduction in the percentage of common stock held by our current stockholders. Our board of directors has the power to issue any or all of such authorized but unissued shares without stockholder approval. To the extent that additional shares of common stock or preferred stock are issued in connection with a financing, dilution to the interests of our stockholders will occur and the rights of the holders of common stock might be materially and adversely affected. We may issue additional common shares in connection with a future financing or acquisition. The issuance of additional common shares may dilute an investor's investment in us and reduce cash available for distribution per common share, if any dividends are declared by the board of directors in the future.

We have not paid any dividends and do not foresee paying dividends in the future.

We intend to retain earnings, if any, to finance the growth and development of our business and do not intend to pay cash dividends on shares of our common stock in the foreseeable future. The payment of future cash dividends, if any, will be reviewed periodically by the board of directors and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and other factors.

A significant portion of our outstanding common stock may be sold into the public market in the future, which could cause the market price of our common stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market could occur in the future. These sales, or the market perception that the holders of a large number of shares of our common stock intend to sell shares, could reduce the market price of our common stock.

Our stock is a penny stock. Trading of our stock may be restricted by the SEC's penny stock regulations which may limit a stockholder's ability to buy and sell our stock.

Our stock is a penny stock. The SEC has adopted Rule 15g-9 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of $5,000,000 or individuals with a net worth in excess of $1,000,000, not including any equity in that person's or person's spouse's primary residence, or annual income exceeding $200,000 or $300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

FINRA sales practice requirements may also limit a stockholder's ability to buy and sell our stock.

In addition to the "penny stock" rules promulgated by the SEC, the FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock.

Any future sales of our equity securities will dilute the ownership percentage of our existing stockholders and may decrease the market price for our common stock.

Future sales or issuances of equity securities could decrease the value of our common stock, dilute stockholders' voting power and reduce future potential earnings per share. We intend to sell additional equity securities in future offerings (including through the sale of securities convertible into shares of our common stock) and may issue additional equity securities to finance our operations, development, acquisitions or other projects. We cannot predict the size of future sales and issuances of equity securities or the effect, if any, that future sales and issuances of equity securities will have on the market price of our common stock. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for our common stock. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in our earnings per share.

Anti-takeover provisions may limit the ability of another party to acquire us, which could cause our stock price to decline.

Though not now, we may be or in the future we may become subject to Wyoming's control share law. The law focuses on the acquisition of a "controlling interest" which means the ownership of outstanding voting shares sufficient, but for the control share law, to enable the acquiring person to exercise the following proportions of the voting power of the corporation in the election of directors: (i) one-fifth or more but less than one-third, (ii) one-third or more but less than a majority, or (iii) a majority or more. The ability to exercise such voting power may be direct or indirect, as well as individual or in association with others. The effect of the control share law is that the acquiring person, and those acting in association with it, obtains only such voting rights in the control shares as are conferred by a resolution of the stockholders of the corporation, approved at a special or annual meeting of stockholders. The control share law contemplates that voting rights will be considered only once by the other stockholders. Thus, there is no authority to strip voting rights from the control shares of an acquiring person once those rights have been approved. If the stockholders do not grant voting rights to the control shares acquired by an acquiring person, those shares do not become permanent non-voting shares. The acquiring person is free to sell its shares to others. If the buyers of those shares themselves do not acquire a controlling interest, their shares do not become governed by the control share law. If control shares are accorded full voting rights and the acquiring person has acquired control shares with a majority or more of the voting power, any stockholder of record, other than an acquiring person, who has not voted in favor of approval of voting rights is entitled to demand fair value for such stockholder's shares.

Wyoming's control share law may have the effect of discouraging takeovers of the corporation. In addition to the control share law, Wyoming has a business combination law which prohibits certain business combinations between Wyoming corporations and "interested stockholders" for three years after the "interested stockholder" first becomes an "interested stockholder," unless the corporation's board of directors approves the combination in advance. For purposes of Wyoming law, an "interested stockholder" is any person who is (i) the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding voting shares of the corporation, or (ii) an affiliate or associate of the corporation and at any time within the three previous years was the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the then outstanding shares of the corporation. The definition of the term "business combination" is sufficiently broad to cover virtually any kind of transaction that would allow a potential acquiror to use the corporation's assets to finance the acquisition or otherwise to benefit its own interests rather than the interests of the corporation and its other stockholders. The effect of Wyoming's business combination law is to potentially discourage parties interested in taking control of the Company from doing so if it cannot obtain the approval of our board of directors.

In addition, our Articles of Incorporation provide for unlimited authorized shares of our Class A common stock. Our authorized but unissued shares of common stock will be available for future issuance without stockholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of unlimited authorized but unissued shares of common stock could render more difficult or discourage an attempt to obtain control of a majority of our Class A common stock by means of a proxy contest, tender offer, merger or otherwise.

Holders of our Warrants will have no rights as shareholders until such holders exercise their Warrants and acquire our common shares.

Until holders of Warrants acquire common shares upon exercise of the Warrants, holders of Warrants will have no rights with respect to the common shares underlying such Warrants. Upon exercise of the Warrants, the holders thereof will be entitled to exercise the rights of common shareholders only as to matters for which the record date occurs after the exercise date.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our stock adversely, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, our stock price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, our clinical results and other future conditions. The words “anticipate”, “believe”, “contemplate”, “continue”, “could”, “estimate”, “expect”, “forecast”, “goal”, “intend”, “may”, “plan”, “potential” “predict”, “project”, “should”, “target”, “will”, “would”, or the negative of these terms or other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. The forward-looking statements in this prospectus include, among other things, statements about:

- the completion and closing of this offering and the timing thereof;
- the Company’s expectations regarding its revenue, expenses and operations and ability of the Company to achieve such expectations;
- the use of the proceeds from the Offshore Offering and private placement or from the exercise of the Warrants;
- the Company’s anticipated cash needs and its needs for additional financing;
- the Company’s ability to obtain funding for its operations, including research funding;
- the quantitative effects of the Company’s restatements of its financial statements;
- the Company’s ability to protect, maintain and enforce its intellectual property rights;
- the benefits and risks of the Company’s products as compared to others;
- the Company’s ability to defend itself against third-party claims of infringement or violation of, or other conflicts with, intellectual property rights by the Company;
- the Company’s future growth plans;
- the Company’s estimate of the size of the potential markets for its products;
- the timing and amount of reimbursement for the Company’s products;
- the cost of post-market regulation if the Company receives necessary regulatory clearances;
- the Company’s ability to advance its product candidate into, and successfully complete, clinical trials;
- the therapeutic benefits, effectiveness and safety of the Company’s product candidate;
- the Company’s selection and licensing of products;
- the Company’s ability to attract and retain customers;
- the success and pricing of other competing therapies that are currently or may become available;
- the Company’s ability to attract and retain qualified personnel;
- the manufacturing capacity of third-party manufacturers for the Company’s products;

- the Company needing to do a technology transfer to a scale manufacturer once the product is launched;
- sources of revenues and anticipated revenues, including contributions from distributors and collaborators, product sales, license agreements and other collaborative efforts for the development and commercialization of products;
- the Company's expectations regarding regulatory requirements in the U.S. and Canada;
- whether the Company will receive, and the timing and costs of obtaining, regulatory clearances in the U.S. and Canada;
- the competition the Company faces from other companies, research organizations, academic institutions and government agencies, and the risks such competition pose to the Company's products;
- the rate and degree of market acceptance of the Company's products;
- the building of the physical therapist infrastructure to coincide with the launch of the PoNS™ device;
- regulatory developments and the regulatory environments in which the Company operates; and
- anticipated trends and challenges in the Company's business and the markets in which it operates.

We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have included important factors in the cautionary statements included in this prospectus, particularly in the "Risk Factors" section, that we believe could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make or collaborations or strategic partnerships we may enter into.

You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement of which this prospectus is a part completely and with the understanding that our actual future results may be materially different from what we expect. The forward-looking statements in this prospectus represent our views as of the date of this prospectus. We anticipate that subsequent events and developments will cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this prospectus.

This prospectus includes statistical and other industry and market data that we obtained from industry publications and research, surveys and studies conducted by third parties. Industry publications and third party research, surveys and studies generally indicate that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe these industry publications and third party research, surveys and studies are reliable, we have not independently verified such data.

USE OF PROCEEDS

We are registering the Shares and the Warrants for resale by the selling stockholders pursuant to our obligations under our agreement with the Agent pursuant to the Offshore Offering. We will not receive any proceeds from the sale of the Shares and the Warrants. The net proceeds from the sale of the Shares and the Warrants will be received by the selling securityholders. Upon the cash exercise of the Warrants we will receive the exercise price of the Warrants. If the Warrants are cashlessly exercised we will not receive any cash from these exercises. To the extent the Warrants are exercised for cash, we would use such proceeds for the following business objectives: (a) completion of the traumatic brain injury registrational clinical trial and submission of data for FDA clearance; (b) build commercial inventory and launch post FDA clearance; (c) pursue clinical trials for other neurological conditions such as multiple sclerosis and stroke; (d) invest in device development to accelerate the launch of the next generation of the commercial PoNS™ therapy; and (e) general corporate purposes.

DIVIDEND POLICY

We have never declared or paid cash dividends on our common stock. We currently intend to retain all available funds and any future earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future.

DILUTION

The Shares to be sold by the selling securityholders are shares of common stock that are currently issued and outstanding, or, with respect to the Warrant Shares, that will be issued and outstanding upon the exercise of the Warrants. Accordingly, there will not be any dilution to our existing stockholders or new investors from the sale of the Shares.

However, the Warrant Shares are not currently issued and outstanding. Accordingly there will be dilution to our existing stockholders and new investors from the issuance of any Warrant Shares, issuable upon the exercise of the Warrants.

MARKET FOR COMMON EQUITY

Common Stock

The common stock commenced trading on the TSX under the symbol “HSM” on April 18, 2016. Our Warrants were also approved for listing on the TSX on April 18, 2016. See “Summary – Recent Developments – TSX Listing.”

Our common stock is currently quoted on the OTCQB under the symbol “HSDT.”

The following table sets forth, for the periods indicated, the high and low prices relating to our common stock for the periods indicated, as provided by the Canadian Securities Exchange (the “CSE”), the TSX and the OTCQB. OTC prices in the table below prior to February 10, 2015 reflect pricing on the OTC’s Grey Market. The Company’s common stock was delisted from the CSE concurrently with the TSX listing. These quotations reflect inter-dealer prices without retail mark-up, mark-down, or commissions, and may not reflect actual transactions.

	OTC (US$)		CSE / TSX (CAD$)	
Period	**High**	**Low**	**High**	**Low**
Fiscal Year Ended March 31, 2015				
First Quarter	-	-	CAD$ 2.37	CAD$ 1.00
Second Quarter	$ 2.49	$ 2.03	CAD$ 2.72	CAD$ 2.27
Third Quarter	$ 2.79	$ 1.90	CAD$ 3.00	CAD$ 2.25
Fourth Quarter	$ 2.70	$ 1.80	CAD$ 3.40	CAD$ 2.24
Fiscal Year Ended March 31, 2016				
First Quarter	$ 2.60	$ 1.90	CAD$ 3.28	CAD$ 2.30
Second Quarter	$ 2.10	$ 0.62	CAD$ 2.55	CAD$ 0.80
Third Quarter	$ 1.15	$ 0.58	CAD$ 1.55	CAD$ 0.75
Fourth Quarter	$ 0.86	$ 0.68	CAD$ 1.24	CAD$ 0.95
Fiscal Year Ended March 31, 2017				
First Quarter[(1)]	$ 1.50	$ 0.70	CAD$ 1.90	CAD$ 0.90

(1) Through May 3, 2016.

As of May 3, 2016, the last reported sales price of our common stock on the TSX was CAD$1.41 per share. As of May 3, 2016, the last reported sales price of our common stock on the OTCQB was US$1.11 per share.

On May 3, 2016, there were approximately 206 record holders of our common stock. The number of holders of record is based on the actual number of holders registered on the books of our transfer agent and does not reflect holders of shares in “street name” or persons, partnerships, associations, corporations or other entities identified in security position listings maintained by depository trust companies.

The exchange rate in effect on May 3, 2016 as reported by Bank of Canada was US$1.00 = CAD$1.2686.

DETERMINATION OF OFFERING PRICE

There currently is a limited public market for our securities. The selling securityholders will determine at what price they may sell the Shares and the Warrants, and such sales may be made at prevailing market prices or at privately negotiated prices. See “Plan of Distribution.” The exercise price of the Warrants was determined through negotiations with the Agent.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the section entitled "Selected Financial Data" and our financial statements and related notes appearing in this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the "Risk Factors" section of this prospectus, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Restatements

Our Management's Discussion and Analysis of Financial Condition and Results of Operations gives effect to the restatements of our consolidated financial statements on January 11, 2016 and again on April 26, 2016. See Note 12, "*Correction of an Error in Previously Issued Financial Statements*," and Note 13, "*Restatement of Previously Issued and Restated Financial Statements*," to our financial statements for the period ending December 31, 2015, and Note 12, "*Restateemnt of Previously Issued Financial Statements*," to our financial statements for the period ending March 31, 2015, each included in this registration statement.

Overview

We are a medical technology company focused on neurological wellness. We seek to develop, license or acquire unique and non-invasive platform technologies that amplify the brain's ability to heal itself.

Our mission is to develop, license and acquire non-invasive treatments designed to help patients affected by neurological symptoms caused by disease or trauma. Applying the principles of neuroplasticity, our patented PoNS™ device induces Cranial Nerve Non Invasive Neuromodulation that utilizes the brain's innate ability to achieve neuroplastic change to aid persons with neurological, cognitive, sensory, and motor disorders when combined with the rehabilitation process.

The following discussion and analysis of our results of operations, financial condition and plan of operations should be read in conjunction with (a) our unaudited condensed interim consolidated financial statements for the three and nine months ended December 31, 2015 and December 31, 2014, (b) our audited financial statements for the year ended March 31, 2015 and (c) the audited financial statements of NHC for the year ended March 31, 2014 and for the period from January 22, 2013 (inception) to March 31, 2013. The discussion below contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, those set forth in the "Risk Factors" section of this prospectus and elsewhere in this prospectus.

Results of Operations

Three and Nine Months Ended December 31, 2015 Compared to the Three and Nine Months Ended December 31, 2014

Revenues

During the three and nine months ended December 31, 2015 and December 31, 2014, we did not generate any revenues from the commercial sales of products or services.

Operating Expenses

Operating expenses incurred during the three months ended December 31, 2015 were $2,840,657 (December 31, 2014 - $3,092,018) and $6,402,104 during the nine months ended December 31, 2015 (December 31, 2014 - $7,239,349). Significant changes and expenditures are outlined as follows:

- Advertising, marketing, and IR expenses were $161,594 for the three months ended December 31, 2015 (December 31, 2014 - $175,325) and $710,175 for the nine months ended December 31, 2015 (December 31, 2014 - $579,507). The increase of $130,668 between the nine-month periods relates to an increase in advertising and promotion expenses and investor relation consulting fees.

- Audit and accounting fees were $36,976 for the three months ended December 31, 2015 (December 31, 2014 - $4,457) and $141,176 for the nine months ended December 31, 2015 (December 31, 2014 - $45,938). Audit and accounting fees increased by $95,238 between the nine-month periods mainly due to the requirement to review and audit the Company's financial statements since it became a reporting issuer in the United States.

- Consulting fees were $59,504 for the three months ended December 31, 2015 (December 31, 2014 - $901,190) and $140,498 for the nine months ended December 31, 2015 (December 31, 2014 - $1,167,543). The decrease over the three and nine month periods was mainly due to the initial expense recorded during the three and nine month periods ended December 31, 2014, associated with the granting of options to consultants for providing services.

- Insurance expenses were $30,018 for the three months ended December 31, 2015 (December 31, 2014 - $22,287) and $90,022 for the nine months ended December 31, 2015 (December 31, 2014 - $52,060). The increase over the three and nine month periods in insurance expenses was mainly due to the need for general liability, directors' and officers', and product insurance as the Company continues its research and development plans.

- Legal fees were $761,752 for the three months ended December 31, 2015 (December 31, 2014 – $500,028) and $1,260,798 for the nine months ended December 31, 2015 (December 31, 2014 - $1,064,453). The significant increase in legal fees was primarily due to the increase in legal activity to ensure current and quality regulatory filings since becoming a public company in Canada and a reporting issuer in the United States. The development of our intellectual property and the commercialization of the PoNS™ device is still being carried out to secure our intellectual property, including the issuance of new patents.

- Meals and travel expenses were $118,155 for the three months ended December 31, 2015 (December 31, 2014 - $102,098) and $245,825 for the nine months ended December 31, 2015 (December 31, 2014 - $209,150). The increase of $36,675 between the nine-month periods was primarily due to expenses incurred while traveling to and from various investor and medical conferences as well as required travel for personnel to coordinate fundraising efforts and our clinical trials.

- Office expenses were $30,369 for the three months ended December 31, 2015 (December 31, 2014 - $45,466) and $83,133 for the nine months ended December 31, 2015 (December 31, 2014 - $163,762). The significant decrease in office expenses for the three and nine month periods was mainly due to the fact that we have established our operations and acquired all necessary office equipment in order to carry out our operations. Office expenses include general and administrative expenses as well as computer and internet expenses, telephone expenses, professional fees, and rent expenses.

- Research and development ("R&D") expenses were $1,291,605 for the three months ended December 31, 2015 (December 31, 2014 - $1,191,806) and $2,664,063 for the nine months ended December 31, 2015 (December 31, 2014 - $3,196,346). Expenses for the nine month period ended December 31, 2014, include expenses associated with the granting of options to two directors and one advisor for services rendered as non-employee consultants relating to design and manufacturing of the PoNS™ device. As such, R&D expenditures have increased, especially over the three month period ended December 31, 2015, primarily due to the continuous research and development efforts relating to the PoNS™ device, especially activities relating to preparation and launch of the registrational clinical trial for treating balance disorder associated with mild to moderate traumatic brain injury, our commercial development-to-supply program with Ximedica, LLC ("Ximedica"), a contract manufacturer, and Montreal NeuroFeedback's 12- month pilot clinical trial for multiple sclerosis.

- Transfer agent and regulatory fees were $35,635 for the three months ended December 31, 2015 (December 31, 2014 - $17,242) and $84,587 for the nine months ended December 31, 2015 (December 31, 2014 - $76,215). The increase in transfer agent and regulatory fees stems from the increased regulatory filing requirements associated with U.S. and Canadian filings.

- Wages and salaries expenses were $315,049 for the three months ended December 31, 2015 (December 31, 2014 - $132,119) and $981,827 for the nine months ended December 31, 2015 (December 31, 2014 - $684,375). Included in the amounts accounted for as wages and salaries were funds received from the U.S. Army Medical Research and Materiel Command ("USAMRMC") of $167,672 that were directly attributable to wages.

Non-Operating Items

We recorded a gain of $408,422 in respect of non-operating items during the three months ended December 31, 2015 (December 31, 2014 – gains of $613,457) and gains of $3,346,001 for the nine months ended December 31, 2015 (December 31, 2014 – losses of $559,292). Significant changes are outlined as follows:

- Interest and accretion expenses of $26,108 for the three months ended December 31, 2015 (December 31, 2014 – $nil) and $26,108 for the nine months ended December 31, 2015 (December 31, 2014 - $176,488). These charges relate to the accretion of two separate convertible debenture discounts, one of which was converted and settled in fiscal 2015, and the other which was converted and settled in the quarter ending December 31, 2015.

- Interest and other income for the three months ended December 31, 2015 was $122,101 (December 31, 2014 - $9,415) and $149,849 for the nine months ended December 31, 2015 (December 31, 2014 - $20,036). Income from interest related to our cash held in interest bearing accounts. Income increased slightly due to the Company's sale of some clinical devices to testing facilities in Canada, Australia, Russia, and the US.

- Change in fair value of derivative liability for the three months ended December 31, 2015 was $(293,698) (December 31, 2014 - $(76,536)) and $2,113,391 for the nine months ended December 31, 2015 (December 31, 2014 - $(670,790)). The change in fair value of derivative liability is based on the change of the remaining term of our options granted to non-employees providing services for NHC and the change in our stock price, as well as the fair value of warrants issued in private placements. The derivative liabilities do not represent cash liabilities

- Foreign exchange gain for the three months ended December 31, 2015 were $337,593 (December 31, 2014 – gains of $680,578) and gains of $845,146 for the nine months ended December 31, 2015 (December 31, 2014 – gains of $267,950). The gains for the current three and nine month periods stem from our predominantly US dollar holdings and the translation of the balance of the Canadian dollar intercompany accounts to the reporting currency.

- Gain on the extinguishment of debt relating to the A&B convertible promissory note for the three and nine month periods ended December 31, 2015 was $268,334 (December 31, 2014 - $nil). As a result of the bifurcation of the embedded conversion option, for accounting purposes, two instruments were considered outstanding and, upon exercise of the contractual conversion option, extinguishment accounting has been applied. Consequently, the shares issued pursuant to the conversion are recorded at their fair value on the date of issuance, determined with reference to their quoted market price on the date of conversion. The resulting difference between the fair value of the shares issued, less the fair value of the related conversion feature and the carrying value of the related debt, is recorded as a gain or loss on the consolidated statement of operations.

Net income (loss)

The net loss was $2,432,435 for the three months ended December 31, 2015 (December 31, 2014 – net loss of $2,478,561) and a net loss of $3,051,492 for the nine months ended December 31, 2015 (December 31, 2014 – net loss of $7,798,641). The decrease in net losses between the nine-month periods of $4,747,149 resulted primarily from a decrease in most operating expenses, especially consulting fees, research and development, and wages and salaries, as well as material differences in the change in fair value of the derivative liability and foreign exchange.

Fiscal Year Ended March 31, 2015 Compared to the Fiscal Year Ended March 31, 2014

Revenues

During the fiscal years ended March 31, 2015 and 2014, we did not generate any revenues.

Operating Expenses

Operating expenses incurred during the fiscal year ended March 31, 2015 were $9,808,344 as compared to $1,067,284 during the period from inception to March 31, 2014. Significant changes and expenditures are outlined as follows:

- Advertising, marketing, and IR expenses were $774,400 for the fiscal year ended March 31, 2015, and $nil for the fiscal year ended March 31, 2014. The increase relates to advertising and promotion expenses and investor relation consulting fees. We have engaged both investor relations and public relations professionals in Canada and the US to help develop corporate material as well as arranging and participating in conferences and road shows to increase the public's awareness of our activities and the PoNS™ device.

- Audit and accounting fees were $71,340 for the fiscal year ended March 31, 2015, and $nil for the fiscal year ended March 31, 2014. The increase of $71,340 was mainly due to the requirement to review and audit the Company's financial statements since it became a reporting issuer.

- Consulting fees were $1,358,070 for the fiscal year ended March 31, 2015 and $807,385 for the fiscal year ended March 31, 2014. The increase of $550,685 was mainly due to the expense in 2015 associated with the granting of options to consultants for providing services related to our strategic growth plan.

- Insurance expenses were $75,425 for the fiscal year ended March 31, 2015, and $nil for the fiscal year ended March 31, 2014. The increase of $75,425 was mainly due to the need for general liability, directors' and officers', and product insurance as the Company continues its research and development plans.

- Legal fees were $1,478,766 for the fiscal year ended March 31, 2015 as compared to $33,966 for the fiscal year ended March 31, 2014. The increase of $1,444,800 was primarily composed of fees incurred for general corporate matters and the reverse merger transaction. In addition, our legal activity to ensure current and quality regulatory filings has increased significantly since becoming a public company in Canada. Furthermore, the engagement of various specialized legal counsels for the development of our intellectual properties and the commercialization of the PoNS™ device is carried out to secure our intellectual property. With the legal counsel's assistance, inventors have been issued two important patents so that we now have a license to practice patented techniques.

- Meals and travel expenses were $272,338 for the fiscal year ended March 31, 2015 as compared to $22,860 for the fiscal year ended March 31, 2014. The increase of $249,478 was primarily due to travel to and from various investor and medical conferences as well as required travel for personnel to coordinate the clinical trials.

- Office expenses were $166,282 for the fiscal year ended March 31, 2015 as compared to $8,137 for the fiscal year ended March 31, 2014. The increase of $158,145 was mainly due to general and administrative expenses but also includes computer and internet expenses, telephone expenses, and rent expenses. These expenses increased significantly as we ramped up our operations.

- Professional fees were $14,136 for the fiscal year ended March 31, 2015 as compared to $nil for the fiscal year ended March 31, 2014. The increase relates to corporate communications and industry research fees.

- Research and development expenses were $4,500,073 for the fiscal year ended March 31, 2015 as compared to $171,781 for the fiscal year ended March 31, 2014. The increase was primarily due to the continuous efforts on research and development activities of the PoNS™ device, especially activities relating to preparation of clinical trials which mostly includes Ximedica's commercial development-to-supply program and the NeuroFeedback's 12- month pilot clinical trial. The increase also included expenses associated with the granting of options to two directors and one advisor for services rendered as non-employee consultants relating to the design and manufacturing of the PoNS™ device.

- Transfer agent and regulatory fees were $104,214 for the fiscal year ended March 31, 2015, as compared to $nil for the fiscal year ended March 31, 2014. The increase of $104,214 stems from the Company's requirement as a public company to retain a transfer agent, as well as the associated filing fees.

- Wages and salaries expenses were $993,400 for the fiscal year ended March 31, 2015 as compared to $23,155 for the fiscal year ended March 31, 2014. The increase of $970,245 was due to an increase in the CEO's salary, the hiring of an office assistant, and the hiring of the Company's Chief Medical Officer.

Non-Operating Items

We recorded a loss of $29,873 in respect of non-operating items during the year ended March 31, 2015 as compared to $nil for the year ended March 31, 2014. Significant changes are outlined as follows:

- Interest expense for year ended March 31, 2015 was $176,488 as compared to $nil for the fiscal year ended March 31, 2014. The increase resulted from recording non-cash interest associated with the contingent beneficial conversion feature arising from the conversion of the convertible debenture.

- Interest income for the fiscal year ended March 31, 2015 was $20,074 as compared to $nil for the fiscal year ended March 31, 2014. The increase stems from the opening of a number of interest- bearing short- term investment accounts with our banking institutions.

- Change in fair value of derivative liability for the fiscal year ended March 31, 2015 was $(739,375) as compared to $nil for the fiscal year ended March 31, 2014. The change in fair value of derivative liability is based on the change of the remaining term of our options granted to non-employees providing services for NHC and the change in our stock price. The derivative liabilities do not represent cash liabilities.

- Foreign exchange gains for the fiscal year ended March 31, 2015 were $865,916 as compared to $nil for the fiscal year ended March 31, 2014. The gains stem from our exchange of a large sum of Canadian dollars into U.S. dollars interest-bearing short-term investments with our banking institutions as well as translating the balance of the Canadian dollar intercompany accounts to the reporting currency.

Net Loss

The net loss was $9,838,317 for the fiscal year ended March 31, 2015 and $1,067,284 for the fiscal year ended March 31, 2014. The increase in net loss of $8,771,033 resulted primarily from an increase in most operating expenses, especially advertising, marketing and IR, consulting fees, insurance expenses, legal fees, research and development, and wages and salaries and included expenses associated with the granting of options to two directors and one advisor for services rendered as non-employee consultants.

Fiscal Year Ended March 31, 2014 Compared to the Fiscal Year Ended March 31, 2013

Revenues

During the fiscal year ended March 31, 2014 and the period from inception to March 31, 2013, we did not generate any revenues.

Operating Expenses

Operating expenses incurred during the fiscal year ended March 31, 2014 were $1,067,284 as compared to $8,517,850 during the period from inception to March 31, 2013. Significant changes and expenditures are outlined as follows:

- Consulting fees were $807,385 for the fiscal year ended March 31, 2014 and $4,252,800 for the period from inception to March 31, 2013. The decrease of $3,445,415 was mainly due to the expense in 2014 associated with the granting of options to consultants for providing services in design and manufacturing and strategic growth plan, which were subsequently exercised.

- Interest expenses were $1,344 for the fiscal year ended March 31, 2014 as compared to $Nil for the period from inception to March 31, 2013.

- Legal fees were $33,966 for the fiscal year ended March 31, 2014 as compared to $14,192 for the period from inception to March 31, 2013. The increase of $19,774 was mainly due to legal fees associated with patent applications and general corporate matters.

- Meals and entertainment expenses were $833 for the fiscal year ended March 31, 2014 as compared to $Nil for the period from inception to March 31, 2013.

- Office expenses were $6,793 for the fiscal year ended March 31, 2014 as compared to $482 for the period from inception to March 31, 2013. The increase of $6,311 was mainly due to the increased number of activities of the operation and engagement of a part-time office assistant.

- Research and development expenses were $171,781 for the fiscal year ended March 31, 2014 as compared to $4,250,000 for the period from inception to March 31, 2014.

- Travel expenses were $22,027 for the fiscal year ended March 31, 2014 as compared to $376 for the period from inception to March 31, 2013. The increase of $21,651 was mainly due to the required traveling of the CEO as we were actively seeking for external financing and interviewing external parties in preparation of the research and development activities.

- Wages and salaries expenses were $23,155 for the fiscal year ended March 31, 2014 as compared to $Nil for the period from inception to March 31, 2013. The increase of $23,155 was due to the new employment contract with the CEO.

Net Loss

The net loss was $1,067,284 for the fiscal year ended March 31, 2014 and $8,517,850 for the period from inception to March 31, 2013. The decrease in net loss of $7,450,566 resulted primarily from a decrease in research and development expenses and compensation expenses for shares issued for services, which was offset somewhat by an increase in consulting fees, legal fees, travel expenses and wages and salaries.

Statement of Cash Flows

Nine Months ended December 31, 2015 compared to the Nine Months ended December 31, 2014

During the nine months ended December 31, 2015, our net cash increased by $3,931,457 (December 31, 2014 – increase of $2,890,431), which included net cash used in operating activities of $6,254,529 (December 31, 2014 - $4,379,967) stemming from our increase in operations, net cash provided by investing activities of $378,000 (December 31, 2014 - $nil) stemming from the redemption of a short-term investment and net cash provided by financing activities of $9,691,336 (December 31, 2014 - $7,270,398) stemming mainly from the closing of multiple private placements and drawing down of the A&B convertible promissory note and credit facility.

Cash Used in Operating Activities

Operating activities in the nine months ended December 31, 2015 used cash of $6,254,529 (December 31, 2014 - $4,379,967). This was made up of a net loss of $3,051,492 (December 31, 2014 - $7,798,641) less adjustments for non-cash items such as accretion of $23,959 (December 31, 2014 – $176,488), change in fair value of derivative liability of ($2,113,391) (December 31, 2014 – $670,790), stock based compensation of $431,986 (December 31, 2014 - $1,970,345), a gain on extinguishment of debt of $268,334 (December 31, 2014 - $nil), receivables of ($119,567) (December 31, 2014 – ($2,035)), accounts payable of $128,457 (December 31, 2014 – $975,694), prepaid expenses of ($384,629) (December 31, 2014 – ($150,364)) and foreign exchange on re-measurement of ($901,518) (December 31, 2014 – ($222,244)). Receivables increased due to the higher amount of refundable Canadian commodity tax and the Company’s reimbursements from the USAMRC. Prepaid expenses increased due to our increase in operations, while payables decreased due to the fact that we paid off some material amounts owing throughout the nine month period.

Cash Provided by Investing Activities

During the nine months ended December 31, 2015, cash provided by investing activities totaled $378,000 (December 31, 2014 - $nil). This was made up of the redemption of a short-term investment.

Cash Provided by Financing Activities

During the nine months ended December 31, 2015, financing activities provided cash of $9,691,336 (December 31, 2014 - $7,270,398). Financing activities during the nine month period ended December 31, 2015, consisted of: issuance of share capital of $2,299,913 (December 31, 2014 - $7,017,009) stemming from multiple private placements, share issue costs of ($141,100) (December 31, 2014 – ($379,806)), issuance of warrants $532,523 (December 31, 2014 - $nil), and proceeds from convertible debt and a credit facility of $7,000,000 (December 31, 2014 - $633,195).

Fiscal year ended March 31, 2015 compared to Fiscal year ended March 31, 2014

During the year ended March 31, 2015, our net cash increased by $402,925 (March 31, 2014 - $15,751), which included net cash used in operating activities of $6,321,285 (March 31, 2014 - $348,698) stemming from our increase in operations, and net cash provided by financing activities of $7,482,728 (March 31, 2014 - $364,449) stemming mainly from the closing of the private placement, proceeds from the bridge loan, and funds received for the issuance of a convertible debenture.

Cash Used in Operating Activities

Operating activities in the year ended March 31, 2015 used cash of $6,321,285 (March 31, 2014 - $348,698). This was made up of a net loss of $9,838,317 (March 31, 2014 - $1,067,284) less adjustments for non-cash items such as accretion of beneficial conversion feature of $176,488 (March 31, 2014 – $1,344), change in fair value of derivative liability of $739,375 (March 31, 2014 – $nil), stock based compensation of $2,340,876 (March 31, 2014 - $807,157), a foreign exchange re-measurement of $598,929 (March 31, 2014 - $nil), receivables of ($8,945) (March 31, 2014 - $nil), accounts payable of $979,040 (March 31, 2014 – $210,085) and prepaid expenses of ($110,873) (March 31, 2014 – $300,000). Receivables increased due to the opening of numerous interest-bearing short-term investments. Payables and prepaid expenses increased due to our increase in operations.

Cash Used in Investing Activities

During the year ended March 31, 2015, cash used in investing activities totaled $378,000 (March 31, 2014 - $nil) as a result of the purchase of a short-term investment with our banking institution.

Cash Provided by Financing Activities

During the year ended March 31, 2015, financing activities provided cash of $7,482,728 (March 31, 2014 - $364,449). Financing activities during the year ended March 31, 2015, consisted of: issuance of share capital of $7,017,009 (March 31, 2014 - $nil) and share issuance costs of ($379,806) (March 31, 2014 - $nil) stemming from the private placement, cash acquired on the recapitalization of $23,904 (March 31, 2014 - $nil), proceeds from shares to be issued of $39,545 (March 31, 2014 - $nil), proceeds from a bridge loan of $150,000 (March 31, 2014 - $nil), short-term loan of $nil (March 31, 2014 – ($2,231)), and proceeds from the debenture of $632,076 (March 31, 2014 - $366,680).

Fiscal year ended March 31, 2014 compared to Fiscal year ended March 31, 2013

During the year ended March 31, 2014, our net cash increased by $15,751 (March 31, 2013 - $217), which included net cash used in operating activities of $348,698 (March 31, 2013 - $12,014) stemming from our increase in operations, and net cash provided by financing activities of $364,449 (March 31, 2013 - $12,231) stemming mainly from the funds received for the issuance of a convertible debenture.

Cash Used in Operating Activities

Operating activities in the year ended March 31, 2014 used cash of $348,698 (March 31, 2013 - $12,014). This was made up of a net loss of $1,067,284 (March 31, 2013 - $8,517,850) less adjustments for non-cash items such as stock based compensation of $807,157 (March 31, 2013 - $8,500,000), accounts payable of $210,085 (March 31, 2013 – $5,836) and prepaid expenses of ($300,000) (March 31, 2014 – $nil). Payables increased due to an increase in operations. Prepaid expenses increased due to an upfront payment to Ximedica.

Cash Provided by Financing Activities

During the year ended March 31, 2014, financing activities provided cash of $364,449 (March 31, 2013 - $12,231). Financing activities during the year ended March 31, 2014, consisted of: issuance of share capital of $nil (March 31, 2013 - $10,000), repayment of a short-term of loan of $2,231 (March 31, 2013 – proceeds from a short-term loan of $2,231), and proceeds from the debenture of $366,680 (March 31, 2014 - $nil).

Liquidity and Capital Resources

There is substantial doubt that we will continue as a going concern and, accordingly, our financial statements do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should we be unable to continue in operation. In addition, the report of our independent registered public accounting firm on our March 31, 2015 financial statements included an explanatory paragraph concerning our ability to continue as a going concern.

The following table sets out our cash and working capital as of December 31, 2015 and March 31, 2015:

	December 31, 2015	March 31, 2015
Cash and cash equivalents	$ 4,350,350	$ 418,893
Working capital (deficit)	$ (1,158,081)	$ 18,543

As of December 31, 2015, our current assets were $5,255,498 (March 31, 2015 - $1,216,347), which increased mostly due to the Company’s draw-down of the A&B convertible promissory note. Current liabilities of $6,413,579 (March 31, 2015 - $1,197,804) increased due to an increase in our operations since the closing of a private placement and our acquisition of NHC and as a result of a $5.0 million obligation to issue shares and warrants. Working capital was ($1,158,081) (March 31, 2015 – $18,543). Our current assets as of December 31, 2015 consisted of cash and cash equivalents of $4,350,350 (March 31, 2015 - $418,893), which increased mostly due to the Company’s draw-down of the A&B convertible promissory note, short-term investment of $nil (March 31, 2015 - $378,000), which decreased as a result of cashing and closing certain term deposits with our banking institution, receivables of $121,586 (March 31, 2015 - $8,833), which increased due to the larger amount of refundable Canadian commodity tax receivable based on the Company’s increase in Canadian operations, and prepaid expenses of $783,562 (March 31, 2015 - $410,621), which include prepayments to Ximedica, software providers, and insurance providers. Our current liabilities as of December 31, 2015 consisted of accounts payable and accrued liabilities of $1,413,579 (March 31, 2015 - $1,197,804), which increased due to our increased operations.

As a result of our increased activity, the accumulated deficit increased from $19,423,451 as at March 31, 2015 to $22,474,943 as of December 31, 2015.

We currently have limited working capital and liquid assets. Our cash and cash equivalents as of December 31, 2015 were $4,350,350. To date we have not generated any revenue from the commercial sales of products or services. There are a number of conditions that we must satisfy before we will be able to generate revenue, including but not limited to successful completion of the clinical trial, FDA clearance of the PoNS™ device for treating balance disorder associated with mild to moderate TBI, manufacturing of a commercially-viable version of the PoNS™ device and demonstration of effectiveness sufficient to generate commercial orders by customers for our product. While we are currently seeking additional funding, we do not currently have sufficient resources to accomplish any of these conditions necessary for us to generate revenue. We will therefore require substantial additional funds in order to continue to conduct the research and development and regulatory clearance and approval activities necessary to bring our product to market, to establish effective marketing and sales capabilities and to develop other product candidates.

We will have to continue to rely on equity and debt financing. There can be no assurance that financing, whether debt or equity, will always be available to us in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to us. Without additional financing, we do not believe our resources will be sufficient to meet our operating and capital needs through the third quarter of calendar 2016.

Subsequent Events

On April 18, 2016, the Company issued 9,215,000 units at a price of CAD$1.00 (US$0.78) per unit for total net proceeds of $7,199,781. On May 2, 2018, the Company issued an additional 1,090,125 units at a price of CAD$1.00 (US$0.78) for additional net proceeds of $765,062, and aggregate net proceeds of $7,964,843. Our shares of common stock commenced trading on the TSX on April 18, 2016. See “Summary – Recent Developments – Offshore Offering and Private Placement.”

Off Balance Sheet Arrangements

To the best of management’s knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our results of operations or financial condition.

Tabular Disclosure of Contractual Obligations

As of March 31, 2015, we did not have any contractual obligations required to be disclosed by Item 303(a)(5) of Regulation S-K during the year ended March 31, 2015.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements that have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). This preparation requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. U.S. GAAP provides the framework from which to make these estimates, assumption and disclosures. We choose accounting policies within U.S. GAAP that management believes are appropriate to accurately and fairly report our operating results and financial position in a consistent manner. Management regularly assesses these policies in light of current and forecasted economic conditions. Actual results could differ from those estimates made by management. While there are a number of significant accounting policies affecting our financial statements, we believe the critical accounting policies involving the most complex, difficult and subjective estimates and judgments are: valuation of non-monetary transactions, stock compensation for services, valuation of options and valuation of income taxes.

Stock-Based Compensation

We account for all of our stock-based payments and awards under the fair value based method. We recognize our stock-based compensation using the accelerated attribution method.

Stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until the counterparty performance is complete, and any change therein is recognized over the vesting period of the award and in the same manner as if we had paid cash instead of paying with or using equity based instruments. The fair value of the stock-based payments to non-employees that is fully vested and non-forfeitable as at the grant date is measured and recognized at that date.

We account for the granting of share purchase options to employees using the fair value method whereby all awards to employees will be recorded at fair value on the date of the grant. The fair value of all share purchase options are expensed over their vesting period with a corresponding increase to additional capital surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in additional paid-in capital is recorded as an increase to share capital. Share purchase options granted to employees are accounted for as liabilities when they contain conditions or other features that are indexed to other than a market, performance or service condition.

We use the Black-Scholes option pricing model to calculate the fair value of our share purchase options. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

Derivative Liabilities

We evaluate our financial instruments and other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with ASC 815. The result of this accounting treatment is that the fair value of the embedded derivative is marked-to-market at each balance sheet date and recorded as a liability and the change in fair value is recorded in the consolidated statements of loss. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Derivative instruments that become subject to reclassification are reclassified at the fair value of the instrument on the reclassification date. Derivative instrument liabilities will be classified in the balance sheet as current or non-current based on whether or not settlement of the derivative instrument is expected within 12 months of the balance sheet date.

We use the Black-Scholes option valuation model to value derivative liabilities. This model uses Level 3 inputs in the fair value hierarchy established by ASC 820 Fair Value Measurement.

Recently Issued Accounting Pronouncements

In August 2014, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) No. 2014-15, “Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern,” which is intended to define management’s responsibility to evaluate whether there is substantial doubt about an organization’s ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable) and to provide related footnote disclosures. The ASU provides guidance to an organization’s management, with principles and definitions that are intended to reduce diversity in the timing and content of disclosures that are commonly provided by organizations today in the financial statement footnotes. The ASU is effective for annual periods ending after December 15, 2016, and interim periods within annual periods beginning after December 15, 2016, which for the Company is April 1, 2017. Early adoption is permitted. The Company does not intend to early adopt this standard. The adoption of this standard will not have a material impact on the Company’s financial position or results of operations.

In June 2014, the FASB issued ASU No. 2014-10, “Development Stage Entities” (“ASU 2014-10”) which removes the definition of a development stage entity from the Master Glossary of the Accounting Standards Codification, thereby removing the financial reporting distinction between development stage entities and other reporting entities from U.S. GAAP. In addition, the update eliminates the requirements for development stage entities to (1) present inception-to-date information in the statements of income, cash flows, and shareholder equity, (2) label the financial statements as those of a development stage entity, (3) disclose a description of the development stage activities in which the entity is engaged, and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage. ASU No. 2014-10 is effective for fiscal years and interim periods beginning after December 15, 2014, with early adoption permissible. The Company early adopted ASU 2014-10 allowing the financial statements to be cast without the inception to date information and without references to the development stage.

The amendments also clarify that the guidance in Topic 275, “Risks and Uncertainties,” is applicable to entities that have not commenced planned principal operations. The central feature of the guidance disclosure requirements is that required disclosures are limited to matters significant to a particular entity. The disclosures focus primarily on risks and uncertainties that could significantly affect the amounts reported in the financial statements in the near term or the near-term functioning of the reporting entity.

In June 2014, the FASB issued ASU No. 2014-12, “Compensation - Stock Compensation (Topic 781): Accounting for Share-Based Payments When the Terms of an Award Provide that a Performance Target Could be Achieved after the Requisite Service Period.” This update requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant date fair value of the award. This update further clarifies that compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the periods for which the requisite service has already been rendered. This update is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2015, which for the Company is April 1, 2016. Early adoption is permitted. Entities may apply the amendments in this update either: (a) prospectively to all awards granted or modified after the effective date; or (b) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. The adoption of this standard will not have a material impact on the Company’s financial position or results of operations.

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606).” This update outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. This new guidance is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2016, which for the Company is April 1, 2017; early adoption is not permitted. Entities have the option of using either a full retrospective or a modified approach to adopting the guidance. The Company does not anticipate that the adoption of this update will have a material impact on its financial position or results of operations.

In April 2015, the FASB issued Accounting Standards Update No. 2015-03 “Interest – Imputation of Interest (Subtopic 835-30).” This guidance is to simplify the presentation of debt issuance costs by recognizing debt issuance costs in the balance sheet as a direct deduction from that debt liability consistent with the presentation of a debt discount. The amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The Company is currently evaluating the impact of adoption of this new accounting pronouncement on its financial statements.

Qualitative and Quantitative Disclosures About Market Risk

We are exposed to credit risks and market risks related to changes to interest rates and foreign currency exchange rates, each of which could affect the value of our current assets and liabilities. We invest our cash equivalents in fixed rate, highly liquid and highly rated financial instruments such as guaranteed investment contracts, or GICs. At September 30, 2015, our cash and cash equivalents were held as cash. We do not believe that the results of operations or cash flows would be affected to any significant degree by a sudden change in market interest rates relative to our investment portfolio, due to the relative short-term nature of the investments. We have not entered into any forward currency contracts or other financial derivatives to hedge foreign exchange risk. We are subject to foreign exchange rate fluctuations that could have a material effect on our total net assets or net loss. We are exposed to interest rate cash flow risk on our cash and cash equivalents as these instruments bear interest on current market rates.

JOBS Act

In April 2012, the JOBS Act was enacted in the United States. Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth public companies.

BUSINESS

Our Business

We are a medical technology company focused on neurological wellness. We seek to develop, license or acquire unique and non-invasive platform technologies that amplify the brain's ability to heal itself.

The brain's ability to reorganize its operation in response to new information sources, new functional needs, or new communication pathways is referred to as neuroplasticity. Neuroplasticity is a process underlying all cerebral learning, training, and rehabilitation. Neuromodulation is the use of various external stimulation to intentionally change and regulate the internal electrochemical environment of the brain.

Our mission is to develop, license and acquire non-invasive treatments designed to help patients affected by neurological symptoms caused by disease or trauma. Applying the principles of neuroplasticity, our portable neuromodulation stimulator, or PoNS™, device is designed to induce Cranial Nerve Non Invasive Neuromodulation that utilizes the brain's innate ability to achieve neuroplastic change to aid persons with neurological, cognitive, sensory, and motor disorders when combined with the rehabilitation process.

Traditional rehabilitation interventions have typically involved medication and various forms of therapies, including physical therapy. Our patented PoNS™ device is being developed to enable the first non-invasive means for delivering neurostimulation through the oral cavity. With respect to many neurologic diseases and disorders such as TBI, Multiple Sclerosis (MS), Stoke, Parkinson's and Alzheimer's diseases, Depression, ADHD, and Autism, we believe that published studies in the field suggest that many such diseases may benefit from neurostimulation.

The PoNS™ device, which is placed into and held in the patient's mouth, stimulates the trigeminal and facial nerves that innervate the anterior two-thirds of the human tongue using a sequenced pattern of superficial electrical stimulation. This stimulation excites a natural flow of neural impulses to the brainstem and cerebellum that is designed to effect changes in the function of these targeted brain structures. A series of case studies and feasibility studies, which are further described below, suggest that prolonged activation (20 minutes or more) of neuronal circuits, when combined with physical therapy, may initiate long-lasting processes of neuronal reorganization with a variety of positive results, including the correction of gait/balance impairments resultant from TBI. However, these results represent what we refer to as anecdotal evidence only, which means that the results are not scientifically supported by a well-controlled, scientific study. Furthermore, such results may be suggestive but are not adequate to support FDA clearance.

The inventors and background patent owners of the PoNS™ device conducted a series of Institutional Review Board sanctioned feasibility studies, case studies and one placebo-controlled study. In total, these studies involved approximately 260 patients using the PoNS™ 2.2 device in conjunction with physical or cognitive therapy at the University of Wisconsin-Madison. An Institutional Review Board is a scientific and patient advocacy board that reviews the validity and safety of clinical trials on behalf of patients. We use the term "feasibility study" to mean a study that allows for early clinical evaluation of devices to provide proof of principle and initial clinical safety data. A feasibility study may be appropriate early in device development when clinical experience is necessary because nonclinical testing methods are not available or adequate to provide the information needed to advance the developmental process. We use the term "case study" to mean a study of one patient that may support at most anecdotal evidence of efficacy. By "placebo-controlled study", we mean a way of testing a medical therapy in which, in addition to a group of subjects that receives the treatment to be evaluated, a separate control group receives an artificial "placebo" treatment which is specifically designed to have no real effect. These studies were conducted primarily at the Tactile Communication and Neurorehabilitation Laboratory, or TCNL, at the University of Wisconsin-Madison with the approval and oversight by the university's Institutional Review Board, which is required for scientific studies involving human subjects. The results for a number of individual test subjects from these studies suggest that usage of the PoNS™ 2.2 device resulted in positive relief in rehabilitating symptoms caused by neurological disorders or injury for such individual patients. While such case and feasibility studies qualify only as anecdotal evidence, and the placebo-controlled study qualifies only as directional evidence, we believe that relief achieved by these patients suggests that the PoNS™ device, when combined with physical or cognitive therapy, improves and sustains functional rehabilitation of the symptoms from brain dysfunction from traumatic, degenerative, developmental, chemical, or unknown origins. We use the term "directional evidence" to mean in respect of such placebo-controlled study that we conducted, that the results suggested positive relief in the ten patients tested. However, the feasibility, case, and placebo-controlled studies were not of sufficient size to produce scientifically conclusive results. Furthermore, such tests were not adequate to support clearance of the device by the FDA, for commercial distribution. Furthermore, the PoNS™ 2.2 device is a laboratory test device that is not designed for commercial use.

A further controlled feasibility study in 14 MS subjects was performed at the Montreal Neurological institute in 2015 using the PoNS™ 4.0 device to treat gait and balance disorder associated with MS. Result of this study were consistent with the previously completed studies on MS and further supported the products safety and efficacy in this cohort.

As described below, we have developed the PoNS™ 4.0 device to secure FDA clearance for commercial use in treating balance disorder in mild to moderate TBI subjects. We are conducting a clinical trial of our PoNS™ 4.0 device for the treatment of balance disorder in patients with mild to moderate TBI. Should the PoNS™ 4.0 device be cleared by the FDA, we believe the addressable markets for our PoNS™ 4.0 device to treat balance disorder associated with TBI is potentially over $5.0 billion. According to the U.S. Center for Disease Control and Prevention, approximately 5.3 million individuals in the U.S. were living with permanent TBI symptoms in 1999, and the incidence of new TBI diagnoses, as measured by hospitalizations and emergency department visits, has increased between 2001 and 2010. Additionally, the Brain Injury Association of America estimates that approximately 40% of patients diagnosed with TBI experience balance disturbance. Our addressable market estimate for TBI in the U.S. is based on the product of the number of persons living with TBI (5.3 million) multiplied by the rate of balance disturbance in TBI patients (40%), and multiplied by the expected price per unit of our product.

We plan on conducting a registrational clinical trial of our PoNS™ 4.0 device for the treatment of gait and balance disorder in patients with MS. Should the PoNS™ 4.0 device be cleared by the FDA, we believe the addressable markets for our PoNS™ 4.0 device to treat gait and balance disorder associated with MS is potentially over $500 million. According to the Multiple Sclerosis Society of U.S. estimates there are approximately 400,000 individuals in the U.S. with MS. Our addressable market estimate for MS is calculated by multiplying the estimated number of persons with MS by the rate of balance disturbance in MS patients (50%) and the expected price per unit of our product.

In addition to the currently held method-of-use patents, we anticipate, based on our 14 received patents, additional patent filings, patent protection for the PoNS™ device tied to uniquely designed therapy for specific therapeutic indications and functional innovations with respect to design and technology development.

Business Uncertainties and Going Concern Risk

To date we have not generated any revenue from the sales of products or services. There are a number of conditions that we must satisfy before we will be able to generate revenue, including but not limited to successful completion of the TBI or MS clinical studies, FDA, CE Mark or Health Canada clearance of the PoNS™ device for balance disorder associated with TBI or MS, manufacturing of a commercially-viable version of the PoNS™ device and demonstration of safety and effectiveness sufficient to generate commercial orders by customers for our product. In addition, given the importance of the U.S. Army to our early commercial plans, if the U.S. Army were to eventually decide not to purchase our product, we would need to replace those sales in the civilian market which will lower our early commercialization forecast. To date, we have not achieved many of these conditions, and the successful achievement of such conditions will require significant expenditures. Because we have not generated any revenues, we are significantly dependent on funding from outside investors. There is no guarantee that such funding will be available at all or in sufficient amounts to satisfy our required expenditures. Furthermore, even if we were able to raise sufficient capital to successfully design and manufacture a commercially-viable version of the PoNS™ device and to receive FDA, CE Mark or Health Canada clearance, we do not currently have any contract or other arrangement to sell the PoNS™ device. Accordingly, we cannot assure you that we will ever be able to generate any revenue from the sales of products or services.

Additionally, based on management’s assessment that there is substantial doubt about the Company’s ability to continue as a going concern. This means that there is substantial doubt that we can continue as an on-going business for the next twelve months. While we had $4,350,000 of cash as of December 31, 2015 and we have raised an additional $7,199,781 in a recent offshore offering and private placement, we do not currently have sufficient resources to accomplish all of the above conditions necessary for us to generate revenue.

In reviewing this prospectus, you should carefully consider the risks described in the section entitled “Risk Factors” and other risks described in this prospectus and in our amended annual report on Form 10-K for the fiscal year ended March 31, 2015 on Form 10-K, our amended quarterly reports on Forms 10-Q for the quarters ending June 30, 2015 and September 30, 2015, and our quarterly report on Form 10-Q for the quarter ending December 31, 2015.

Our Principal Product

History of the PoNS™ Device

The original PoNS™ 1.0 experimental device was developed in 2008 in the TCNL. The experimental PoNS™ 2.2 device shown in the pictures below was released in 2010. We completed initial production of the clinical PoNS™ 4.0 device in the second quarter of 2015 and additional clinical devices will be manufactured through the second quarter of calendar 2016. We currently anticipate that the full commercial device will be ready for release in the fourth quarter of calendar 2016.

Physical Construction and User Interface of Version 2.2

The PoNS™ version 2.2 device is an electrical pulse generator that delivers controlled electrical stimulation to the tongue. Pulses are generated and controlled by commercially available counter, timer, and wave-shaping electronic components. The components are mounted to a single printed circuit board (Figure 1 and Figure 2). The circuit board contains 143 gold-plated electrodes that contact the tongue. A rechargeable lithium- polymer battery with built-in charge safety circuitry provides power.

Figure 1: Top of the PoNS™ Neuro-stimulator board

Figure 2: Bottom of the PoNS™ Neuro-stimulator board

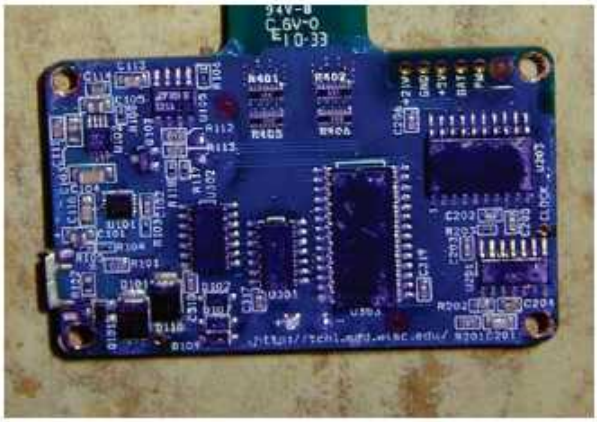

Figure 3: Photographs of the PoNS™ Neuromodulation Stimulator Being Investigated in Conjunction with Physical Therapy for the Treatment of Balance and Gait Disorders.

The device is held lightly in place by the lips and teeth around the neck of the tab that goes into the mouth and rests on the anterior, superior part of the tongue. The paddle-shaped tab of the device has a hexagonally patterned array of 143 gold-plated circular electrodes (1.50 mm diameter, on 2.34 mm centers) that is created by a photolithographic process used to make printed circuit boards. It is designed to use low-level electrical current to stimulate the lingual branch projections of at least two cranial nerves in the anterior tongue through the gold-plated electrodes. Device function is controlled by four buttons: On, Off, Intensity “Up”, and Intensity “Down”.

While the voltage and pulse timing to each electrode are programmed into the device and cannot be altered, the stimulus intensity can be adjusted with a pair of buttons. At any instant in time, one of the electrodes in each of the nine sectors on the array is delivering stimulation while the remaining electrodes serve as the current return path to ground. The sensation produced by the array is similar to the feeling of drinking a carbonated beverage. The biphasic waveform is specifically designed to ensure zero net DC current to minimize the potential for tissue irritation.

When the PoNS™ 2.2 device is turned off, the intensity setting automatically resets to zero. Upon first introduction to the device stimulation, subjects are instructed to press the "Up" intensity button and hold it for approximately 4-5 seconds to reach sensation threshold. Subjects will frequently notice that the sensation intensity decreases 2-4 minutes after stimulation onset. Subjects are instructed to simply increase the sensation level to return to the predetermined perceptual midpoint of their individual perceptual dynamic range. This procedure can be considered comparable to titrating a drug dosage according to a desired blood level so that the percept (and to a first approximation the neurophysiological impact) is held invariant.

Proposed Improvements in Version 4.0

Based on market research we have performed to date, we have completed the technical and product design phases of the PoNS™ 4.0 device as well as the manufacturing development phase which will enable us to manufacture the device commercially. We are performing the registration clinical trials for FDA clearance with the PoNS™ 4.0 device for use in treating balance disorder in mild to moderate TBI subjects and plan to launch a registrational clinical trial for MS subjects in 2016. While we expect the PoNS™ 4.0 commercial device to deliver the same level of stimulation to the patient as the PoNS™ 2.2 laboratory device, we have designed the PoNS™ 4.0 device to be more ergonomic for better patient comfort, more hygienic (including a replaceable mouthpiece), more technologically advanced (including a data logging feature) and more feature laden than its predecessor. The proposed additional functionality of data logging and data communications for the PoNS™ 4.0 device addresses certain stakeholder needs, such as providing useful information like time remaining during therapy and ready status of the device (e.g. charge level). We also expect to produce the PoNS™ 4.0 device in accordance with FDA's Quality System Regulation, or QSR, including good manufacturing practices, or GMPs, as well as European and Canadian regulatory requirements.

Figure 4: Design of PoNS™ 4.0

Our Design and Manufacturing Process

Ximedica

We have completed the design phase of the device and we will subcontract the build of commercial quantities of the PoNS™ device to Ximedica, LLC, or Ximedica (based in Providence, Rhode Island), a contract manufacturer we selected after an exhaustive procurement process. We expect to share with Ximedica our patented technology, trade secrets and know-how on a confidential, need to know basis. We expect that the PoNS™ 4.0 device will require some very light assembly and labeling that will be performed by Ximedica. Ximedica is certified to ISO 13485 and is registered as a medical device manufacturer and in good standing with the FDA.

Using monthly forecasts that we will provide to it, Ximedica will build to stock, warehouse and ship products to the our distributor who ship to the customer as well as initially handle all customer service related tasks and will manage product returns by shipping back to Ximedica for warranty responsibility. We expect to retain responsibility for sales, marketing, research and development and all back office operations. At this stage, we anticipate the primary delivery points will be regional military centers and national physical therapy centers.

Under the Commercial Development-to-Supply Program between Ximedica and NHC, dated October 25, 2013 and amended January 7, 2016, Ximedica's responsibilities will include:

- designing the commercial device following their proven design development process;
- developing the manufacturing process and completing the initial manufacturing of the device (their facility can produce PoNS™ units in quantities of tens of thousands per year);
- developing system configurations for the PoNS™ device that support and enhance NHC's intellectual property protections; and
- developing the quality control process.

If larger industrial quantities will be required, then we plan a technical transfer to a commercial scale manufacturer.

U.S. Army

We are designing the PoNS™ device with the cooperation of the U.S. Army pursuant to an agreement known as a cooperative research and development agreement, (the "CRADA"). The U.S. Army was interested in signing the CRADA because of the very high incidence of TBI in soldiers and the fact that there are very few proven, effective treatments available for those soldiers who suffer from chronic TBI symptoms. Department of Defense statistics show that incidence of TBI in the U.S. Army has numbered approximately 30,000 per year from 2012 to 2014 in active duty personnel, and over 300,000 U.S. military personnel have been diagnosed with TBI since 2000. Of the 30,000 active duty personnel who suffer from TBI annually, we estimate that approximately 20-30% will develop chronic symptoms related to their TBI. While the number of cases of TBI among active duty personnel may vary based on troop levels maintained by the federal government, our primary target market will be the large number of retired soldiers who suffer from chronic TBI symptoms since this population is less subject to material, year-to-year fluctuation. The Army has expressed its desire to distribute our PoNS™ 4.0 device to service members who would benefit, should the device be cleared by the FDA. However, the U.S. Army is not under any obligation to purchase our product under the CRADA or any other agreement with us, and there is no assurance that the U.S. Army will ultimately purchase our product.

The parties to our CRADA with the U.S. Army are our subsidiary NHC, as cooperator, ANR, as the background patent holder, Yuri P. Danilov, Mitchell E. Tyler and Kurt A. Kaczmarek, as the inventors and background patent owners, the U.S. Army Medical Material Agency, or USAMMA, and the U.S. Army Medical Material Development Activity, or USAMMDA (USAMMA and USAMMDA together the "Army Laboratories"). Pursuant to the CRADA, as amended, the laboratories of the USAMMA and the USAMMDA, or collectively Army Laboratories, agree to cooperate with NHC on research for the ongoing design and development to determine if the PoNS™ device can be developed for commercial use in assisting physical therapy in the treatment of soldiers and others with military relevant neurological manifestations of TBI, including but not limited to Tinnitus, post-traumatic stress disorder, or PTSD, pain and any subsequent indications identified by the parties. The CRADA may be terminated by NHC or the Army Laboratories unilaterally at any time by providing the other party written notice at least 30 days prior to the desired termination date. In addition, the CRADA automatically expires on December 31, 2017 unless modified in writing by the parties, provided that the CRADA is subject to a four-year automatic extension as required for both FDA clearance in the event that a pre-market approval application with the FDA is required for a PoNS™ indication in respect of aid to therapy for chronic balance deficits resulting from mild to moderate TBI as well as for commercialization of the PoNS™ device.

We will initially seek FDA clearance only for treatment of patients with chronic balance deficit due to mild to moderate TBI. The U.S. Army has expressed an interest in supplying PoNS™ devices to the personnel who need it, subject to our ability to demonstrate its safety and effectiveness and our ability to obtain such FDA clearance. Based on this interest, we estimate that there is a sufficient potential market of active duty and retired soldiers who could potentially benefit from the PoNS™ device due to their chronic TBI symptoms. However, the U.S. Army has not made any guarantees and is not otherwise under any contractual obligations to purchase PoNS™ devices, even if we do demonstrate effectiveness and obtain FDA clearance.

If we are able to complete development of the PoNS™ device and obtain FDA clearance of the PoNS™ device to treat chronic balance deficit due to mild to moderate TBI, we plan to develop the PoNS™ device to treat other indications, or symptoms caused by neurological disorders. As set forth in the January 12, 2015 amendment of our CRADA as described below, the U.S. Army has also expressed interest in our development of the PoNS™ device to treat other symptoms of TBI or any other indications caused by neurological disorders. We would be required to commit our own resources to sponsor the regulatory process for these additional indications. However, the Army Laboratories has agreed in the January 12, 2015 amendment to our CRADA to be responsible for supporting the execution of studies using the PoNS™ device as a treatment for mutually agreed-upon military relevant neurological disorders, which could include but not be limited to Tinnitus, PTSD, sleep regulation and pain (headache) and any subsequent indications identified by the parties. The amount of such support, if any, and the terms of such responsibility to support such studies are not yet negotiated and we have no assurance that we can ultimately reach agreement with the Army Laboratories on such amount or terms of support, and there can be no assurance that the Army Laboratories will not otherwise attempt to renegotiate its responsibilities under the CRADA.

The parties agreed to the responsibilities set out below with respect to the development of the PoNS™ device.

Army Laboratories of the U.S. Armed Forces Responsibilities:

- Support the execution of studies using the PoNS™ device as a treatment for mutually agreed- upon military relevant neurological disorders, including but not limited to Tinnitus, post- traumatic stress disorder, or PTSD, sleep and pain (headache) and any subsequent indications identified by the parties.
- Conduct assessments of the manufacturing facility and assist/advise facility in meeting FDA manufacturing requirements.
- Aid in designing the clinical protocols to study the PoNS™ device as an adjunct to specialized physical therapy in patients with balance and gait disorders.
- Provide advice and expertise on all Army administrative protocols and approvals to execute the studies with military personnel, reservists, and/or veterans.

NHC Responsibilities:

- Complete the commercial design, including ergonomics (e.g. user controls, comfort), and design for improved manufacturability, reliability, and field support and regulatory testing to comply with the FDA regulations for such devices.
- Serve as the sole regulatory sponsor for all interactions with the FDA in order to gain approval and clearance from the FDA, including the initial 513(g) submission and the execution of any FDA- regulated studies.

- Prepare and submit the necessary regulatory filings for the FDA to secure regulatory clearance or approval.
- Ensure that the Army Laboratories receive copies of all formal and informal communications with the FDA related to the PoNS™ device.
- Supply the facilities and personnel to execute and/or oversee the execution of clinical studies of the device for FDA clearance/approval in support of an intended use of the PoNS™ device for use in assisting physical therapy in the treatment of soldiers and others with military relevant neurological disorders, including but not limited to Tinnitus, post-traumatic stress disorder, or PTSD, pain and any subsequent indications identified by the parties treatment of soldiers suffering from balance and gait disorders.
- Provide the supply of PoNS™ devices in support of mutually agreed upon studies governed by the CRADA.
- Supply all technical specifications, documentation and any other information required to address FDA requests to obtain FDA clearance/approval of the PoNS™ device.
- Finalize the commercial design of the PoNS™ device so that the devices would be commercially available to the Army should the results of the study be positive.
- Identify and engage a commercial manufacturer post-FDA clearance of the device to produce the device for purchase by the U.S. Army in the event it decides to order such devices for use by its personnel.

To date, no prior premarket notifications for clearance of the PoNS™ device have been submitted by NHC to the FDA, but the Army Laboratories, which previously was responsible as the regulatory sponsor until such role was assumed by NHC, submitted a request for information with the FDA with respect to the potential classification of the PoNS™ device through what is known as a 513(g) request for information. In response to a 513(g) request, the FDA provides information regarding the classification of the device or the requirements applicable to a device under the Federal Food, Drug, and Cosmetic Act, or the FD&C Act. Under the 513(g) request, the Army Laboratories sought guidance from the FDA regarding the classification of the PoNS™ device and the applicable requirements under the FD&C Act. As a result of this process, the FDA responded with guidance on pursuing *de novo* classification of the PoNS™ device as a Class II medical device.

We plan to utilize the *de novo* classification process to obtain Class II classification and 510(k) clearance from the FDA for the PoNS™ device. We have been deemed by the FDA through the pre-submission process a non-significant risk device and thus do not need an Investigation Device Exemption to complete our clinical trials. We are seeking to complete a safety and effectiveness clinical trial by the third quarter of calendar 2016, and will thereafter submit a request for *de novo* classification and the premarketing notification (i.e., 510(k)) to the FDA.

On a parallel path to our request for *de novo* classification and premarket notification to the FDA, we expect to submit an application for the clearances of the PoNS™ device for both TBI and MS indications to Europe for a CE Mark and Health Canada (the department of the government of Canada with responsibility for national public health). Our goal is that the CE Mark and Canadian clearance for the PoNS™ device will be obtained in late 2016 or early 2017.

On April 29, 2014, NHC, as cooperator, entered into Notice of Modification No. 1 of Cooperative Research and Development Agreement, or the Amended CRADA, with ANR, the inventors, and the Army Laboratories, whereby NHC will no longer provide expertise and training in the design of clinical study protocols or for U.S. Army and/or VA personnel in the physical therapy interventions required for clinical studies. In addition, pursuant to the Amended CRADA, ANR will share all data with USAMMA and NHC will provide all data supporting clinical claims for regulatory approval.

On January 12, 2015, NHC, as cooperator, entered into Notice of Modification No. 2 of the Amended CRADA, with ANR, the inventors, and the Army Laboratories. Under this Amended CRADA, the Army Laboratories agreed to transfer some of the CRADA responsibilities to NHC. We believe the Army Laboratories agreed to transfer certain responsibilities to us under the CRADA to enable us to accelerate development of the PoNS™ device for the eventual potential treatment of soldiers. One of the material changes reflected in the Amended CRADA is the shifting from the Army Laboratories to NHC of sole responsibility as the regulatory sponsor for all interactions with the FDA in order to gain approval and clearance from the FDA, including the initial 513(g) submission. As part of the amendments to the CRADA, NHC has agreed to be responsible to fund the FDA process as well as to provide the supply of all devices to support all studies governed by the CRADA. While under the amendments NHC gains control of the FDA regulatory process, the amendments materially increase the financial burden on NHC to meet these funding and supply obligations. The amendments also extend from two to four years both the time for regulatory approval in the event a pre-market approval application, or PMA, is required by the FDA as well as for commercialization of the PoNS™ device.

While NHC has sole responsibility as the regulatory sponsor under the CRADA, the USAMRMC has entered into a sole-source contractual agreement to support the execution of the registration trial for treatment of balance disorder associated with mild to moderate TBI. The objective of this contract is to defray the costs of the registration trial. The Army Laboratories also agreed in the January 12, 2015 amendment to our CRADA to be responsible for supporting the execution of studies using the PoNS™ device as a treatment for mutually agreed-upon military relevant neurological disorders, which could include but not be limited to Tinnitus, PTSD, and pain and any subsequent indications identified by the parties. The amount of such support, if any, and the terms of such responsibility to support such clinical studies are not yet negotiated and we have no assurance that we can ultimately reach agreement with the Army Laboratories on such amount or terms of support, and there can be no assurance that the Army Laboratories will not otherwise attempt to renegotiate its responsibilities under the CRADA. The Army Laboratories may terminate their obligations under the CRADA at any time upon 30 days prior written notice to us. If there are insufficient funds available to cover the necessary research and development costs for our product, the Army Laboratories could terminate the CRADA and cease research and development efforts which could jeopardize our ability to commercialize our PoNS™ device.

On July 7, 2015, the Company announced that NHC entered into a sole source cost sharing contract with the USAMRMC. The contract will support the Company’s registrational trial investigating the safety and effectiveness of the PoNS™ device. Under the contract, the USAMRMC will reimburse the Company for costs related to the registration of up to a maximum amount of $2,996,244, which represents approximately 62% of the Company’s estimated costs associated with the registration. The sole source cost sharing agreement expires December 31, 2016.

On December 28, 2015, NHC, as cooperator, entered into Notice of Modification No. 3 of the Amended CRADA, with ANR, the inventors, and the Army Laboratories to extend the expiration date of the Amended CRADA to December 31, 2017.

Our Market

NHC is in the neurostimulation market. According to a study by Grand View Research, the neurostimulation market was valued at $3.4 billion in 2013 and is expected to grow at a compounded annual growth rate of 14.4% from 2014 to 2020. The leading sectors in the industry are Spinal Cord Stimulation, Deep Brain Stimulation, Sacral Nerve Stimulation and Vagal Nerve Stimulation. We believe that due to the lack of non-invasive devices, non-invasive stimulation addresses only approximately 3% of the overall neurostimulation market today.

Market Competition

The neurostimulation market is competitive and growing. Our competitors in the industry are predominantly large, publically-traded companies that have a history in the market, have significantly easier access to resources and have an established product pipeline. The combined clinical research and product development done by the industry, including by us and all of our competitors, is foundational, and neurostimulation has slowly become integrated into neurological therapy. This foundation has allowed for new and innovative neurostimulation companies to enter the market as well.

We believe that our technology, the PoNS™ device, introduces an innovative target and method of stimulation because targeting the tongue for neurostimulation provides several advantages, which are discussed below. While we believe that the factors described below competitively distinguish our technologies and provide the PoNS™ device a competitive advantage for non-invasive neuromodulation therapy, we note that these factors are only supported by anecdotal evidence of efficacy from the initial work done at the TCNL Laboratories. We believe that our pilot study on MS done at the Montreal Neurological Institute and Hospital and Concordia University's PERFORM Center using functional MRI provides scientific evidence of efficacy. We therefore are making the assumption that the results of our current TBI clinical trial program will be positive and support these claims at that time.

- The tongue has an anatomically unique surface with a high density of receptors, a consistently moist and conductive environment, constant pH, constant temperature and a direct connection to the brain through at least two cranial nerves.

- We believe that the trigeminal and facial cranial nerves offer a high-bandwidth pathway for impulses to directly affect the central nervous system. The trigeminal and facial nerves project directly onto several areas of the brain, primarily the brainstem (trigeminal and solitary nuclei), cerebellum, cochlear nuclei and spinal cord. Secondary targets include the limbic system, basal ganglia and thalamus. We believe that this range of projections allows impulses be sent through sites regulating dozens of functions.

- Other technologies stimulate other branches of the trigeminal nerve. We target the lowest branch of the trigeminal nerve, which is found in the tongue. It is also the largest branch, having the highest amount of nerve fibers of the three branches.

- Stimulating the tongue also allows for the simultaneous stimulation of a second cranial nerve found in the tongue, the facial nerve. The ability to stimulate more than one nerve alone differentiates us from our competition. However, it has not been scientifically proven that stimulating additional nerves adds to the efficacy of the treatment.

- Unlike Deep Brain Stimulation devices, implantable vagal nerve devices and other invasive forms of electrical stimulation, the tongue allows for neurostimulation to be delivered non-invasively and portably. This opens the door for integration of neurostimulation with a wide range of therapies previously unexplored for neurological rehabilitation.

Reimbursement

If we complete our clinical trials and obtain FDA clearance, and ultimately receive customer orders for the PoNS™ device, we plan to submit an application to the U.S. Department of Health and Human Services for an International Classification of Disease 10 reimbursement code so that the device is covered under Medicare and Medicaid. We plan to seek coverage and reimbursement of the PoNS™ device from public payers, such as Medicare and Medicaid, as well as private payers. There are complex laws, regulations and guidance that set forth Medicare coverage and reimbursement policies. From time to time, Congress enacts laws that impact Medicare coverage and reimbursement policy. In addition, the Centers for Medicare & Medicaid Services, or CMS, regularly engage in rulemaking activities and issues instructions and guidance that may affect Medicare coverage and reimbursement policy. Similarly, the federal and state governments may enact future laws or issue regulations or guidance that may impact Medicaid coverage and reimbursement policies, or the coverage and reimbursement policies of private insurers. We must ensure that we are in full compliance with all applicable requirements, and that we remain abreast of potential legislative or regulatory developments that could impact its business. For all payers, the PoNS™ device must fit within an identifiable coverage category and fully meet the requirements of such category.

Assuming we complete our clinical trials and obtain FDA clearance, and ultimately receive customer orders for the PoNS™ device, we intend seeking coverage for the PoNS™ device under the Medicare part B durable medical equipment benefit. This will involve ensuring that the PoNS™ device meets all of the criteria for coverage under that benefit. In addition, as part of the coverage process, we may have to submit an application request to CMS to revise the Healthcare Common Procedure Coding System, or HCPCS, level II national code set so that the PoNS™ device becomes eligible to be covered and reimbursed, not only by Medicare, but by other public and private payers. The HCPCS Level II Code Set is a standardized coding set used for claims submitted to public and private payers that identifies particular products, supplies and services. At present, we do not believe that the PoNS™ device would fit easily within an existing HCPCS code. Thus, we are considering submitting a request to CMS for a new HCPCS code. An applicant can request that (1) a new permanent code be added to the HCPCS level II national code set; (2) the language used to describe an existing code be modified; or (3) an existing code be deleted. However, prior to submitting its coding request application, we must satisfy several criteria, including but not limited to receiving documentation of the FDA's approval of the device and having sufficient claims activity or volume in the United States (evidenced by 3 months of marketing activity). The national codes are updated annually. Coding requests must be received by January 3 of the current year to be considered for the January update of the following year.

If we do submit such a request for a new HCPCS code, it will be reviewed by the CMS HCPCS Workgroup, which is comprised of representatives of CMS, Medicaid state agencies, and the Pricing, Data Analysis and Coding contractor. The HCPCS Workgroup meets monthly and determines whether each coding request warrants a change to the HCPCS national coding set.

Deployment

Our PoNS™ 4.0 device has a design feature that stops delivering therapy every 14 weeks. This is expected to force patients to return to their physician or physical therapy center, or PTC, for assessment of their progress and reestablishment of challenging physical therapy to achieve higher goals. We currently expect the device to be inspected visually by the physical therapist, reset for another 14 weeks of treatment, and we expect the tongue array to be replaced by a new one to ensure no degradation of the electrodes occurs. We expect this business model feature to ensure proper support for patients in the early phase of their therapy.

We expect physicians will be informed to prescribe both the PoNS™ device and the "local" trained PTCs for their patients to receive the PoNS™ device and certified their training. We expect to support the launch of the PoNS™ with the development and implementation of a hub services center to help facilitate the healthcare transaction.

Upon discharge from the PTC, patients are expected to be monitored in their home therapy through the PTCs. At the end of their prescribed treatment, we expect patients to be directed back to their physician for assessment and then return to the PTC for additional treatment as well as replacement of the tongue array.

PoNS™ in the U.S. Army

If it ultimately decides to purchase PoNS™ devices from us, we expect that the U.S. Army would deploy the device to Active Duty Personnel through their rehabilitation centers under orders from the central medical command. All personnel are expected to be certified PoNS™ trainers supported by live; paper and video based training materials developed through this project by the U.S. Army.

We have also approached the Canadian and United Kingdom Armed Forces to discuss their support of a similar program in Canada and discussions are ongoing. We also intend to pursue other military organizations in relevant countries based on need and size of potential deployment.

We expect to be able to leverage the deployment of the device in the U.S. Army in its marketing of the PoNS™ device to the civilian population.

PoNS™ in Civilian Population

We believe that a key to deployment success will be to set up a national framework of PoNS™-trained Physical Therapists (PTs). We have developed a training certification program where PTs can become trained PoNS™ therapists. We expect there to be a strong financial incentive for the PT community to partner with us because PoNS™ training offers substantial opportunity for growth for the PTs. We anticipate that PTs will be able to use existing reimbursement codes for the physical therapy portion of the therapy. As discussed above, we plan to apply for reimbursement codes for the PoNS™ device.

We plan to concentrate our efforts in the United States, Canadian and UK marketplaces as first launch markets. We are currently uncertain which of these three markets will launch first, primarily due to the relative speed of the regulatory process, and there is no assurance that either will launch at all. Following the launch of marketplaces in the United States, Canada, UK and Australia, we intend to commercialize the PoNS™ device in the rest of Europe and Japan as second phase countries (2018-2019) and Brazil, India and other markets as phase III countries (2019-2020). In November 2014 we signed a development and distribution agreement with the Altair company in Russia to apply for registration and distribute the PoNS™ device in the territories of the former Soviet Union. However, there is no assurance that such commercialization will occur.

Licensed Intellectual Property

Pursuant to the Second Amended and Restated Patent Sub-License agreement dated as of June 6, 2014 entered into between ANR and NHC (the "Sublicense Agreement"), ANR has granted NHC a worldwide, exclusive license to make, have made, use, lease and sell devices utilizing certain patent applications, which are collectively referred to as the "Patent Pending Rights". The Patent Pending Rights relate to the PoNS™ device and include the following patents and patent applications, which cover a device that noninvasively delivers neurostimulation through the skin or intra- orally to the brain stem via the trigeminal nerve, the facial nerve or both:

U.S. Patent Application No.	Application Filing Date	Status	U.S. Patent No.	Issue Date	Subject Matter
12/348,301	1/4/2009	Issued	8,849,407	9/30/2014	non-invasive neurostimulation of the skin combined with simultaneous physical therapy to provide neurorehabilitation of a patient to treat various maladies including, e.g., TBI, stroke and Alzheimer's disease
14/340,144	7/24/2014	Issued	8,909,345	12/9/2014	non- invasive neurostimulation within a patient's mouth combined with physical therapy to provide neurorehabilitation of a patient to treat various maladies including, e.g., TBI, stroke, and Alzheimer's disease
14/341,141	7/25/2014	Issued	9,020,612	4/28/2015	non- invasive neurostimulation within a patient's mouth combined with cognitive therapy to provide neurorehabilitation of a patient resulting in improved reading comprehension and increased attention span as well as the treatment various maladies including, but not limited to, TBI, stroke, and Alzheimer's disease
14/615,766	2/6/2015	Pending	N/A	N/A	non- invasive neurostimulation within a patient's mouth combined with stimulation of the patient's vision, hearing, vestibular systems, or somatosensory systems for the treatment of tinnitus
14/689,462	4/17/2015	Pending	N/A	N/A	non- invasive neurostimulation of a patient's skin combined with cognitive therapy to provide neurorehabilitation of a patient resulting in improved reading comprehension and increased attention span as well as the treatment various maladies including, e.g., TBI, stroke, and Alzheimer's disease
14/815,171	7/31/2015	Pending	N/A	N/A	non- invasive neurostimulation of a patient's mouth combined with therapy to provide neurorehabilitation of a patient, with a focus on features of a neurostimulation device
61/019,061 (Provisional)	1/4/2008	Expired	N/A	N/A	N/A
61/020,265 (Provisional)	1/10/2008	Expired	N/A	N/A	N/A

U.S. Patent Nos. 8,909,345 and 9,020,612 and U.S. Patent Application Nos. 14/615,766, 14/689,462 and 14/815,171 claim priority to U.S. Patent No. 8,849,407.

A U.S. provisional patent application provides the means to establish an early effective filing date for a later filed nonprovisional patent application. Therefore, though the two provisional applications have expired, they establish a priority date for U.S. Patent Nos. 8,849,407, 8,909,345, 9,020,612, and U.S. Patent Application Nos. 14/615,766, 14/689,462, 14/815,171 and any future filings that claim priority. We intend to file additional continuation applications in the USPTO claiming priority to U.S. Patent Application Nos. 14/615,766, 14/689,462, and 14/815,171 to protect other aspects of the PoNS™ device and related non- invasive neurostimulation techniques.

ANR, which is one of Helius' significant shareholders, holds an interest in the Patent Pending Rights pursuant to an exclusive license from the inventors. U.S. Patent Application Nos. 14/615,766, 14/689,462, 14/815,171 are included in the exclusive license as the exclusive license agreement covers (i) U.S. Patent Application No. 12/348,301 and Provisional Application No. 61/019,061, (ii) any patents issuing therefrom, and (iii) any patents claiming priority to U.S. Patent Application No. 12/348,301 or Provisional Application No. 61/019,061, which U.S. Patent Application Nos. 14/615,766, 14/689,462, 14/815,171 claim priority through such provisional application as well as through Provisional Application 61/020,265.

In addition, ANR has agreed that ownership of any improvements, enhancements or derivative works of the Patent Pending Rights that are developed by NHC or ANR shall be owned by NHC, provided that if NHC decides not to patent such improvements, ANR may choose to pursue patent rights independently. Pursuant to the Sublicense Agreement, NHC has agreed to pay ANR royalties equal to 4% of NHC's revenues collected from the sale of devices covered by the Patent Pending Rights and services related to the therapy or use of devices covered by the Patent Pending Rights in therapy services. The Sublicense Agreement provides that the sublicense granted by ANR to NHC, if in good standing, shall not be cancelled, limited or impaired in any way should there be a termination of the master license granted by the inventors to ANR, which was acknowledged by the inventors in the Sublicense Agreement. On June 6, 2014, NHC and ANR entered into a second amended and restated sublicense agreement, or the Second Sublicense Agreement, which acknowledges the Reverse Merger (see "Our Corporate History - Acquisition of NeuroHabilitation Corporation and Concurrent Financing" below), and adds us as a party to the agreement.

The license of the Patent Pending Rights are subject to the right of the government of the United States, which funded certain research relating to the development of the PoNS™ device, to a nonexclusive, non- transferable, irrevocable, paid- up license to use the Patent Pending Rights for governmental purposes. In addition, NHC has granted a perpetual, royalty-free license to the Patent Pending Rights back to ANR for non- profit research and development activities which do not compete with NHC's business and to produce and derive revenues from devices and services in connection with investigational uses of the PoNS™ device and related technology.

The license of the Patent Pending Rights is also subject to the terms of the CRADA. In the event that Helius is not willing or unable to commercialize the PoNS™ technology within four years from the expiration of the CRADA, the Company is required to transfer possession, ownership and sponsorship/holdership of the regulation application, regulatory correspondence and supporting regulatory information related technology to USAMRMC and grant the U.S. Government a non-exclusive, irrevocable license to any patent, copyright, data rights, proprietary information or regulatory information for the U.S. Government to commercialize the technology.

Company Owned Intellectual Property

On July 17, 2015, the Company announced that the USPTO issued the Company its first patent related to the design of version 4.0 of the PoNS™ device. U.S. Patent No. 9,072,889, "Systems for Providing Non-Invasive Neurorehabilitation of a Patient", issued on July 7, 2015, is the first patent Helius has received related specifically to the new device design.

The Company filed 27 U. S. patent applications related to various technical and ornamental aspects of the PoNS™ version 4.0 device. The Company filed eleven non-provisional patent applications that describe various technical features in the version 4.0 device and 16 design patent applications describing various ornamental designs for the PoNS™ version 4.0 device. Helius is the sole assignee for these 27 U.S. patent filings. Prior to issuance, once the USPTO determines that a patent application meets all of the statutory requirements for patentability it provides a notice of allowance. In addition to the first issued patent (U.S. Patent No. 9,072,889), the USPTO has issued three utility patents, 14 design patents, and notices of allowance for two design applications as summarized in the table below:

U.S. Patent Application No.	Application Filing Date	Status	U.S. Patent No.	Issue Date	Subject Matter
14/558,768	12/3/2014	Issued	9,072,889	7/7/2015	utility application covering overall system design, including controller and mouthpiece
14/559,123	12/3/2014	Issued	9,272,133	3/1/2016	utility application covering strain relief mechanisms for the connection between the mouthpiece and the controller
14/558,787	12/3/2014	Issued	9,227,051	1/5/2016	utility application covering shape of the mouthpiece
14/558,789	12/3/2014	Issued	9,283,377	3/15/2016	utility application covering center of gravity of the mouthpiece
29/510,741	12/3/2014	Issued	D750264	2/23/2016	design application covering an alternative version of the current PoNS™ 4.0 device (over-ear double boom design)
29/510,742	12/3/2014	Issued	D749746	2/16/2016	design application covering an alternative version of the current PoNS™ 4.0 device (overhead minimal interference design)
29/510,743	12/3/2014	Issued	D752236	3/22/2016	design application covering system design used in the current PoNS™ 4.0 device
29/510,745	12/3/2014	Issued	D750265	2/23/2016	design application covering an alternative mouthpiece not used in the current PoNS™ 4.0 device
29/510,754	12/3/2014	Issued	D750794	3/1/2016	design application covering the controller used in the PoNS™ 4.0 device
29/510,755	12/3/2014	Issued	D751215	3/8/2016	design application covering an alternative controller not used in the current PoNS™ 4.0 device
29/510,746	12/3/2014	Issued	D750266	2/23/2016	design application covering an alternative mouthpiece not used in the current PoNS™ 4.0 device
29/510,749	12/3/2014	Issued	D750268	2/23/2016	design application covering an alternative mouthpiece not used in the current PoNS™ 4.0 device
29/510,747	12/3/2014	Issued	D751213	3/8/2016	design application covering an alternative mouthpiece not used in the current PoNS™ 4.0 device

29/510,748	12/3/2014	Issued	D750267	2/23/2016	design application covering an alternative mouthpiece not used in the current PoNS™ 4.0 device
29/510,750	12/3/2014	Issued	D753315	4/5/2016	design application covering mouthpiece used in the current PoNS™ 4.0 device
29/510,751	12/3/2014	Issued	D751722	3/15/2016	design application covering an alternative controller not used in the current PoNS™ 4.0 device
29/510,752	12/3/2014	Issued	D752766	3/29/2016	design application covering an alternative controller not used in the current PoNS™ 4.0 device
29/510,753	12/3/2014	Issued	D753316	4/5/2016	design application covering an alternative controller not used in the current PoNS™ 4.0 device
29/510,744	12/3/2014	Allowed	TBD	TBD	design application covering system design used in the current PoNS™ 4.0 device
29/510,756	12/3/2014	Allowed	TBD	TBD	design application covering system design used in the current PoNS™ 4.0 device

Additionally, Helius has filed 14 foreign design applications, seven in Canada, three in China, three in Russia, and one community design in Europe. The following three applications filed in China, which have been assigned to China Medical Systems Holdings LTD. pursuant to an asset purchase agreement (the "Strategic Agreement") dated effective October 9, 2015 with A&B have been allowed:

Chinese Patent Application No.	Application Filing Date	Status	Chinese Patent No.	Issue Date	Subject Matter
201530177804.4	6/3/2015	Allowed	TBD	TBD	design application covering the system design currently used in the PoNS™ 4.0 device
201530178171.9	6/3/2015	Allowed	TBD	TBD	design application covering the mouthpiece design currently used in the PoNS™ 4.0 device
201530177398.1	6/3/2015	Allowed	TBD	TBD	design application covering the controller design currently used in the PoNS™ 4.0 device

Currently, Helius uses four trademarks in connection with the operation of the business: PoNS™, NeuroHabilitation, NHC and Helius Medical Technologies. Helius owns the rights to the PoNSTMmark by virtue of an assignment agreement having an effective date of October 27, 2014 and entered into with ANR and the inventors of the PoNS™ technology. Helius is the sole owner of the rights in the NeuroHabilitation and NHC trademarks, and Helius is the owner of the rights in the Helius Medical Technologies mark. On October 31, 2014, Helius filed trademark applications in the USPTO for these four trademarks.

On January 7, 2015, Helius filed trademark applications with the Canada Intellectual Property Office, claiming priority to the corresponding U.S. applications filed on October 31, 2014. The Company is the owner of the rights in the NeuroHabilitation, NHC, and PoNS marks in Canada, and Helius is the owner of the rights in the Helius Medical Technologies mark in Canada. The Company has also applied for the PoNS trademark in Canada, Europe, Russia and China.

Our intellectual property has been and may be the subject of lawsuits see “Legal Proceedings.”

Government Regulation

Our products under development and our operations are subject to significant government regulation. In the United States, our products are regulated as medical devices by the FDA and other federal, state, and local regulatory authorities. The following is a general description of the review and clearance process of the FDA for medical devices.

FDA Regulation of Medical Devices

The FDA and other U.S. and foreign governmental agencies regulate, among other things, the following activities with respect to medical devices:

- design, development and manufacturing;
- testing, labeling, content and language of instructions for use and storage;
- clinical trials;
- product storage and safety;
- marketing, sales and distribution;
- pre-market clearance and approval;
- record keeping procedures;
- advertising and promotion;
- recalls and field safety corrective actions;
- post-market surveillance, including reporting of deaths or serious injuries and malfunctions that, if they were to recur, could lead to death or serious injury;
- post-market approval studies; and
- product import and export.

In the United States, numerous laws and regulations govern all the processes by which medical devices are brought to market and marketed. These include the FD&C Act and the FDA’s implementing regulations, among others.

The FDA Review, Clearance and Approval Process

Each medical device we seek to commercially distribute in the United States must first receive either clearance under Section 510(k) of the FD&C Act, receive *de novo* down-classification, or pre-market approval, or PMA, from the FDA, unless specifically exempted by the FDA. FDA review and approval is required for each application of a device, regardless of whether the device has been approved for other applications. The FDA classifies all medical devices into one of three classes. Devices deemed to pose the lowest risk are categorized as either Class I or II, which requires the manufacturer to submit to the FDA a 510(k) pre-market notification submission requesting clearance of the device for commercial distribution in the United States, unless the device is exempted from this requirement. Devices deemed by the FDA to pose the greatest risk, such as life sustaining, life-supporting or implantable devices, or devices deemed not substantially equivalent to a previously 510(k) cleared device are categorized as Class III and require submission and approval of a PMA application.

In the 510(k) clearance process, the FDA must determine that a proposed device is "substantially equivalent" to a device legally on the market, known as a "predicate" device, with respect to intended use, technology and safety and effectiveness, in order to clear the proposed device for marketing. Clinical data is sometimes required to support a determination of substantial equivalence. The PMA pathway requires an applicant to demonstrate the safety and effectiveness of the device based, in part, on extensive data, including, but not limited to, technical, preclinical, clinical trial, manufacturing and labeling data. The PMA process is typically required for devices that are deemed to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices. However, some devices are automatically subject to the PMA pathway regardless of the level of risk they pose, because they have not previously been classified into a lower risk class by the FDA. Manufacturers of these devices may request that the FDA review such devices in accordance with the *de novo* classification procedure, which allows a manufacturer whose novel device would otherwise require the submission and approval of a PMA prior to marketing to request down-classification of the device on the basis that the device presents low or moderate risk. If the FDA agrees with the down-classification, the applicant will then receive approval to market the device. This device type can then be used as a predicate device for future 510(k) submissions.

We intend to utilize the *de novo* classification procedures to seek marketing authorization for the PoNS™ device, because there is currently no predicate cleared or approved by the FDA for commercial distribution and no existing classification decision by the FDA for such a device. The process of obtaining regulatory clearances or approvals, or completing the *de novo* classification process, to market a medical device can be costly and time consuming, and we may not be able to successfully obtain pre-market reviews on a timely basis, if at all.

If the FDA requires us to go through a lengthier, more rigorous examination for the PoNS™ device, introducing the product could be delayed or canceled, which could cause our launch to be delayed. In addition, the FDA may determine that the PoNS™ device requires the more costly, lengthy and uncertain PMA process. For example, if the FDA disagrees with our determination that the *de novo* classification procedures are the appropriate path to obtain marketing authorizations for the PoNS™ device, the FDA may require us to submit a PMA application, which is generally more costly and uncertain and can take from one to three years, or longer, from the time the application is submitted to the FDA until an approval is obtained. Further, even with respect to those future products where a PMA is not required, we cannot be certain that we will be able to obtain 510(k) clearances with respect to those products.

510(k) Clearance Process

To obtain 510(k) clearance, we must submit a pre-market notification to the FDA demonstrating that the proposed device is substantially equivalent to a previously-cleared 510(k) device or is a device that was in commercial distribution before May 28, 1976 for which the FDA has not yet called for the submission of PMA applications. The FDA's 510(k) clearance process usually takes from three to 12 months from the date the application is submitted and filed with the FDA, but may take significantly longer and clearance is never assured. Although many 510(k) pre-market notifications are cleared without clinical data, in some cases, the FDA requires significant clinical data to support substantial equivalence. In reviewing a pre-market notification submission, the FDA may request additional information, including clinical data, which may significantly prolong the review process.

After a device receives 510(k) clearance, any subsequent modification of the device that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, will require a new 510(k) clearance or could require PMA. The FDA requires each manufacturer to make this determination initially, but the FDA may review any such decision and may disagree with a manufacturer's determination. If the FDA disagrees with a manufacturer's determination, the FDA may require the manufacturer to cease marketing and/or recall the modified device until 510(k) clearance or PMA is obtained. Under these circumstances, the FDA may also subject a manufacturer to significant regulatory fines or other penalties. In addition, the FDA is currently evaluating the 510(k) process and may make substantial changes to industry requirements, including which devices are eligible for 510(k) clearance, the ability to rescind previously granted 510(k)s and additional requirements that may significantly impact the process.

De novo Classification Process

If a previously unclassified new medical device does not qualify for the 510(k) pre-market notification process because no predicate device to which it is substantially equivalent can be found, the device is automatically classified Class III regardless of the level of risk it poses. The Food and Drug Administration Modernization Act of 1997 established a new route to market for low to moderate risk medical devices that are automatically placed into Class III due to the absence of a predicate device, called the "Request for Evaluation of Automatic Class III Designation," or the *de novo* classification procedure. This procedure allows a manufacturer whose novel device is automatically classified into Class III to request down-classification of its medical device into Class I or Class II on the basis that the device presents low or moderate risk, rather than requiring the submission and approval of a PMA application. Prior to the enactment of the Food and Drug Administration Safety and Innovation Act, or FDASIA, in July 2012, a medical device could only be eligible for *de novo* classification if the manufacturer first submitted a 510(k) premarket notification and received a determination from the FDA that the device was not substantially equivalent. The FDASIA streamlined the *de novo* classification pathway by permitting manufacturers to request *de novo* classification directly without first submitting a 510(k) premarket notification to the FDA and receiving a not substantially equivalent determination. Under the FDASIA, the FDA is required to classify the device within 120 days following receipt of the *de novo* application. If the manufacturer seeks reclassification into Class II, the manufacturer must include a draft proposal for special controls that are necessary to provide a reasonable assurance of the safety and effectiveness of the medical device. In addition, the FDA may reject the reclassification petition if it identifies a legally marketed predicate device that would be appropriate for a 510(k) or determines that the device is not low to moderate risk or that general controls would be inadequate to control the risks and special controls cannot be developed.

We plan to utilize the *de novo* classification process to obtain marketing authorization for the PoNS™ device under development, and we plan to seek Class II classification. In order to be placed in Class II, the FDA would need reasonable assurance of safety and effectiveness of the PoNS™ device. Under Class II, general controls (e.g., premarket notification) and special controls (e.g., specific performance testing) would be applicable. Our goal would be to complete in six months a safety and effectiveness clinical trial using the PoNS™ device, initially only for the treatment of balance disorder in patients with mild to moderate TBI and balance disorder associated with MS. Our overall goal for submission of the *de novo* application and FDA clearance of a 510(k) would be 24 months from December 2014. The application to the FDA will be made after the completion of the registration trial, which we anticipate will be completed in the summer of 2016. It will take us approximately 4 weeks to prepare the premarket notification to the FDA. We thus anticipate that we will be applying for clearance in third quarter 2016. To the extent the FDA completed its review in 90 days, we anticipate clearance in the fourth quarter 2016.

Obtaining FDA clearance, *de novo* down-classification, or approval for medical devices can be expensive and uncertain, generally takes from several months to several years, and generally requires detailed and comprehensive scientific and clinical data. Notwithstanding the expense, these efforts may never result in FDA clearance. Even if we were to obtain regulatory clearance, it may not be for the uses we believe are important or commercially attractive, in which case we would not be permitted to market our product for those uses.

Pre-market Approval Process

A PMA application must be submitted if the medical device is in Class III (although the FDA has the discretion to continue to allow certain pre-amendment Class III devices to use the 510(k) process) or cannot be cleared through the 510(k) process. A PMA application must be supported by, among other things, extensive technical, preclinical, clinical trial, manufacturing and labeling data to demonstrate to the FDA's satisfaction the safety and effectiveness of the device for its intended use.

After a PMA application is submitted and filed, the FDA begins an in-depth review of the submitted information, which typically takes between one and three years, but may take significantly longer. During this review period, the FDA may request additional information or clarification of information already provided. Also during the review period, an advisory panel of experts from outside the FDA may be convened to review and evaluate the application and provide recommendations to the FDA as to the approvability of the device. In addition, the FDA will conduct a pre-approval inspection of the manufacturing facility to ensure compliance with Quality System Regulations, or QSR, which impose elaborate design development, testing, control, documentation and other quality assurance procedures in the design and manufacturing process. The FDA may approve a PMA application with post-approval conditions intended to ensure the safety and effectiveness of the device including, among other things, restrictions on labeling, promotion, sale and distribution and collection of long-term follow-up data from patients in the clinical study that supported approval. Failure to comply with the conditions of approval can result in materially adverse enforcement action, including the loss or withdrawal of the approval. New PMA applications or supplements are required for significant modifications to the manufacturing process, labeling of the product and design of a device that is approved through the PMA process. PMA supplements often require submission of the same type of information as an original pre-market approval application, except that the supplement is limited to information needed to support any changes from the device covered by the original PMA application, and may not require as extensive clinical data or the convening of an advisory panel.

Clinical Trials

A clinical trial is typically required to support a PMA application and is sometimes required for a 510(k) pre-market notification. After a trial begins, the FDA may place it on hold or terminate it if, among other reasons, it concludes that the clinical subjects are exposed to an unacceptable health risk. Any trials we conduct must be conducted in accordance with FDA regulations as well as other federal regulations and state laws concerning human subject protection and privacy. Moreover, the results of a clinical trial may not be sufficient to obtain clearance or approval of the product, and separate clinical trials will be necessary to obtain clearance for multiple uses of one device.

Risks of Delay from the FDA Clearance Process and Regulatory Compliance Risks

The FDA can delay, limit or deny clearance or approval of a device for many reasons, including:

- we may not be able to demonstrate to the FDA's satisfaction that our product candidate is safe and effective, sensitive and specific diagnostic tests, for its intended users;
- the data from our pre-clinical studies and clinical trials may be insufficient to support clearance or approval, where required; and
- the manufacturing process or facilities we use may not meet applicable requirements.

In addition, the FDA may change its clearance and approval policies, adopt additional regulations or revise existing regulations, or take other actions which may prevent or delay approval or clearance of our products under development or impact our ability to modify our currently approved or cleared products on a timely basis. For example, in response to industry and healthcare provider concerns regarding the predictability, consistency and rigor of the 510(k) regulatory pathway, the FDA initiated an evaluation of the program, and in January 2011, announced several proposed actions intended to reform the review process governing the clearance of medical devices. The FDA intends these reform actions to improve the efficiency and transparency of the clearance process, as well as bolster patient safety. In addition, as part of the FDASIA the U.S. Congress reauthorized the Medical Device User Fee Amendments with various FDA performance goal commitments and enacted several "Medical Device Regulatory Improvements" and miscellaneous reforms that are further intended to clarify and improve medical device regulation both pre- and post-approval. Any delay in, or failure to receive or maintain, clearance or approval for our product candidate could prevent us from generating revenue from our product candidate and adversely affect our business operations and financial results.

Even if we obtain FDA clearance for our PoNS™ device, we will still be required to pursue a 510(k) clearance, *de novo* down-classification, or PMA for any future product which will delay future product launches and would likely place substantial restrictions on how our device is manufactured, marketed and sold. For example, the manufacture of medical devices must comply with FDA's QSR. In addition, manufacturers must register their manufacturing facilities, list the products with FDA, and comply with requirements relating to labeling, marketing, complaint handling, adverse event and medical device reporting, reporting of corrections and removals, and import and export. FDA monitors compliance with the QSR and these other requirements through periodic inspections. If our facilities or those of our manufacturers or suppliers are found to be in violation of applicable laws and regulations, or if we or our manufacturers or suppliers fail to take satisfactory corrective action in response to an adverse inspection, the regulatory authority could take enforcement action, including any of the following sanctions:

- untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;
- customer notifications or repair, replacement, refunds, detention or seizure of our products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying requests for 510(k) marketing clearance or pre-market approvals of new products or modified products;
- withdrawing 510(k) marketing clearances or pre-market approvals that have already been granted;
- refusing to provide Certificates for Foreign Government;
- refusing to grant export approval for our products; or
- pursuing criminal prosecution.

Additionally, FDA and other regulatory authorities have broad enforcement powers. Regulatory enforcement or inquiries, or other increased scrutiny on us, could affect the perceived safety and efficacy of our product candidate and dissuade our customers from using our product candidate, if and when they are authorized for marketing.

Pervasive and Continuing U.S. Food and Drug Administration Regulation

After a medical device is placed on the market, numerous FDA regulatory requirements apply, including, but not limited to the following:

- the QSR, which requires manufacturers to follow design, testing, control, documentation and other quality assurance procedures during the manufacturing process;
- establishment registration, which requires establishments involved in the production and distribution of medical devices, intended for commercial distribution in the United States, to register with the FDA;
- medical device listing, which requires manufacturers to list the devices they have in commercial distribution with the FDA;
- correction and removal reporting regulations which require that manufacturers report to the FDA field corrections and product recalls or removals undertaken to reduce a risk to health posed by the device or remedy a violation of the FD&C Act that may present a risk to health;
- labeling regulations, which prohibit "misbranded" devices from entering the market, as well as prohibit the promotion of products for unapproved or "off-label" uses and impose other restrictions on labeling;

- clearance or approval of product modifications that could significantly affect safety or efficacy or that would constitute a major change in intended use;
- post-market surveillance including Medical Device Reporting, which requires manufacturers report to the FDA if their device may have caused or contributed to a death or serious injury, or malfunctioned in a way that would likely cause or contribute to a death or serious injury if it were to recur; and
- other post-approval restrictions or conditions.

Our Corporate History

Formation and Arrangement with Boomerang Oil, Inc.

We were incorporated on March 13, 2014 under the British Columbia Business Corporations Act, or the BCBCA, as "0996445 B.C. Ltd." On March 25, 2014, and amended on April 8, 2014, we entered into an arrangement agreement with Boomerang Oil, Inc. (formerly known as 0922327 B.C. Ltd.) and 0995162 B.C. Ltd. to reorganize the business structure of such three entities in such a manner which would allow Boomerang Oil, Inc. to spin us out to become an independent entity that is a reporting issuer in Canada and for us to complete a reverse take-over of 0995162 B.C. Ltd. As a result of the arrangement agreement, we became a reporting issuer in the provinces of British Columbia and Alberta. In addition, the arrangement resulted in 0995162 B.C. Ltd. becoming our wholly-owned subsidiary. The assets of 0995162 B.C. Ltd. consisted of cash and 0995162 B.C. Ltd.'s interest in a letter agreement pursuant to which it had agreed to acquire all of the outstanding shares of NHC, a Delaware corporation, and to seek a listing on a recognized stock exchange.

Reincorporation in Wyoming

On May 23, 2014, we changed our name to "Helius Medical Technologies, Inc." and filed articles of continuation with the Wyoming Secretary of State office to reincorporate from being a corporation governed by the BCBCA to a corporation governed by the Wyoming Business Corporation Act, or WBCA.

Acquisition of NeuroHabilitation Corporation and Concurrent Financing

On June 13, 2014, we completed the acquisition of NHC by way of an agreement and plan of merger. We refer to this transaction as the Reverse Merger. Pursuant to the agreement and plan of merger, HMT Mergersub, Inc., our wholly-owned subsidiary, merged with and into NHC with NHC as the surviving corporation. In connection with the Reverse Merger, we issued an aggregate of 35,300,083 shares of our Class A common stock, or our common stock, to the former shareholders of NHC. The Reverse Merger was deemed to be a capital transaction in substance and recorded as a reverse recapitalization of NeuroHabilitation Corporation whereby NeuroHabilitation Corporation is deemed to be the continuing, surviving entity for accounting purposes, but through reorganization, has deemed to have adopted the capital structure of Helius.

In connection with the Reverse Merger, we completed a non-brokered private placement financing of $7.016 million (CAD$7.62 million) by issuing 15.24 million subscription receipts. Pursuant to its terms, each subscription receipt automatically converted into one unit upon satisfaction of certain escrow release conditions, which had been satisfied. Each unit consisted of one share of our common stock and one-half of one share purchase warrant with each whole warrant being exercisable at CAD$1.00 per share for a period of two years. In connection with the concurrent private placement financing, we paid aggregate finders' fees of $379,806 (CAD $412,200) and issued 824,000 finder's warrants. Each finder warrant is exercisable at CAD$1.00 per share for a period of two years.

General Development of the Business of NeuroHabilitation Corporation

Prior to the acquisition of NHC, we had no active business. Our primary operations are conducted through our wholly-owned subsidiary NHC. On January 22 2013, NHC entered into a patent sub-license agreement whereby ANR granted NHC exclusive worldwide rights to ANR's trade secrets, knowhow, and patent pending technology for a non-invasive means for delivering neurostimulation through the oral cavity, or the PoNS™ device. NHC obtained these rights in exchange for 50% of the outstanding equity in NHC and an obligation to pay ANR a royalty equal to 4% of any revenue collected by NHC from (1) the sale of products covered by any claim of the patent rights to end users and (2) services related to the therapy or use of such products in therapy services. This agreement was subsequently amended by the Amended and Restated Patent Sub-License and again by the Sublicense Agreement described above.

Listing of our Common Stock on the CSE, TSX and OTCQB

Following our Reverse Merger, we obtained approval of the listing of our common stock on the CSE.

On April 18, 2016, our common stock was listed on the TSX under the symbol "HSM." At the same time, we delisted our common stock from the CSE. Our Warrants were also approved for listing on the TSX on April 18, 2016. See "Summary – Recent Developments – TSX Listing."

Our common stock is currently quoted on the OTCQB under the symbol "HSDT."

Employees

As of May 4, 2016, we have five full time employees and 15 full-time equivalent independent contractors.

Legal Proceedings

From time to time, we are subject to various legal proceedings and claims that arise in the ordinary course of our business activities. Although the results of litigation and claims cannot be predicted with certainty, as of the date of this prospectus, we do not believe we are party to any claim or litigation, the outcome of which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material adverse effect on our business, other than as set forth below in respect of the matters described below. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Intellectual Property Litigation

On January 27, 2015 we received a demand letter containing allegations that we had entered into a consulting arrangement with the complainants and breached certain of its terms, and used certain intellectual property in the form of business and marketing plans allegedly prepared by the complainants, and seeking damages. On May 7, 2015, Mr. Rainier Maas and Dr. Jochen Scheld filed a complaint in the U.S. District Court for the Eastern District of Pennsylvania seeking monetary damages in excess of $225,000. On December 22, 2015, the Company entered into a settlement agreement with the plaintiffs for an amount of €57,000, which was paid on January 12, 2016. The parties have since executed the settlement agreement for the aforementioned amount and the case has been dismissed without prejudice.

On January 5, 2015, Wicab sued the Company, NHC, Mitch Tyler, a director of the Company and NHC, Yuri Danilov, a former director of the Company and a director of NHC, and ANR, in the U.S. District Court for the Western District of Wisconsin. ANR is the licensor to the Company of three issued patents (U.S. Patent Nos. 8,849,407 and 8,909,345 and 9,020,612) and other patents pending related to neurostimulation methods and devices. The complaint contained various state and common law claims arising from Messrs. Danilov's and Tyler's prior employment with Wicab and relating to ownership of two of the issued patents (U.S. Patent Nos. 8,849,407 and 8,909,345). U.S. Patent No. 9,020,612 was not included in the Wicab complaint. The complaint alleged, among other things, that following their departure from Wicab, Danilov and Tyler knowingly filed patent applications for and used ideas and inventions developed at Wicab in violation of various non-competition and confidentiality agreements, and that the two issued patents are therefore rightfully the property of Wicab. The complaint sought an unspecified amount of monetary damages, an injunction preventing NHC from using the ideas and inventions in the two patents, an order transferring ownership of the patents from ANR to Wicab, and recovery of costs and attorneys' fees. The Company conducted an internal investigation and determined that Wicab expressly waived all rights in the two issued patents and, additionally, that Wicab's claims were barred by the six year statute of limitations in Wisconsin. On January 14, 2015, the Company informed Wicab of its belief that the claims were barred due to the express waiver and the statute of limitations. On the same day, Wicab dismissed the complaint without prejudice.

On October 12, 2015, the Company received a letter from Wicab alleging that the two issued patents were invalid in view of prior art cited in the letter, including scientific publications and patent applications, and that Paul Bach-y-Rita, Wicab's founder, should have been named as an inventor on these two issued patents. Wicab indicated in the letter that it may file reexamination or inter partes review proceedings with the U.S. Patent Office to attempt to invalidate the claims in the two issued patents. Wicab also stated that it would consider an unspecified "business solution" to resolve this matter. On December 10, 2015, representatives of each of the Company and Wicab met to discuss the parameters of a potential settlement. There can be no guarantee that a settlement will be reached. In the event that a settlement with Wicab is not reached, Wicab may file reexamination or *inter partes* review proceedings with the U.S. Patent Office to challenge the validity of the two issued patents. If the Company receives an adverse decision from the U.S. Patent Office in connection with these proceedings, some or all of the claims in the two patents may be invalidated or otherwise impaired, which could prevent the Company from bringing an infringement suit against a future competitor for making use of the PoNS™ technology for neurorehabilitation, and could have a material adverse effect on the Company's business, operating results and financial condition. Wicab may also take other actions against the Company, its assets, intellectual property rights, officers, directors, employees, agents or other persons or entities which may also have a material on business, operating results and financial condition.

Except as described above, we are not aware of any legal proceedings contemplated by any governmental authority or any other party involving us or our properties. As of March 31, 2016, no director, officer or affiliate is (i) a party adverse to us in any legal proceeding, or (ii) has an adverse interest to us in any legal proceedings. We are not aware of any other legal proceedings pending or that have been threatened against us or our properties.

MANAGEMENT

Executive Officers, Significant Employees and Directors

Below is a list of the names, ages as of May 3, 2016 and positions, and a brief account of the business experience of the individuals who serve as our executive officers and directors as of the date of this prospectus.

Name	Age	Position
Philippe Deschamps	53	President, Chief Executive Officer, and Director
Joyce LaViscount	54	Chief Financial Officer and Chief Operating Officer
Jonathan Sackier	58	Chief Medical Officer
Brian Bapty	47	Vice President, Strategy and Business Development
Savio Chiu	34	Director
Huaizheng Peng	54	Director
Mitch Tyler	64	Director
Edward M. Straw	77	Director
Blane Walter	46	Director

The following describes the business experience of each of our directors and executive officers, including other directorships held in reporting companies:

Philippe Deschamps, *Chief Executive Officer, President and a Director*

Mr. Deschamps has served as our CEO, President and a Director since June 13, 2014. Mr. Deschamps has extensive experience in pharmaceutical and healthcare commercialization. The depth of his expertise stems from his 30 years in the health sciences industry, roughly half spent at Bristol Myers Squibb (NYSE: BMY), and half on the service side as CEO of GSW Worldwide, a healthcare commercialization company. From 1986 to 1998, Mr. Deschamps served as director of neuroscience marketing at Bristol Myers Squibb in Princeton, N.J., where he participated on several pre-launch global marketing teams in the neuroscience and pain therapeutic areas. Mr. Deschamps started at GSW Worldwide in February 1998 as a Vice President and Account Director and became President and CEO of GSW Worldwide in January 2002, serving in that role until September 2011. Mr. Deschamps was responsible for the GSW Worldwide operations which includes offices in 15 major markets around the world. He primarily consulted on global marketing, commercialization and new business model development for pharmaceutical, device and diagnostics companies. In February 2012, Mr. Deschamps joined MediMedia Health, a marketing services company as CEO where he served until October 2013. At MediMedia Health, he was responsible for the evaluating the different businesses of the company and developing recommendations for the sale of the company to the private equity company that owned it. In October 2013, he became President of NHC. Mr. Deschamps has a BSc. from the University of Ottawa in Canada which he obtained in 1985.

Joyce LaViscount, *Chief Financial Officer and Chief Operating Officer*

Ms. LaViscount has served as our Chief Financial Officer and Chief Operating Officer since October 19, 2015 and she previously served as one of our directors from March 2, 2015 until December 29, 2015. Ms. LaViscount was at MM Health Solutions (formerly MediMedia Health), a marketing services company, from July 2012 until August 2015 where she served as Chief Operating Officer and Chief Financial Officer. Concurrent with her role at MediMedia Health, Ms. LaViscount also served as the CFO for MediMedia Pharmaceutical Solutions from January 2014 until February 2015. Prior to joining MM Health Solutions, Ms. LaViscount was Executive Director/Group Controller North America for Aptalis Pharmaceuticals (2010 to 2012). From 2004 to 2009 Ms. LaViscount worked for Endo Pharmaceuticals in a variety of roles, including Chief Accounting Officer, VP-Investor Relations and Corporate Communications, and VP Finance Operations, as well as holding operational roles in Sales Operations, Training and Corporate Strategy Development. Ms. LaViscount’s pharmaceutical industry experience also includes more than 15 years in finance at Bristol-Myers Squibb and Pharmacia. Ms. LaViscount began her career with Ernst & Young and is a New Jersey Certified Public Accountant and has Bachelor of Arts in Business with a concentration in Accounting from Franklin and Marshall College.

Jonathan Sackier, *Chief Medical Officer*

Dr. Sackier joined the Company in December of 2014 as Chief Medical Officer and brings to his role extensive experience in new technologies and treatment methodologies gained over more than 30 years in the healthcare industry. Since 2014, Dr. Sackier has been a Visiting Professor of Surgery at the Nuffield Department of Surgical Sciences at Oxford University. From 2005 to 2014, Dr. Sackier was a Visiting Professor of Surgery at the University of Virginia and prior to that a served as a Clinical Professor at George Washington University in Washington, DC from 1995 to 1999. In 1995, while at George Washington University, Dr. Sackier founded and funded the Washington Institute of Surgical Endoscopy, a center for education, research, innovation and technology transfer.

He is widely recognized as one of the leaders of the laparoscopic surgery revolution. In addition to his academic work, Dr. Sackier has helped build several companies including medical technology, research and product-design and medical contract sales organizations. He has also collaborated with pharmaceutical and medical device technology partners including ConvaTec, Pfizer, Karl Storz, Applied Medical, Stryker, Siemens, Bayer and Novartis. Dr. Sackier served as Chairman of Adenosine Therapeutics from 1992 to 1998, which became part of Clinical Data and then Forest Laboratories. Dr. Sackier also worked to develop and market the AESOP robot with Computer Motion from 1992 to 1998. He also founded Genethics in 1985, which patented and licensed amniotic stem cell technology.

Dr. Sackier sits on several boards of directors, he has served as a member of Kypha's board since 2014, a director of Clinvue since 2010, and a director of Brandon Medical since 2009. Dr. Sackier was also director for Hemoshear from 2008 to 2015 and served as Chairman of Adenosine Therapeutics which became part of Clinical Data and then Forest Laboratories from 2002 to 2008. He is a Trustee of First Star and previously chaired The Larry King Cardiac Foundation Board of Governors. He has also served as a board member of The American College of Surgeons Foundation, The Surgical Fellowship Foundation and Rex Bionics.

A keen pilot, Jonathan advises the Aircraft Owners & Pilots Association (AOPA) on medical issues germane to pilots and authors the "Fly Well" column in AOPA Pilot magazine.

Brian Bapty, *Vice President, Strategy and Business Development*

Dr. Bapty joined Helius as a consultant in July 2014, and full time as the company's Vice President, Strategy and Business Development in October 2015. His sixteen years of experience in capital markets and public companies began in 2000, when he Joined Raymond James as an equity analyst for Canadian healthcare companies. In 2008, still with Raymond James he moved to the London desk supporting institutional equity sales. Early in 2009, Dr. Bapty joined Northland Bancorp Private Equity as a partner and held management positions in investee companies. These positions included Director of Research at Galileo Equity Advisors (a small to midcap focused asset management company) and CEO of Northland Securities (in institutional focussed brokerage firm). In March 2012, Dr. Bapty left Northland Bancorp to join Confederation Minerals as President and Director where he served until November 2014.

Dr. Bapty has Ph.D. (Research Medicine, Nephrology) from the University of British Columbia (UBC), and B.Sc. (UBC) in Cell and Developmental Biology.

Savio Chiu, *Director*

Mr. Chiu has served as one of our Directors since June 13, 2014. From June 2009 to present, Mr. Chiu has been the Senior Manager, Corporate Finance of V Baron Global Financial Canada Ltd., which provides us with corporate advisory services pursuant to the terms of a management agreement. Since April 2011, Mr. Chiu has served as the Chief Financial Officer and Corporate Secretary of Confederation Minerals Ltd. (TSXV: CFM). From December 2010 to August 2014, Mr. Chiu served as a director of Finore Mining Inc. (CSE: FIN). From October 2010 to August 2013, Mr. Chiu served as the Chief Financial Officer of Pan American Fertilizer Corp. (formerly Golden Fame Resources Corp.) (TSXV: PFE). From July 2010 to June 2011, he served as the Chief Financial Officer of Cassius Ventures Ltd. (TSXV: CZ).

Mr. Chiu is a Chartered Accountant and holds a Bachelor of Commerce degree in Accounting from the University of British Columbia which he obtained in 2005. Mr. Chiu's accounting and financial expertise brings a valuable oversight role to the board.

Mitch Tyler, *Director*

Mr. Tyler has served as one of our Directors since June 13, 2014. Mr. Tyler is a co-inventor of the PoNS™ device and co-owner of ANR and Clinical Director of ANR(2009 to present). Mr. Tyler is also the Clinical Director of the Tactile Communication and NeuroRehabilitation Laboratory, University of Wisconsin - Madison (1998 to present), and a Senior Lecturer in Biomedical Engineering. From 1998 through 2005, Mr. Tyler was the Vice President and Principal Investigator for Wicab Inc. He received his M.S. in Bioengineering from University of California, Berkeley in 1985 and is currently working on his Ph.D. in Biomedical Engineering at the UW-Madison. Mr. Tyler's extensive knowledge of our principal product and history in the medical device industry brings invaluable experience to the board.

Edward M. Straw, *Director*

Vice Admiral Edward Straw has served as one of our Directors since November 18, 2014. He founded Osprey Venture Partners, a firm that mentors young entrepreneurs seeking investment capital and assists with business development, in 2011 and serves as the Managing Director. Previously he was President, Global Operations of The Estée Lauder Companies from 2000 to 2005, SVP, Global Operations of the Compaq Computer Corporation from 1998 to 2000, and former President of Ryder Integrated Logistics from 1996 to 1998. Prior to joining the private sector, he had a distinguished 35 year career in the U.S. Navy and retired as a three-star admiral. During his military service, Vice Admiral Straw was Chief Executive Officer of the Defense Logistics Agency, the largest military logistics command supporting the American armed forces. Vice Admiral Straw holds an MBA from The George Washington University, a Bachelor of Science degree from Annapolis, and is a graduate of the National War College. He has been a member of the Defense Science Board, Chairman of Odyssey Logistics and currently sits on the boards of: The Boston Consulting Federal Group, Performance Equity Management, and Capital Teas. He was a board member of: Eddie Bauer, MeadWestvaco, Ply Gem Industries and Panther Logistics. Vice Admiral Straw is an "audit committee financial expert" as that term is defined in Item 407(d)(5)(ii) of Regulation S-K. Vice Admiral Straw brings extensive leadership experience to our board.

Blane Walter, *Director*

Mr. Walter has served as one of our Directors since December 29, 2015. Mr. Walter has been a Partner at Talisman Capital Partners, a private investment partnership located in Columbus, Ohio, since 2011. He founded inChord Communications, Inc. in 1994, which he built into the largest independently-owned, healthcare communications company in the world. In 2005, inChord was acquired by Ventiv Health, the largest provider of outsourced sales and clinical services serving the pharmaceutical industry to create inVentiv Health. In 2008, Mr. Walter became CEO of the combined public company, a role in which he served until 2011. Mr. Walter's background in the healthcare and pharmaceutical industries lends important perspective to our board.

Huaizheng Peng, *Director*

Dr. Peng has served as one of our Directors since December 29, 2015. Since 2013 Dr. Peng has served as the General Manager, and non-executive Director of China Medical System Holdings ("CMS") where he is in charge of international operations, prior to becoming General Manager, Dr. Peng served on the CMS board of directors for a period of three years. Prior to joining CMS, Dr. Peng was a partner in a private equity firm, Northland Bancorp, from 2010 to 2012, head of global life sciences and a director of corporate finance at Seymour Pierce from 2007 to 2010, and served as a non-executive Director of China Medstar, an AIM listed medical service company from 2006 to 2008. Dr. Peng also worked as a senior portfolio manager, specializing in global life science and Asian technology investment at Reabourne Technology Investment Management Limited from 1999 to 2006. Dr. Peng was nominated to our board of directors by A&B pursuant to the terms of the A&B Credit Facility.

Dr. Peng received his Bachelor's and Masters' degree in medicine from Hunan Medical College, China. Dr. Peng was awarded his PhD in molecular pathology from University College London (UCL) Medical School where he subsequently worked as a clinical lecturer. We believe that Dr. Peng's leadership experience in international contexts, knowledge of medicine and investment experience will help our board in its oversight role.

Director Independence

Our Board of Directors has determined that two of our directors, Blane Walter and Edward Straw, qualify as independent directors under the listing standards of the TSX and the NYSE MKT.

Term of Office

Our directors are appointed to hold office until the next annual general meeting of our stockholders or until they resign or are removed from the board in accordance with our bylaws. Our officers are appointed by our Board of Directors and hold office until they resign or are removed from office by the Board of Directors.

Committees of the Board of Directors

Our Board of Directors has the authority to appoint committees to perform certain management and administration functions. Our Board of Directors currently has an audit committee. The charter for the audit committee is available on our website.

Our audit committee is comprised of Edward Straw and Blane Walter each of whom are independent directors under the rules of the NYSE MKT and the SEC. The purpose of the audit committee is to assist our Board of Directors with oversight of (i) the quality and integrity of our financial statements and its related internal controls over financial reporting, (ii) our compliance with legal and regulatory compliance, (iii) the independent registered public accounting firm's qualifications and independence, and (iv) the performance of our independent registered public accounting firm. The audit committee's primary function is to provide advice with respect to our financial matters and to assist our Board of Directors in fulfilling its oversight responsibilities regarding finance, accounting, and legal compliance. Vice Admiral Straw is an "audit committee financial expert" as that term is defined in Item 407(d)(5)(ii) of Regulation S-K.

Family Relationships

There are no family relationships among our directors and officers.

Code of Ethics

The Company has adopted a code of business conduct and ethics that applies to its directors, officers, and employees, including its principal executive officers, principal financial officer, principal accounting officer, controller or persons performing similar functions. If we make substantive amendments to the Code of Ethics for or grant any waiver, including any implicit waiver, we will disclose the nature of such amendment or waiver on our website or in a report on Form 8-K within four days of such amendment or waiver.

EXECUTIVE AND DIRECTOR COMPENSATION

During the fiscal year ended March 31, 2016, our named executive officers consisted of Philippe Deschamps, our Chief Executive Officer, Jonathan Sackier, our Chief Medical Officer, and Joyce LaViscount, our Chief Financial Officer. Ms. LaViscount joined us as a director on February 27, 2015, and became our Chief Financial Officer on October 19, 2015.

Summary Compensation Table

Name and principal position	Fiscal Year	Salary ($)	Option awards ($)	Bonus ($)	All other Compensation ($)	Total ($)
Philippe Deschamps *Chief Executive Officer*	2016	400,000	- [1]	120,000	15,000	535,000
	2015	360,417	382,329	-	5,000	747,746
Joyce LaViscount *Chief Financial Officer and Chief Operating Officer*[2]	2016	137,500	188,694[3]	-	5,500	331,694
Jonathan Sackier *Chief Medical Officer*	2016	300,000	- [4]	-	-	300,000
	2015	100,000	543,941	-	-	643,941

(1) The grant date fair value was denominated in Canadian dollars and converted into U.S. Dollars using the Bank of Canada nominal noon exchange rate on June 19, 2014 (the grant date) of CAD$1.00 = USD$0.9235.

(2) Ms. LaViscount was appointed as Chief Financial Officer and Chief Operating Officer on October 19, 2015, and resigned from our Board of Directors on December 29, 2015. The compensation reflected in the Summary Compensation Table reflects her compensation in connection with her role as an executive officer of the Company. Ms. LaViscount was not awarded any compensation in connection with her role as a director of the Company during the year ended March 31, 2016.

(3) The grant date fair value was denominated in Canadian dollars and converted into U.S. Dollars using the Bank of Canada nominal noon exchange rate on October 21, 2015 (the grant date) of CAD$1.00 = USD$0.7624.

(4) The grant date fair value was denominated in Canadian dollars and converted into U.S. Dollars using the Bank of Canada nominal noon exchange rate on December 8, 2015 (the grant date) of CAD$1.00 = USD$0.8717.

Narrative Disclosure to Summary Compensation Table

Employment Agreement with Philippe Deschamps

On June 13, 2014, we entered into an employment agreement with Philippe Deschamps to serve as our President and CEO. This employment agreement was amended on September 1, 2014. Pursuant to the employment agreement, Mr. Deschamps received a base salary at an annualized rate of $250,000 until investments reached a level of $5 million, or the Financing Threshold, and after such Financing Threshold was met, on August 14, 2014, the Board approved the increase of his base salary to $400,000. In addition to Mr. Deschamps' base salary, he has the opportunity to receive a target annual bonus of 30% of the base salary, conditional upon, and subject to upward or downward adjustment based upon, achievements and individual goals to be established in good faith by the Board of Directors and Mr. Deschamps. For the fiscal year ended March 31, 2016, Mr. Deschamps was granted a cash bonus of $120,000. If Mr. Deschamps is terminated without cause or if Mr. Deschamps resigns for good reason, we shall pay Mr. Deschamps an aggregate amount equal to the sum of his base salary and the earned portion of the annual bonus paid for the year preceding the year of his termination of which such amount is to be paid in equal monthly installments during the twelve month period following such termination of employment.

Employment Agreement with Joyce LaViscount

On October 19, 2015, we entered into an employment agreement with Joyce LaViscount to serve as our Chief Financial Officer and Chief Operating Officer. Pursuant to the employment agreement, Ms. LaViscount will receive a base salary at an annualized rate of $300,000 for her employment term, which is at-will. In addition to Ms. LaViscount's base salary, she shall have the opportunity to receive a target annual bonus of 25% of the base salary, conditional upon, and subject to upward or downward adjustment based upon achievements and individual goals to be established in good faith by our CEO and Ms. LaViscount, which goals have not yet been established. If Ms. LaViscount is terminated without cause or if Ms. LaViscount resigns for good reason, we will pay Ms. LaViscount an aggregate amount equal to the sum of her base salary and the earned portion of the annual bonus paid for the year of her termination of which such amount is to be paid in equal monthly installments during the twelve month period following such termination of employment.

Employment Agreement with Jonathan Sackier

On December 1, 2014, we entered into an employment agreement with Jonathan Sackier to serve as our Chief Medical Officer. Pursuant to the employment agreement, Mr. Sackier will receive a base salary at an annualized rate of $300,000 for his employment term, which is at-will. In addition to Mr. Sackier's base salary, he shall have the opportunity to receive a target annual bonus of 25% of the base salary, conditional upon, and subject to upward or downward adjustment based on upon, achievements and individual goals to be established in good faith by our CEO and Mr. Sackier, which goals have not yet been established. If Mr. Sackier is terminated without cause or if Mr. Sackier resigns for good reason, we will pay Mr. Sackier an aggregate amount equal to the sum of his base salary and the earned portion of the annual bonus paid for the year of his termination of which such amount is to be paid in equal monthly installments during the twelve month period following such termination of employment.

Option Grants during Fiscal Year 2016

During the fiscal year ended March 31, 2016, we granted 750,000 options to Joyce LaViscount. The grant was made pursuant to the June 2014 Stock Incentive Plan, which is further described below. One-quarter of Ms. LaViscount's options vested upon grant, and one-quarter will vest every six months from the grant date. Ms. LaViscount's options have an exercise price of CAD$0.87 and expire on October 21, 2020.

Management Contract with V Baron Global Financial Canada Ltd.

Effective July 1, 2014, V Baron Global Financial Canada Ltd. ("V Baron") has been engaged as an advisor to provide corporate advisory and CFO services to the Company. V Baron was initially engaged for a period of 12 months ending on July 1, 2015. Once the 12 month period passed, V Baron continued to provide advisory services on a month-to-month basis. The corporate advisory services include advising on corporate governance, assisting in compliance with the standards and policies of stock exchanges and regulators, advising on continuous disclosure requirements, assisting in compilation of financial statements, liaising with legal counsel, auditors and the Company's transfer agent, and assisting/advising on corporate finance related matters. During the duration of the agreement, each party may terminate the agreement by providing the other party with 60 days written notice. V Baron will receive CAD$12,500 per month for the services provided. Until her resignation in October of 2015, our CFO services were provided by Amanda Tseng, who is an employee of V Baron. On October 19, 2015, we appointed Joyce LaViscount to act as our Chief Financial Officer. During the year ended March 31, 2016, the Company incurred charges totaling CAD$150,000 (US$114,623) in respect of this agreement.

Savio Chiu, a member of our Board of Directors, is the Senior Manager, Corporate Finance of V Baron.

June 2014 Stock Incentive Plan

On June 18, 2014, our Board of Directors authorized and approved the adoption of the 2014 Plan, effective June 18, 2014, under which an aggregate of 12,108,016 shares of our common stock may be issued. The purpose of the 2014 Plan is to enhance our long-term stockholder value by offering opportunities to our directors, officers, employees and eligible consultants to acquire and maintain stock ownership in order to give these persons the opportunity to participate in our growth and success, and to encourage them to remain in our service. Pursuant to the terms of the 2014 Plan, we are authorized to grant stock options, as well as awards of stock appreciation rights, restricted stock, unrestricted shares, restricted stock units and deferred stock units.

The foregoing summary of the 2014 Plan is not complete and is qualified in its entirety by reference to the 2014 Plan.

Outstanding Equity Awards at Fiscal Year-End

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
Philippe Deschamps	1,200,000	600,000(1)	0.55(2)	06/18/2019
Joyce LaViscount	66,667	33,333(3)	2.51(4)	03/16/2020
	375,000	375,000(5)	0.66(6)	10/21/2020
Jonathan Sackier	300,000	100,000(7)	2.58(8)	12/08/2019

(1) 600,000 options will vest on June 19, 2016.
(2) The option exercise price of CAD$0.60 was converted from Canadian dollars to U.S. dollars based on the Bank of Canada nominal noon exchange rate on June 19, 2014 (the grant date) of CAD$1.00 = USD$0.9235.
(3) 33,333 options will vest on March 16, 2017. These options were awarded in connection with Ms. LaViscount's role as a member of our Board of Directors.
(4) The option exercise price of CAD$3.20 was converted from Canadian dollars to U.S. dollars based on the Bank of Canada nominal noon exchange rate on March 16, 2015 (the grant date) of CAD$1.00 = USD$0.7834.
(5) 187,500 options will vest on each of October 21, 2016 and April 21, 2017.
(6) The option exercise price of CAD$0.87 was converted from Canadian dollars to U.S. dollars based on the Bank of Canada nominal noon exchange rate on March 16, 2015 (the grant date) of CAD$1.00 = USD$0.7624.
(7) 100,000 options will vest on June 8, 2016.
(8) The option exercise price of CAD$2.96 was converted from Canadian dollars to U.S. dollars based on the Bank of Canada nominal noon exchange rate on December 8, 2014 (the grant date) of CAD$1.00 = USD$0.8717.

Director Compensation

Name[1]	Option Awards ($)	All Other Compensation ($)	Total Compensation ($)
Savio Chiu	-[2]	-	-
Yuri Danilov[3]	-	12,350[8][9]	-
Mitch Tyler	-[4]	58,410[8][9]	58,410
Edward Straw	-[5]	-	-
Blane Walter	18,063[6]	-	18,063
Huaizheng Peng	18,063[7]	-	18,063

(1) Ms. LaViscount resigned from our Board of Directors on December 29, 2016. The compensation awarded to Ms. LaViscount in connection with her role as a member of our Board of Directors during the fiscal year ended March 31, 2016 is reflected above in the Summary Compensation Table.
(2) Mr. Chiu had 60,000 options outstanding as of March 31, 2016, of which 20,000 were not vested.
(3) Mr. Danilov resigned from our Board of Directors on December 29, 2016.
(4) Mr. Tyler had 400,000 options outstanding as of March 31, 2016, of which 133,333 were not vested.
(5) Mr. Straw had 100,000 options outstanding as of March 31, 2016, of which 33,333 were not vested.
(6) Mr. Walter had 50,000 options outstanding as of March 31, 2016, of which 33,333 were not vested. The grant date fair value was denominated in Canadian dollars and converted into U.S. dollars using the Bank of Canada nominal noon exchange rate on December 31, 2015 (the grant date) of CAD$1.00 = USD$0.7225.
(7) Dr. Peng had 50,000 options outstanding as of March 31, 2016, of which 33,333 were not vested. The grant date fair value was denominated in Canadian dollars and converted into U.S. dollars using the Bank of Canada nominal noon exchange rate on December 31, 2015 (the grant date) of CAD$1.00 = USD$0.7225.
(8) These amounts were paid pursuant to a consulting agreement between each of Messrs. Danilov and Tyler and us. See “Certain Relationships and Related Transactions, and Director Independence—Related Party Transactions” for a description of the agreement.
(9) These awards were issued to Messrs. Danilov and Tyler as part of their compensation for services rendered as non-employee consultants.

Narrative Disclosure to Director Compensation Table

During the fiscal year ended March 31, 2016, our directors did not receive any fees for their service. Instead, we granted stock options to two of our directors. We granted 50,000 options to Messrs. Walter and Peng, respectively. Messrs. Walter and Peng’s options expire on December 31, 2020 and have an exercise price of CAD$1.24.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Except as described below and in "Executive And Director Compensation" above, there are no transactions since our inception, or any currently proposed transactions, in which we were or are to be a participant and in which any "related person" had or will have a direct or indirect material interest. "Related person" includes:

(a) Any of our directors or executive officers;

(b) Any person proposed as a nominee for election as a director;

(c) Any person who beneficially owns more than 5% of our common stock; or

(d) Any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter- in-law, brother-in-law, sister-in-law or person (other than a tenant or employee) sharing the same household of any person enumerated in paragraph (a), (b), or (c).

Related Party Transactions

Agreement and Plan of Merger with NHC

On June 6, 2014, we entered into an Agreement and Plan of Merger among us, HMT Mergersub, Inc., our wholly-owned subsidiary, and NHC. Pursuant to the Agreement and Plan of Merger we issued 35,300,083 shares of our common stock to the shareholders of NHC. Two of the shareholders of NHC that received 16,035,026 shares each were MPJ Healthcare, LLC and ANR. Messrs. Philippe Deschamps, our President, CEO and director, and Jonathan Sackier, our Chief Medical Officer, are shareholders of MPJ Healthcare, LLC, and Messrs. Yuri Danilov and Mitch Tyler, two of our directors, are shareholders of ANR.

Sublicense Agreement with Advanced Rehabilitation, LLC

Pursuant to the Sublicense Agreement, ANR has granted NHC a worldwide, exclusive license to make, have made, use, lease and sell devices utilizing the Patent Pending Rights. In addition, ANR has agreed that ownership of any improvements, enhancements or derivative works of the Patent Pending Rights which are developed by NHC or ANR shall be owned by NHC, provided that if NHC decides not to patent such improvements, ANR may choose to pursue patent rights independently. Pursuant to the Sublicense Agreement, NHC has agreed to pay ANR royalties equal to 4% of NHC's revenues collection from the sale of devices covered by the Patent Pending Rights and services related to the therapy or use of devices covered by the Patent Pending Rights in therapy services. Mitchell Tyler, one of our directors, and Yuri Danilov, one of our former directors, are each shareholders of ANR.

Consulting Agreement with Yuri Danilov

On July 1, 2014, Mr. Danilov, one of our former directors, entered into a consulting agreement, or the Danilov Consulting Agreement, with NHC to provide consulting services in relation to the development of the PoNS™ technology. The Danilov Consulting Agreement is valid for an initial period of 12 months, after which it continues on a month-to-month basis. Mr. Danilov will charge an hourly fee of $150 per hour or $1,000 per day if 8 or more hours are worked. Pursuant to the Danilov Consulting Agreement, Mr. Danilov will be an independent contractor and subject to the confidentiality provisions contained in the Danilov Consulting Agreement. The Company incurred charges from Mr. Danilov totaling $8,250 for the year ended March 31, 2015 in respect of this agreement. Mr. Danilov resigned as a director on December 29, 2015.

Consulting Agreement with Mitchell Tyler

On December 10, 2014, Mr. Tyler entered into a consulting agreement, or the Tyler Consulting Agreement, with NHC to provide consulting services in relation to the development of the PoNS™ technology. The Tyler Consulting Agreement is valid for an initial period of 12 months, after which it continues on a month-to-month basis. Mr. Tyler will charge an hourly fee of $150 per hour or $1,000 per day if 8 or more hours are worked. Pursuant to the Tyler Consulting Agreement, Mr. Tyler will be an independent contractor and subject to the confidentiality provisions contained in the Tyler Consulting Agreement. The Company incurred charges from Mr. Tyler totaling $19,950 for the year ended March 31, 2015 in respect of this agreement.

Consulting and Employment Agreements with Brian Bapty

On July 14, 2014, Dr. Bapty entered into a consulting agreement, or the Bapty Consulting Agreement, with NHC to provide consulting services in relation to the development of the PoNS™ technology. The Bapty Consulting Agreement was valid for an initial period of 12 months, after which it continued on a month-to-month basis. Dr. Bapty charged a monthly fee of $6,000. Under the terms of the Bapty Consulting Agreement, Dr. Bapty also received a onetime issuance of three-year options to purchase 100,000 common shares at a strike price of CAD$2.52 per share with the options vesting 25% on issuance, 25% on September 30, 2014, 25% on December 31, 2014 and 25% on March 31, 2015. The Bapty Consulting Agreement included certain customary confidentiality provisions contained in the Bapty Consulting Agreement. The Company incurred charges from Dr. Babty totaling CAD$36,000 ($US31,162) for the year ended March 31, 2015 in respect of this agreement. On November 2, 2015, we entered into an employment agreement with Dr. Bapty to serve as the Vice President of Strategy and Business Development of the Company. Pursuant to the employment agreement, Dr. Bapty will receive a base salary at an annualized rate of CAD$220,000 for his employment term, which is at-will. In addition to Dr. Bapty's base salary, he shall have the opportunity to receive a target annual bonus of 25% of the base salary, conditional upon, and subject to upward or downward adjustment based upon achievements and individual goals to be established in good faith by the Company's CEO and Dr. Bapty, which goals have not yet been established. If Dr. Bapty is terminated without cause or if Dr. Bapty resigns for good reason, the Company will pay Dr. Bapty an aggregate amount equal to the sum of his base salary and there will be accelerated vesting of the options described in the immediately preceding paragraph.

Strategic Agreement with A&B and A&B Credit Facility

On October 13, 2015, the Company announced that it, through its wholly owned subsidiary NHC, entered into the Strategic Agreement with A&B for the development and commercialization of the PoNS™ therapy in China, Hong Kong, Macau, Taiwan and Singapore (collectively, the "Territories"). A&B is an investment and development company owned by Dr. Kong Lam and based in Hong Kong. The Strategic Agreement transfers ownership of certain Asian patents, patent applications, and product support material for the PoNS™ device from NHC to A&B and grants to A&B, among other things, an exclusive, perpetual, irrevocable and royalty-free license, with the right to sublicense, to certain NHC technology, as more particularly described in the Strategic Agreement, to market, promote, distribute and sell PoNS™ devices solely within the Territories. Pursuant to the Strategic Agreement, A&B has assumed all development, patent (both application and defense), future manufacturing, clinical trial, and regulatory clearance costs for the Territories. The Company and A&B will share and transfer ownership of any intellectual property or support material (developed by either party) for their respective geographies. In connection with the Strategic Agreement, A&B agreed to provide a credit facility to the Company.

On November 10, 2015, the Company announced that it had issued a convertible promissory note (the "Note") to A&B in connection with the drawdown of US$2.0 million under the Company's US$7.0 million credit facility with A&B (the "A&B Credit Facility"). The Company elected to immediately satisfy the terms of the Note by issuing to A&B: (i) 2,083,333 common shares at a deemed price of US$0.96 per common share; and (ii) 1,041,667 common share purchase warrants, with each warrant entitling A&B to purchase an additional common share at a price of US$1.44 for a period of three years expiring on November 10, 2018.

On December 29, 2015, the Company drew down the remaining US$5.0 million from the A&B Credit Facility in exchange for the issuance to A&B of 5,555,556 common shares at a price of US$0.90 per common share and warrants to purchase 2,777,778 commons shares for a period of three years having an exercise price of US$1.35 per common share. Additionally, pursuant to the terms of the funding commitment from A&B, the Company granted A&B the right to nominate one person to serve on the Board. A&B nominated Dr. Peng and the Board appointed Dr. Peng to fill the new vacancy. The common shares and warrants issued to A&B, and the common shares underlying such warrants, are subject to a four-month statutory hold period.

Pursuant to the terms of the A&B Credit Facility, we have agreed to register the shares of common stock issued under the terms of the Credit Facility upon the request of A&B. A&B currently has beneficial ownership over 11,458,334 shares of our common stock.

Consulting Agreement with Montel Media, Inc.

On April 13, 2016, Montel Media, Inc. ("Montel Media") entered into a consulting agreement, or the Montel Media Consulting Agreement, with the Company to provide consulting services in relation to the promotion of clinical trials as well as ongoing media/marketing strategy. Montel Media is owned by Montel Williams. Mr. Williams is one of three board members of MPJ. The Montel Media Consulting Agreement is valid for a period of 12 months and Montel Media will charge a monthly fee of $15,000. The total projected dollar value of the contract is $180,000. Pursuant to the Montel Media Consulting Agreement, Montel Media will be an independent contractor and subject to the confidentiality provisions contained in the Montel Media Consulting Agreement.

Review, Approval and Ratification of Related Party Transactions

Our Board of Directors has responsibility for establishing and maintaining guidelines relating to any related party transactions between us and any of our officers or directors. Any conflict of interest between a related party and us must be referred to the non-interested directors, if any, for approval. We intend to adopt written guidelines for the board of directors which will set forth the requirements for review and approval of any related party transactions.

PRINCIPAL STOCKHOLDERS

The following table sets forth information relating to the beneficial ownership of our common stock as of May 3, 2016, by:

- Each of our directors and named executive officers;
- All of our directors and executive officers as a group;
- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our outstanding shares of common stock;

The number of shares beneficially owned by each entity, person, director or executive officer is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power as well as any shares that the individual has the right to acquire within 60 days of May 3, 2016 through the exercise of any stock options, warrants or other rights. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock held by that person.

Shares of our common stock that a person has the right to acquire within 60 days of May 3, 2016 are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all directors and executive officers as a group. Unless otherwise indicated in the footnotes to the table, the information presented in this table is based on 82,548,334 shares of our Class A common stock outstanding on May 3, 2016. Unless otherwise indicated below, the address for each beneficial owner listed is c/o Helius Medical Technologies, Suite 400, 41 University Drive, Newtown, PA 18940.

Name and Address of Beneficial Owner	**Amount and Nature of Beneficial Ownership**	
Directors and Named Executive Officers:	**Shares**	**%**
Philippe Deschamps President, Director, and Chief Executive Officer	1,882,329[(1)]	2.2%
Joyce LaViscount Chief Financial Officer and Chief Operating Officer	517,003[(2)]	(*)%
Jonathan Sackier Chief Medical Officer	400,000[(3)]	(*)%
Savio Chiu Director	60,000[(4)]	(*)%
Mitch Tyler Director	400,000[(5)]	(*)%
Edward Straw Director	79,167[(6)]	(*)%
Blane Walter Director	16,667[(7)]	(*)%
Huaizheng Peng Director	16,667[(8)]	(*)%
All executive officers and directors as a group (9 persons):	**4.9%**	

5% or greater stockholders:	Shares	%
MPJ Healthcare, LLC 208 Palmer Aly Newtown, PA 18940	16,035,026(9)	19.4%
Advanced NeuroRehabilitation, LLC 510 Charmany Dr., Suite 175F Madison, WI 53719	16,035,026(10)	19.4%
A&B (HK) Company Limited Unit A, 11th Floor, Chung Pont Commercial Building, 300 Hennessy Road, Wanchai, Hong Kong, P.R.C.	11,458,334(11)	13.9%

*Represents beneficial ownership of less than one percent of our outstanding common stock.

(1) Includes 1,800,000 stock options which are immediately exercisable or which will become exercisable within 60 days, and Warrants to purchase 25,093 shares.

(2) Includes 441,667 stock options which are immediately exercisable or which will become exercisable within 60 days and Warrants to purchase 25,112 shares.

(3) Includes 400,000 stock options which are immediately exercisable or which will become exercisable within 60 days.

(4) Includes 60,000 stock options which are immediately exercisable or which will become exercisable within 60 days.

(5) Includes 400,000 stock options which are immediately exercisable or which will become exercisable within 60 days.

(6) Includes 66,667 stock options which are immediately exercisable or which will become exercisable within 60 days.

(7) Include 16,667 stock options which are immediately exercisable or which will become exercisable within 60 days.

(8) Includes 16,667 stock options which are immediately exercisable or which will become exercisable within 60 days.

(9) Investment and voting decisions for the shares held by MPJ Healthcare, LLC are made by a board of three members, each holding one vote. The three board members are Philippe Deschamps, Jonathan Sackier and Montel Williams. This amount includes 7,215,762 shares held in escrow. The holder has only voting power and no investment power with respect to the escrowed shares.

(10) Investment and voting decisions for shares held by Advanced NeuroRehabilitation, LLC are made by Kurt Kaczmarek, as the managing member. This amount includes 7,215,762 shares held in escrow. The holder has only voting power and no investment power with respect to the escrowed shares.

(11) In a Schedule 13D filed March 4, 2016, each of A&B, A&B Brother Limited (“A&B BVI”), and Dr. Lam Kong disclosed shared investment and dispositive power over 11,458,334 shares. The business address of A&B BVI is Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands. The business address of Dr. Lam Kong is 8/F Bldg. A, Tongfang Information Harbor, No. 11 Langshan Road, Shenzhen Hi-tech Industrial Park, Nanshan District, Shenzhen, P.R.C.

Shares of our Common Stock that are owned by ANR and MPJ are subject to the terms of a Lock-Up Agreement as discussed herein below. Under Rule 144 promulgated under the Securities Act, our officers, directors and beneficial shareholders may sell, subject to the terms of the Lock-Up Agreement, up to one percent (1%) of the total outstanding shares (or an amount of shares equal to the average weekly reported volume of trading during the four calendar weeks preceding the sale) every three months provided that (i) current public information is available about our Company, (ii) the shares have been held for at least one year, (iii) the shares are sold in a broker's transaction or through a market-maker, and (iv) the seller files a Form 144 with the SEC.

SELLING SECURITYHOLDERS

This prospectus covers the resale by the selling securityholders of up to an aggregate of 15,223,675 common shares, comprised of (i) 10,149,115 shares of common stock issued in the Offshore Offering and private placements, and (ii) up to 5,074,560 Warrant Shares issuable upon the exercise of the Warrants, and the resale of up to 5,074,560 Warrants. The following table sets forth information relating to the beneficial ownership of our common stock and Warrants as of May 3, 2016 by each selling securityholder, each of whom received common shares and Warrants in the Offshore Offering or private placements. The common shares and/or Warrants to be offered by the selling securityholders were issued in private placements and offshore transactions by us, each of which was exempt from the registration requirements of the Securities Act. The shares and warrants offered hereby are "restricted" securities under applicable federal and state securities laws and are being registered under the Securities Act, to give the selling securityholders the opportunity to publicly sell these shares and warrants. This prospectus is part of a registration statement on Form S-1 filed by us with the Securities and Exchange Commission under the Securities Act covering the resale of such shares and warrants from time to time by the selling securityholders. No estimate can be given as to the amount or percentage of the common shares or of the Warrants that will be held by the selling securityholders after any sales made pursuant to this prospectus because the selling securityholders are not required to sell any of the common shares or Warrants being registered under this prospectus. The table below assumes that the selling securityholders will sell all of the common shares and Warrants registered in this prospectus.

The number of shares and Warrants beneficially owned by each entity or person is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power as well as any shares that the individual has the right to acquire within 60 days of May 3, 2016 through the exercise of any stock options, warrants or other rights. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock held by that person, and sole investment power with respect to all Warrants held by that person. Unless otherwise stated below in the footnotes, to our knowledge, no selling securityholder nor any affiliate of such securityholder (i) has held any position or office, or has had another material relationship, with us during the three years prior to the date of this prospectus or (ii) is a broker-dealer, or an affiliate of a broker-dealer.

Shares of our common stock that a person has the right to acquire within 60 days of May 3, 2016 are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all directors and executive officers as a group. Unless otherwise indicated in the footnotes to the table, the information presented in this table is based on 82,548,334 shares of our Class A common stock outstanding and 5,152,562 Warrants outstanding on May 3, 2016.

Name of Selling Security Holder[1]	Securities Beneficially Owned Prior to this Offering				Securities to be Sold in the Offering		Securities Beneficially Owned After this Offering			
	Shares	%	Warrants	%	Shares[2]	Warrants	Shares	%	Warrants	%
0818940 BC Ltd.	382,500[3]	(*)	62,500	1.23%	187,500	62,500	195,000	(*)	-	-
2 Chisolm Court Property Inc.	2,246,700[4]	2.72%	250,000	4.93%	750,000	250,000	1,496,700	1.81%	-	-
ACT Capital Partners, L.P.	600,000[5]	(*)	200,000	3.94%	600,000	200,000	-	-	-	-
Aleurone Capital Ltd	7,500[6]	(*)	500	(*)	1,500	500	6,000	(*)	-	-
Alpha Capital Ltd.	664,900[7]	(*)	16,500	(*)	49,500	16,500	615,400	(*)	-	-
Alpha North Asset Management	1,446,400[8]	1.75%	25,000	(*)	75,000	25,000	871,400	1.06%	-	-
Michael Atkinson	37,500[9]	(*)	12,500	(*)	37,500	12,500	-	-	-	-
Jonathan Awde	1,353,840[10]	1.64%	187,500	3.70%	562,500	187,500	791,340	(*)	-	-
Richard Beauchamp and/or Christine Beauchamp	15,000[11]	(*)	5,000	(*)	15,000	5,000	-	-	-	-
Anthony Beruschi	75,000[12]	(*)	25,000	(*)	75,000	25,000	-	-	-	-
BG Corbett Realty Advisors Ltd.	22,500[13]	(*)	7,500	(*)	22,500	7,500	-	-	-	-
Arne Birkeland and/or Emilie Birkeland	7,500[14]	(*)	2,500	(*)	7,500	2,500	-	-	-	-
Paul Borisoff	22,500[15]	(*)	7,500	(*)	22,500	7,500	-	-	-	-
James Borkowski	9,000[16]	(*)	3,000	(*)	9,000	3,000	-	-	-	-
Frank S. Borowicz	336,050[17]	(*)	7,500	(*)	22,500	7,500	313,500	(*)	-	-
Peter Brown	500,000[18]	(*)	100,000	1.97%	300,000	100,000	200,000	(*)	-	-
Caamano Sound Fishing Ltd.	9,000[19]	(*)	3,000	(*)	9,000	3,000	-	-	-	-
Estelle Caplan	67,500[20]	(*)	22,500	(*)	67,500	22,500	-	-	-	-
Cedar Point Capital	362,500[21]	(*)	87,500	1.72%	262,500	87,500	100,000	(*)	-	-
Geordan Chester and/or Barbara Chester	37,500[22]	(*)	12,500	(*)	37,500	12,500	-	-	-	-
Gloria Christilaw	10,500[23]	(*)	3,500	(*)	10,500	3,500	-	-	-	-
Shawn Dahl	105,000[24]	(*)	35,000	(*)	105,000	35,000	-	-	-	-
Ewan Downie	48,750[25]	(*)	16,250	(*)	48,750	16,250	-	-	-	-
Gerhard Drescher	30,000[26]	(*)	10,000	(*)	30,000	10,000	-	-	-	-
David Eaton	1,076,000[27]	1.30%	16,000	(*)	48,000	16,000	1,028,000	1.25%	-	-
Amir L. Ecker	1,050,000[28]	1.27%	100,000	1.97%	300,000	100,000	-	-	-	-
Maria T. Ecker	150,000[29]	(*)	50,000	(*)	150,000	50,000	-	-	-	-

Name of Selling Security Holder[1]	Securities Beneficially Owned Prior to this Offering				Securities to be Sold in the Offering		Securities Beneficially Owned After this Offering			
	Shares	%	Warrants	%	Shares[2]	Warrants	Shares	%	Warrants	%
EDJ Limited	240,000[30]	(*)	30,000	(*)	90,000	30,000	150,000	(*)	-	-
Eldar Investments LLC	95,993[31]	(*)	31,998	(*)	95,993	31,998	-	-	-	-
Empire Masonry Ltd.	157,500[32]	(*)	52,500	1.03%	157,500	52,500	-	-	-	-
Exemplar Global Growth Fund	37,500[33]	(*)	12,500	(*)	37,500	12,500	-	-	-	-
Daniela Fisher	69,750[34]	(*)	23,250	(*)	69,750	23,250	-	-	-	-
Kirk Fisher	471,750[35]	(*)	157,250	3.10%	471,750	157,250	-	-	-	-
Lawrence Fisher	225,000[36]	(*)	75,000	1.48%	225,000	75,000	-	-	-	-
Gordon Green	112,500[37]	(*)	12,500	(*)	37,500	12,500	75,000	(*)	-	-
Michael Gruszczynski	300[38]	(*)	100	(*)	300	100	-	-	-	-
David Halliday and/or Mary Halliday	22,500[39]	(*)	7,500	(*)	22,500	7,500	-	-	-	-
Hirsch Performance Fund	112,500[40]	(*)	37,500	(*)	112,500	37,500	-	-	-	-
Gregory Hunter	197,000[41]	(*)	20,000	(*)	60,000	20,000	137,000	(*)	-	-
Hydra Fund LP	75,000[42]	(*)	25,000	(*)	75,000	25,000	-	-	-	-
Ernie AV Killins	15,000[43]	(*)	5,000	(*)	15,000	5,000	-	-	-	-
Kingdom Management Ltd.	106,000[44]	(*)	10,000	(*)	30,000	10,000	76,000	(*)	-	-
Alan Krawec	300[45]	(*)	100	(*)	300	100	-	-	-	-
Lambda IV, LLC	586,665[46]	(*)	195,555	3.85%	586,665	195,555	-	-	-	-
Luke Norman Consulting Ltd.	850,000[47]	1.03%	150,000	2.96%	450,000	150,000	400,000	(*)	-	-
Joanne Macdonald	6,750[48]	(*)	2,250	(*)	6,750	2,250	-	-	-	-
Andy Macdonald	75,000[49]	(*)	25,000	(*)	75,000	25,000	-	-	-	-
Dick Machin	15,000[50]	(*)	5,000	(*)	15,000	5,000	-	-	-	-
Maple Leaf Offshore, Ltd.	68,513[51]	(*)	22,838	(*)	68,513	22,838	-	-	-	-
Maple Leaf Discovery I, LP	386,541[52]	(*)	128,847	2.54%	386,541	128,847	-	-	-	-
Maple Leaf Partners I, LP	159,863[53]	(*)	53,288	(*)	159,863	53,288	-	-	-	-
Maple Leaf Partners, LP	690,084[54]	(*)	230,028	4.53%	690,084	230,028	-	-	-	-
Derek Martin	228,500[55]	(*)	50,000	(*)	150,000	50,000	78,500	(*)	-	-
Edward Martin	10,500[56]	(*)	3,500	(*)	10,500	3,500	-	-	-	-
Neil McAllister	108,000[57]	(*)	10,000	(*)	30,000	10,000	78,000	(*)	-	-
Peter Nairn McConnachie	3,750[58]	(*)	1,250	(*)	3,750	1,250	-	-	-	-
Brad Mcpherson	375,000[59]	(*)	125,000	2.46%	375,000	125,000	-	-	-	-
MMCAP International Inc.	300,000[60]	(*)	100,000	1.97%	300,000	100,000	-	-	-	-

Name of Selling Security Holder[1]	Securities Beneficially Owned Prior to this Offering				Securities to be Sold in the Offering		Securities Beneficially Owned After this Offering			
	Shares	%	Warrants	%	Shares[2]	Warrants	Shares	%	Warrants	%
Hugh Nash	1,219,900[61]	1.48%	61,000	1.20%	183,000	61,000	1,036,900	1.26%	-	-
Irving Nelson and/or Elaine Nelson	30,000[62]	(*)	10,000	(*)	30,000	10,000	-	-	-	-
Newgen Asset Mangement	75,000[63]	(*)	25,000	(*)	75,000	25,000	-	-	-	-
Fevzi Ogelman	21,750[64]	(*)	7,250	(*)	21,750	7,250	-	-	-	-
Orca Capital GMBH	150,000[65]	(*)	50,000	(*)	150,000	50,000	-	-	-	-
Brian A. Paes-Braga	834,300[66]	(*)	50,000	(*)	150,000	50,000	431,800	(*)	-	-
Parkwood Limited Partnership	37,500[67]	(*)	12,500	(*)	37,500	12,500	-	-	-	-
Jagdip Pawa	75,000[68]	(*)	25,000	(*)	75,000	25,000	-	-	-	-
Debra Petersen	6,000[69]	(*)	2,000	(*)	6,000	2,000	-	-	-	-
Richard Bruce Pierce	307,500[70]	(*)	102,500	2.02%	307,500	102,500	-	-	-	-
Porter Partners, L.P.	1,360,000[71]	1.65%	170,000	3.35%	510,000	170,000	850,000	1.03%	-	-
Private Money Management Inc.	7,500[72]	(*)	2,500	(*)	7,500	2,500	-	-	-	-
Quiet Cove Capital Corp	252,500[73]	(*)	37,500	(*)	112,500	37,500	140,000	(*)	-	-
William A. Randall	105,000[74]	(*)	10,000	(*)	30,000	10,000	75,000	(*)	-	-
Timothy Reynolds	1,500,000[75]	1.82%	500,000	9.85%	1,500,000	500,000	-	-	-	-
Raymond William Roland	121,500[76]	(*)	40,500	(*)	121,500	40,500	-	-	-	-
Ken L. Ronalds	15,000[77]	(*)	5,000	(*)	15,000	5,000	-	-	-	-
Roundtable Capital Partners Inc.	150,000[78]	(*)	50,000	(*)	150,000	50,000	-	-	-	-
Jason Rudd	30,000[79]	(*)	10,000	(*)	30,000	10,000	-	-	-	-
Robert Sali	75,000[80]	(*)	25,000	(*)	75,000	25,000	-	-	-	-
Samara Capital Inc.	37,500[81]	(*)	12,500	(*)	37,500	12,500	-	-	-	-
Sanctum Sanctorum Inc.	700,000[82]	(*)	150,000	2.96%	450,000	150,000	250,000	(*)	-	-
Eric Schwartz	287,978[83]	(*)	95,993	(*)	287,978	95,993	-	-	-	-
Keith Scott and/or Dorothy Scott	15,000[84]	(*)	5,000	(*)	15,000	5,000	-	-	-	-
Frank Seabolt	22,500[85]	(*)	7,500	(*)	22,500	7,500	-	-	-	-
Seabright Investment Consultants	9,000[86]	(*)	3,000	(*)	9,000	3,000	-	-	-	-
Seventeen Developments Inc.	150,000[87]	(*)	50,000	(*)	150,000	50,000	-	-	-	-
David Smalley	9,000[88]	(*)	3,000	(*)	9,000	3,000	-	-	-	-
Francis Leo Spain	75,000[89]	(*)	25,000	(*)	75,000	25,000	-	-	-	-
Sulliden Mining Capital Inc.	750,000[90]	(*)	250,000	4.93%	750,000	250,000	-	-	-	-
Malek Tawashy	18,750[91]	(*)	6,250	(*)	18,750	6,250	-	-	-	-

Name of Selling Security Holder[1]	Securities Beneficially Owned Prior to this Offering				Securities to be Sold in the Offering		Securities Beneficially Owned After this Offering			
	Shares	%	Warrants	%	Shares[2]	Warrants	Shares	%	Warrants	%
Fabrice Taylor	400,000[92]	(*)	50,000	(*)	150,000	50,000	250,000	(*)	-	-
The Ecker Family Partnership	150,000[93]	(*)	50,000	(*)	150,000	50,000	-	-	-	-
The Murray Wealth Group Inc.	30,000[94]	(*)	10,000	(*)	30,000	10,000	-	-	-	-
Benjamin Thomson	7,500[95]	(*)	2,500	(*)	7,500	2,500	-	-	-	-
Trapeze Capital Pension Plan For Bryan Rakusin	90,000[96]	(*)	25,000	(*)	75,000	25,000	15,000	(*)	-	-
Universal Solutions Inc.	54,500[97]	(*)	17,500	(*)	52,500	17,500	2,000	(*)	-	-
Rudolfus Van Den Broek	150,000[98]	(*)	50,000	(*)	150,000	50,000	-	-	-	-
Bryan Velve	75,000[99]	(*)	25,000	(*)	75,000	25,000	-	-	-	-
Carol Vorberg	249,500[100]	(*)	24,500	(*)	73,500	24,500	151,500	(*)	-	-
Ramona Vorberg	406,000[101]	(*)	113,500	2.24%	340,500	113,500	65,500	(*)	-	-
Michael Vrlak	134,300[102]	(*)	25,000	(*)	75,000	25,000	59,300	(*)	-	-
Judith Wallace	10,800[103]	(*)	1,500	(*)	4,500	1,500	6,300	(*)	-	-
Robert Wallace	11,500[104]	(*)	1,500	(*)	4,500	1,500	7,000	(*)	-	-
Brenda Wilkinson	4,688[105]	(*)	1,563	(*)	4,688	1,563	-	-	-	-
Edward Yudin	4,500[106]	(*)	1,500	(*)	4,500	1,500	-	-	-	-

*Represents beneficial ownership of less than one percent of our outstanding common stock.

(1) This table and the information in the notes below is based solely upon information supplied by the selling securityholders.

(2) The amounts in this column include outstanding shares of common stock held by the selling security holders and Warrant Shares underlying Warrants held by the selling securityholders.

(3) Includes 320,000 shares of common stock and 62,500 shares of common stock underlying Warrants. Michael Waldkirch holds voting and investment power over the shares held by 0818940 BC Ltd.

(4) Includes 1,996,700 shares of common stock and 250,000 shares of common stock underlying Warrants. Jonathan Weiner holds voting and investment power over the shares held by 2 Chisolm Court Property Inc.

(5) Includes 400,000 shares of common stock and 200,000 shares of common stock underlying Warrants. Amir L. Ecker and Carol G. Frakenfield share voting and investment power over the shares held by ACT Capital Partners, L.P. Mr. Ecker has beneficial ownership over 1,050,000 shares of common stock and is offering 300,000 shares of common stock and 100,000 Warrants on this prospectus. Mr. Ecker also has voting and investment power over 150,000 shares held by The Ecker Family Partnership being offered on this prospectus.

(6) Includes 7,000 shares of common stock and 500 shares of common stock underlying Warrants. Allan Gajdostik holds voting and investment power over the shares held by Aleurone Capital Ltd.

(7) Includes 274,000 shares of common stock and 16,500 shares of common stock underlying Warrants, and 374,400 shares of common stock underlying warrants. Peter Gruet holds voting and investment power over the shares held by 2 Alpha Capital Ltd.

(8) Includes 921,400 shares of common stock and 50,000 shares of common stock underlying Warrants, and 500,000 shares of common stock underlying warrants. Steve Palmer holds voting and investment power over the shares held by Alpha North Asset Management.

(9) Includes 25,000 shares of common stock and 12,500 shares of common stock underlying Warrants.

(10) Includes 916,340 shares of common stock, 187,500 shares of common stock underlying Warrants, and 250,000 shares of common stock underlying warrants.

(11) Includes 10,000 shares of common stock and 5,000 shares of common stock underlying Warrants.

(12) Includes 50,000 shares of common stock and 25,000 shares of common stock underlying Warrants.

(13) Includes 15,000 shares of common stock and 7,500 shares of common stock underlying Warrants. Bart Corbett holds voting and investment power over the shares held by BG Corbett Realty Advisors Ltd.

(14) Includes 5,000 shares of common stock and 2,500 shares of common stock underlying Warrants.

(15) Includes 15,000 shares of common stock and 7,500 shares of common stock underlying Warrants.

(16) Includes 6,000 shares of common stock and 3,000 shares of common stock underlying Warrants.

(17) Includes 291,300 shares of common stock, 7,500 shares of common stock underlying Warrants and 37,250 shares of common stock underlying warrants.

(18) Includes 400,000 shares of common stock and 100,000 shares of common stock underlying Warrants.

(19) Includes 6,000 shares of common stock and 3,000 shares of common stock underlying Warrants. Russell Arnet holds voting and investment power over the shares held by Caamano Sound Fishing Ltd.

(20) Includes 45,000 shares of common stock and 22,500 shares of common stock underlying Warrants.

(21) Includes 275,000 shares of common stock and 87,500 shares of common stock underlying Warrants. Tank Elsaghir holds voting and investment power over the shares held by Cedar Point Capital.

(22) Includes 25,000 shares of common stock and 12,500 shares of common stock underlying Warrants.

(23) Includes 7,000 shares of common stock and 3,500 shares of common stock underlying Warrants.

(24) Includes 70,000 shares of common stock and 35,000 shares of common stock underlying Warrants.

(25) Includes 32,500 shares of common stock and 16,250 shares of common stock underlying Warrants. Ewan Downie holds these securities in trust for Alysha Downie.

(26) Includes 20,000 shares of common stock and 10,000 shares of common stock underlying Warrants.

(27) Includes 1,060,000 shares of common stock and 16,000 shares of common stock underlying Warrants.

(28) Includes 950,000 shares of common stock and 100,000 shares of common stock underlying Warrants. Mr. Ecker also has shared voting and investment power over 600,000 shares held by ACT Capital Partners, L.P. being offered on this prospectus and sole voting and investment power over 150,000 shares held by The Ecker Family Partnership being offered on this prospectus.

(29) Includes 100,000 shares of common stock and 50,000 shares of common stock underlying Warrants.

(30) Includes 210,000 shares of common stock and 30,000 shares of common stock underlying Warrants. Jeffrey H. Porter holds voting and investment power over the shares held by EDJ Limited. Mr. Porter also has voting and investment power over 1,360,000 shares held by Porter Partners, L.P. of which 510,000 are being offered on this prospectus.

(31) Includes 63,995 shares of common stock and 31,998 shares of common stock underlying Warrants. Charles Sidman holds voting and investment power over the shares held by Eldar Investments LLC.

(32) Includes 105,000 shares of common stock and 52,500 shares of common stock underlying Warrants. Robert Marwood holds voting and investment power over the shares held by Empire Masonry Ltd.

(33) Includes 25,000 shares of common stock and 12,500 shares of common stock underlying Warrants. Mike Wilkinson holds voting and investment power over the shares held by Exemplar Global Growth Fund. Mr. Wilkinson also holds voting and investment power over 112,500 shares held by Hirsh Performance Fund that are being offered on this Prospectus.

(34) Includes 46,500 shares of common stock and 23,250 shares of common stock underlying Warrants.

(35) Includes 314,500 shares of common stock and 157,250 shares of common stock underlying Warrants.

(36) Includes 150,000 shares of common stock and 75,000 shares of common stock underlying Warrants.

(37) Includes 75,000 shares of common stock, 12,500 shares of common stock underlying Warrants, and 25,000 shares of common stock underlying warrants.

(38) Includes 200 shares of common stock and 100 shares of common stock underlying Warrants.

(39) Includes 15,000 shares of common stock and 7,500 shares of common stock underlying Warrants.

(40) Includes 75,000 shares of common stock and 37,500 shares of common stock underlying Warrants. Mike Wilkinson holds voting and investment power over the shares held by Hirsch Performance Fund. Mr. Wilkinson also holds voting and investment power over 37,500 shares held by Exemplar Global Growth Fund that are being offered on this Prospectus.

(41) Includes 177,000 shares of common stock and 20,000 shares of common stock underlying Warrants.

(42) Includes 50,000 shares of common stock and 25,000 shares of common stock underlying Warrants. Brian McLaughlin holds voting and investment power over the shares held by Hydra Fund LP.

(43) Includes 10,000 shares of common stock and 5,000 shares of common stock underlying Warrants.

(44) Includes 96,000 shares of common stock and 10,000 shares of common stock underlying Warrants. Mark Cornwall holds voting and investment power over the shares held by Kingdom Management Ltd.

(45) Includes 200 shares of common stock, 100 shares of common stock underlying Warrants.

(46) Includes 391,110 shares of common stock and 195,555 shares of common stock underlying Warrants. Anthony M. Lamport holds voting and investment power over the shares held by Lambda IV, LLC.

(47) Includes 700,000 shares of common stock and 150,000 shares of common stock underlying Warrants. Luke Norman holds voting and investment power over the shares held by Luke Norman Consulting Ltd.

(48) Includes 4,500 shares of common stock and 2,250 shares of common stock underlying Warrants.

(49) Includes 50,000 shares of common stock and 25,000 shares of common stock underlying Warrants.

(50) Includes 10,000 shares of common stock and 5,000 shares of common stock underlying Warrants.

(51) Includes 45,675 shares of common stock and 22,838 shares of common stock underlying Warrants. Dane Andreeff holds voting and investment power over the shares held by Maple Leaf Offshore, Ltd. Mr. Andreeff also has voting and investment power over 159,863 shares held by Maple Leaf Partners I, LP being offered on this prospectus, 690,084 shares held by Maple Leaf Partners LP being offered on this prospectus, and 386,541 shares held by Maple Leaf Discovery I, LP being offered on this prospectus.

(52) Includes 257,694 shares of common stock and 128,847 shares of common stock underlying Warrants. Dane Andreeff holds voting and investment power over the shares held by Maple Leaf Discovery I, LP. Mr. Andreeff also has voting and investment power over 159,863 shares held by Maple Leaf Partners I, LP being offered on this prospectus, 690,084 shares held by Maple Leaf Partners LP being offered on this prospectus and 68,513 shares held by Maple Leaf Offshore, Ltd. being offered on this prospectus.

(53) Includes 106,575 shares of common stock and 53,288 shares of common stock underlying Warrants. Dane Andreeff holds voting and investment power over the shares held by Maple Leaf Partners I LP. Mr. Andreeff also has voting and investment power over 386,541 shares held by Maple Leaf Discovery I, LP being offered on this prospectus, 690,084 shares held by Maple Leaf Partners LP being offered on this prospectus and 68,513 shares held by Maple Leaf Offshore, Ltd. being offered on this prospectus.

(54) Includes 690,084 shares of common stock and 230,028 shares of common stock underlying Warrants. Dane Andreeff holds voting and investment power over the shares held by Maple Leaf Partners LP. Mr. Andreeff also has voting and investment power over 159,863 shares held by Maple Leaf Partners I LP being offered on this prospectus, 386,541 shares held by Maple Leaf Discovery I, LP being offered on this prospectus and 68,513 shares held by Maple Leaf Offshore, Ltd. being offered on this prospectus.

(55) Includes 178,500 shares of common stock and 50,000 shares of common stock underlying Warrants.

(56) Includes 7,000 shares of common stock and 3,500 shares of common stock underlying Warrants.

(57) Includes 73,000 shares of common stock, 10,000 shares of common stock underlying Warrants, and 25,000 shares of common stock underlying warrants.

(58) Includes 2,500 shares of common stock and 1,250 shares of common stock underlying Warrants.

(59) Includes 250,000 shares of common stock and 125,000 shares of common stock underlying Warrants.

(60) Includes 200,000 shares of common stock and 100,000 shares of common stock underlying Warrants. Matthew MacIsaac holds voting and investment power over the shares held by MMCAP International Inc.

(61) Includes 948,000 shares of common stock, 61,000 shares of common stock underlying Warrants, and 210,900 shares of common stock underlying warrants. Mr. Nash may be deemed to be an affiliate of a broker-dealer. Mr. Nash acquired the shares and Warrants being registered hereunder in the ordinary course of business, and at the time of the acquisition of the shares and Warrants described herein, Mr. Nash did not have any arrangements or understandings with any person to distribute such securities.

(62) Includes 20,000 shares of common stock and 10,000 shares of common stock underlying Warrants.

(63) Includes 50,000 shares of common stock and 25,000 shares of common stock underlying Warrants. David Dattels holds voting and investment power over the shares held by Newgen Asset Mangement.

(64) Includes 14,500 shares of common stock and 7,250 shares of common stock underlying Warrants.

(65) Includes 100,000 shares of common stock and 50,000 shares of common stock underlying Warrants. Roman Grodon holds voting and investment power over the shares held by Orca Capital GMBH (“Orca”). Orca is a registered broker-dealer in Germany. Orca acquired the shares and Warrants being registered hereunder in the ordinary course of business, and at the time of the acquisition of the shares and Warrants described herein, Orca did not have any arrangements or understandings with any person to distribute such securities.

(66) Includes 784,300 shares of common stock and 50,000 shares of common stock underlying Warrants. Mr. Paes-Braga also has voting and investment power over 112,500 shares held by Quiet Cove Capital Corp being offered on this prospectus.

(67) Includes 25,000 shares of common stock and 12,500 shares of common stock underlying Warrants. Dan Sternberg holds voting and investment power over the shares held by Parkwood Limited Partnership.

(68) Includes 50,000 shares of common stock and 25,000 shares of common stock underlying Warrants.

(69) Includes 4,000 shares of common stock and 2,000 shares of common stock underlying Warrants.

(70) Includes 205,000 shares of common stock and 102,500 shares of common stock underlying Warrants.

(71) Includes 1,190,000 shares of common stock and 170,000 shares of common stock underlying Warrants. Jeffrey H. Porter holds voting and investment power over the shares held by Porter Partners, L.P. Mr. Porter also has voting and investment power over 240,000 shares held by EDJ Limited of which 90,000 are being offered on this prospectus.

(72) Includes 5,000 shares of common stock and 2,500 shares of common stock underlying Warrants. Bruce McConnachie holds voting and investment power over the shares held by Private Money Management Inc. (“Private Money Management”). Bruce McConnachie, the beneficial owner of Private Money Management, may be deemed to be an affiliate of a broker-dealer. Private Money Management acquired the shares and Warrants being registered hereunder in the ordinary course of business, and at the time of the acquisition of the shares and Warrants described herein, Private Money Management did not have any arrangements or understandings with any person to distribute such securities.

(73) Includes 215,000 shares of common stock and 37,500 shares of common stock underlying Warrants. Brian Paes-Braga holds voting and investment power over the shares held by Quiet Cove Capital Corp. Mr. Paes-Braga also beneficially owns 834,300 shares of common stock and is offering 150,000 shares on this prospectus.

(74) Includes 75,000 shares of common stock, 10,000 shares of common stock underlying Warrants and 20,000 shares of common stock underlying warrants.

(75) Includes 1,000,000 shares of common stock and 500,000 shares of common stock underlying Warrants.

(76) Includes 81,000 shares of common stock and 40,500 shares of common stock underlying Warrants.

(77) Includes 10,000 shares of common stock and 5,000 shares of common stock underlying Warrants.

(78) Includes 100,000 shares of common stock and 50,000 shares of common stock underlying Warrants. James Allan holds voting and investment power over the shares held by Roundtable Capital Partners Inc.

(79) Includes 20,000 shares of common stock and 10,000 shares of common stock underlying Warrants.

(80) Includes 50,000 shares of common stock and 25,000 shares of common stock underlying Warrants.

(81) Includes 25,000 shares of common stock and 12,500 shares of common stock underlying Warrants. Ben Cubitt holds voting and investment power over the shares held by Samara Capital Inc.

(82) Includes 550,000 shares of common stock and 150,000 shares of common stock underlying Warrants. Nadine Taylor holds voting and investment power over the shares held by Sanctum Sanctorum Inc.

(83) Includes 191,985 shares of common stock and 95,993 shares of common stock underlying Warrants.

(84) Includes 10,000 shares of common stock and 5,000 shares of common stock underlying Warrants.

(85) Includes 15,000 shares of common stock and 7,500 shares of common stock underlying Warrants.

(86) Includes 6,000 shares of common stock and 3,000 shares of common stock underlying Warrants. James Kungle holds voting and investment power over the shares held by Seabright Investment Consultants.

(87) Includes 100,000 shares of common stock and 50,000 shares of common stock underlying Warrants. Jim Lebedovich holds voting and investment power over the shares held by Seventeen Developments Inc.

(88) Includes 6,000 shares of common stock and 3,000 shares of common stock underlying Warrants.

(89) Includes 50,000 shares of common stock and 25,000 shares of common stock underlying Warrants.

(90) Includes 500,000 shares of common stock and 250,000 shares of common stock underlying Warrants. Justin Reid and Deborah Battison hold voting and investment power over the shares held by Sulliden Mining Capital Inc.

(91) Includes 12,500 shares of common stock and 6,250 shares of common stock underlying Warrants.

(92) Includes 350,000 shares of common stock and 50,000 shares of common stock underlying Warrants.

(93) Includes 100,000 shares of common stock and 50,000 shares of common stock underlying Warrants. Amir Ecker holds voting and investment power over the shares held by The Ecker Family Partnership. Mr. Ecker also beneficially owns 1,050,000 shares of common stock and is offering 300,000 shares on this prospectus and has shared voting and investment power over 600,000 shares held by ACT Capital Partners, L.P. being offered on this prospectus.

(94) Includes 20,000 shares of common stock and 10,000 shares of common stock underlying Warrants. Bruce Murray holds voting and investment power over the shares held by The Murray Wealth Group Inc.

(95) Includes 5,000 shares of common stock and 2,500 shares of common stock underlying Warrants.

(96) Includes 65,000 shares of common stock and 25,000 shares of common stock underlying Warrants. Bryan Rakusin holds voting and investment power over the shares held by Trapeze Capital Pension Plan For Bryan Rakusin.

(97) Includes 37,000 shares of common stock and 17,500 shares of common stock underlying Warrants. Richard Silas holds voting and investment power over the shares held by Universal Solutions Inc.

(98) Includes 100,000 shares of common stock and 50,000 shares of common stock underlying Warrants.

(99) Includes 50,000 shares of common stock and 25,000 shares of common stock underlying Warrants.

(100) Includes 174,500 shares of common stock, 24,500 shares of common stock underlying Warrants, and 50,500 shares underlying warrants.

(101) Includes 272,500 shares of common stock and 113,500 shares of common stock underlying Warrants and 20,000 shares underlying warrants.

(102) Includes 109,300 shares of common stock and 25,000 shares of common stock underlying Warrants.

(103) Includes 9,300 shares of common stock and 1,500 shares of common stock underlying Warrants.

(104) Includes 10,000 shares of common stock and 1,500 shares of common stock underlying Warrants.

(105) Includes 3,125 shares of common stock and 1,563 shares of common stock underlying Warrants.

(106) Includes 3,000 shares of common stock and 1,500 shares of common stock underlying Warrants.

PLAN OF DISTRIBUTION

The selling securityholders may, from time to time, sell, transfer, or otherwise dispose of any or all of their Shares or Warrants on any stock exchange, market, or trading facility on which the Shares or Warrants are traded or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices. The selling securityholders may use any one or more of the following methods when disposing of Shares or Warrants:

- on any national securities exchange or quotation service on which the Shares or Warrants may be listed or quoted at the time of sale;
- in the over-the-counter market;
- in the transactions otherwise than on these exchanges or systems or in the over-the-counter market;
- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales;
- through the listing or settlement of options or other hedging transactions, whether such options are listed on an options exchange or otherwise;
- broker-dealers may agree with the selling securityholders to sell a specified number of such Shares or Warrants at a stipulated price;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The selling securityholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus.

If the selling securityholders effect such transactions by selling Shares or Warrants to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions, or commissions from the selling securityholders or commissions from purchasers of the Shares or Warrants for whom they may act as agent or to whom they may sell as principal (which discounts, concessions, or commissions as to particular underwriters, broker-dealers or agents may be in excess of those customary in the types of transactions involved). In connection with sales of the Shares or Warrants, the selling securityholders may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the shares of common stock in the course of hedging in positions they assume. The selling securityholders may also sell shares of common stock short and deliver Shares to close out short positions and to return borrowed shares in connection with such short sales. The selling securityholders may also loan or pledge shares of common stock to broker-dealers that in turn may sell such shares.

The selling securityholders and any broker-dealers or agents participating in the distribution of the shares of common stock may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such distributions. In such event, any commissions received, or any discounts or concessions allowed to, such broker-dealers or agents may be deemed to be underwriting commissions or discounts under the Securities Act. At the time a particular offering of the shares of common stock is made, a prospectus supplement, if required, will be distributed which will set forth the aggregate amount of shares of common stock being offered and the terms of the offering, including the name or names of any broker-dealers or agents, any discounts, commissions and other terms constituting compensation from the selling securityholders and any discounts, commissions or concessions allowed or re-allowed or paid to broker-dealers.

Under the securities laws of some states, the Shares and Warrants may be sold in such states only through registered or licensed brokers or dealers. In addition, in some states the Shares and Warrants may not be sold unless such Shares and Warrants have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

Our shares of Class A common stock were approved for listing on the TSX on April 18, 2016. However, some of our shares of common stock were issued in the Offshore Offering in transactions exempt from the registration requirements of the Securities Act and are listed under a separate ticker symbol for trading on the TSX. These shares of common stock are subject to restrictions on their re-sale to a U.S. person (as that term is defined in Regulation S), or to a person in the United States, unless in a registered transaction or pursuant to an applicable safe harbor or exemption from registration. Our Warrants were also approved for listing on the TSX on April 18, 2016. However, because only the Warrants issued in the Offshore Offering in transactions exempt from the registration requirements of the Securities Act were approved for listing on the TSX, the Warrants listed on the TSX may not be purchased by or on behalf of a U.S. person, or by a person in the United States, unless in a registered transaction or pursuant to an applicable safe harbor or exemption from registration.

There can be no assurance that any selling securityholder will sell any or all of the Shares and Warrants registered pursuant to the shelf registration statement of which this prospectus forms a part.

The selling securityholders and any other person participating in such distribution will be subject to applicable provisions of the Exchange Act, and the rules and regulations thereunder, including, without limitation, the anti-manipulation rules of Regulation M of the Exchange Act, which may limit the timing of purchases and sales of any of the shares of common stock by the Selling Securityholders and any other participating person. Regulation M may also restrict the ability of any person engaged in the distribution of the shares of common stock to engage in market-making activities with respect to the shares of common stock. All of the foregoing may affect the marketability of the shares of common stock and the ability of any person or entity to engage in market-making activities with respect to the shares of common stock.

In addition, to the extent applicable we will make copies of this prospectus (as it may be supplemented or amended from time to time) available to the selling securityholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling securityholders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act. We have agreed to indemnify the selling securityholders against liabilities to the extent such liabilities arise from an untrue statement or alleged untrue statement in a registration statement or prospectus filed under the Securities Act.

Once effective, we have agreed to use commercially reasonable efforts to keep such registration under the Securities Act continuously effective until the earlier of the following: (a) the date on which the selling securityholders cease to hold any Shares and Warrants or (b) the date all Shares and Warrants may be sold without restriction under Rule 144, including without limitation, any volume and manner of sale restrictions. Once sold under this registration statement of which this prospectus forms a part, the Shares and Warrants will be freely tradable in the hands of persons other than our affiliates.

The SEC has adopted regulations which generally define "penny stock" to be any equity security that has a market price (as defined) of less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "institutional accredited investors." The term "institutional accredited investor" refers generally to those accredited investors who are not natural persons and fall into one of the categories of accredited investor specified in subparagraphs (1), (2), (3), (7) or (8) of Rule 501 of Regulation D promulgated under the Securities Act, including institutions with assets in excess of $5,000,000.

The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form required by the SEC, and impose a waiting period of two business days before effecting the transaction. The risk disclosure document provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account.

The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction.

These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

DESCRIPTION OF CAPITAL STOCK

General

The following description of our capital stock is intended as a summary only. We refer you to our amended and restated articles of incorporation and amended and restated bylaws which have been filed as exhibits to the registration statement of which this prospectus is a part, and to the applicable provisions of the Wyoming General Corporation Law. We refer in this section to our amended and restated articles of incorporation as our articles of incorporation, and we refer to our amended and restated bylaws as our bylaws. The description of our capital stock reflects changes to our capital structure that will occur upon the closing of this offering.

Our authorized capital stock consists of an unlimited number of shares of Class A common stock, without par value. As of May 3, 2016, there were 82,548,334 shares of our Class A common stock issued and outstanding.

Class A Common Stock

Voting Rights. Holders of our common stock are entitled to receive notice of and attend any general meeting of the Company. In addition, holders of our common stock shall have the right to vote at any such meeting on the basis of one vote for each such share held.

Dividend Rights. Holders of our common stock shall, in the absolute discretion of the board of directors, be entitled to receive dividends as and when declared by the directors out of monies of the Company properly applicable to the payment of dividends. We have never declared or paid any cash dividends on our common stock. We currently intend to retain future earnings, if any, to finance the expansion of our business. As a result, we do not anticipate paying any cash dividends in the foreseeable future.

Conversion or Redemption Rights. Our common stock is neither convertible nor redeemable.

Liquidation Rights. In the event of the liquidation, dissolution or winding-up of the Company or other distribution of assets of the Company for the purpose of winding-up its affairs or upon a reduction of capital the holders of our common stock shall share equally, share for share, in the assets and property of the Company.

Rights and Preferences. Holders of our common stock have no pre-emptive rights, no conversion rights and there are no redemption provisions applicable to our common stock.

Warrants

As of May 2, 2016, we had Warrants outstanding to purchase a total of 5,152,562 shares of our Class A common stock for CAD$1.50 per share (US$1.18 per share at the noon exchange rate as published by the Bank of Canada on May 3, 2016), of which 5,074,560 are being offered pursuant to this prospectus. The Warrants expire April 18, 2019.

The exercise price per common share and the number of common shares issuable upon exercise of the Warrants is subject to adjustment upon the occurrence of certain events including, but not limited to, the following:

- the issuance to all, or substantially all, of the Company's shareholders of a stock dividend;
- the subdivision or reduction of the Company's common shares into a greater or smaller number of common shares, as applicable;
- the reorganization of the Company or the consolidation or merger or amalgamation of the Company with or into another body corporate; and
- a reclassification or other similar change to the Company's outstanding common shares.

Upon the holder's exercise of a Warrant, we will issue the common shares issuable upon exercise of the Warrant within five (5) business days following our receipt of notice of exercise and payment of the exercise price, subject to surrender of the Warrant. Prior to the exercise of any warrants to purchase common shares, holders of the Warrants, or any other warrant will not have any of the rights of holders of the common shares purchasable upon exercise, including the right to vote or to receive any payments of dividends on the common shares purchasable upon exercise. If upon the exercise of a Warrant the issuance of Warrant Shares pursuant to such exercise for cash would not be permitted by applicable law, then the Warrant may be exercised on a "cashless" basis pursuant to the terms of the warrant indenture.

In addition to the Warrants, as of May 2, 2016 we had additional warrants outstanding to purchase 12,908,609 shares of our Class A common stock with a weighted average exercise price of $1.62.

Compensation Options

As of May 2, 2016 we had compensation options outstanding which are exercisable to purchase a total of 501,457 units, each unit consisting of one share of our Class A common stock and one half of one common share purchase warrant. Each compensation option will entitle the holder thereof to acquire one unit at a price of CAD$1.00 per unit until April 18, 2018.

Stock Options

As of May 2, 2016, options to purchase 6,675,360 shares of our common stock with a weighted average exercise price of $1.08 per share, were outstanding. Many of these options are subject to vesting that generally occurs over a period of up to five years following the date of grant.

Anti-Takeover Effects of Our Articles of Incorporation and Wyoming General Corporation Law

Our Articles of Incorporation provide for unlimited authorized shares of our Class A common stock. Our authorized but unissued shares of common stock will be available for future issuance without stockholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of unlimited authorized but unissued shares of common stock could render more difficult or discourage an attempt to obtain control of a majority of our Class A common stock by means of a proxy contest, tender offer, merger or otherwise.

Though not now, we may be or in the future we may become subject to Wyoming's control share law. The law focuses on the acquisition of a "controlling interest" which means the ownership of outstanding voting shares sufficient, but for the control share law, to enable the acquiring person to exercise the following proportions of the voting power of the corporation in the election of directors: (i) one-fifth or more but less than one-third, (ii) one-third or more but less than a majority, or (iii) a majority or more. The ability to exercise such voting power may be direct or indirect, as well as individual or in association with others. The effect of the control share law is that the acquiring person, and those acting in association with it, obtains only such voting rights in the control shares as are conferred by a resolution of the stockholders of the corporation, approved at a special or annual meeting of stockholders. The control share law contemplates that voting rights will be considered only once by the other stockholders. Thus, there is no authority to strip voting rights from the control shares of an acquiring person once those rights have been approved. If the stockholders do not grant voting rights to the control shares acquired by an acquiring person, those shares do not become permanent non-voting shares. The acquiring person is free to sell its shares to others. If the buyers of those shares themselves do not acquire a controlling interest, their shares do not become governed by the control share law. If control shares are accorded full voting rights and the acquiring person has acquired control shares with a majority or more of the voting power, any stockholder of record, other than an acquiring person, who has not voted in favor of approval of voting rights is entitled to demand fair value for such stockholder's shares.

Wyoming's control share law may have the effect of discouraging takeovers of the corporation. In addition to the control share law, Wyoming has a business combination law which prohibits certain business combinations between Wyoming corporations and "interested stockholders" for three years after the "interested stockholder" first becomes an "interested stockholder," unless the corporation's board of directors approves the combination in advance. For purposes of Wyoming law, an "interested stockholder" is any person who is (i) the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding voting shares of the corporation, or (ii) an affiliate or associate of the corporation and at any time within the three previous years was the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the then outstanding shares of the corporation. The definition of the term "business combination" is sufficiently broad to cover virtually any kind of transaction that would allow a potential acquiror to use the corporation's assets to finance the acquisition or otherwise to benefit its own interests rather than the interests of the corporation and its other stockholders. The effect of Wyoming's business combination law is to potentially discourage parties interested in taking control of the Company from doing so if it cannot obtain the approval of our board of directors.

Lock-Up Agreements

In connection with the recent unregistered financing transaction, MPJ and ANR each entered into six-month lock-up agreements with the Agent with respect to the shares of our common stock held by MPJ and ANR, respectively. Each of ANR and MPJ have beneficial ownership over 16,035,026 shares of our common stock, an aggregate of approximately 39% of our outstanding common stock. The lock-up agreements contain certain customary carve-outs.

Registration Rights Agreement with A&B

Pursuant to the terms of the A&B Credit Facility, we have agreed to register the shares of common stock issued under the terms of the Credit Facility upon the request of A&B. A&B currently has beneficial ownership over 11,458,334 shares of our common stock.

Incentive Plans

We have filed a Form S-8 registration statement under the Securities Act to register shares of our common stock issued or reserved for issuance under the June 2014 Stock Incentive Plan. The Form S-8 registration statement became effective immediately upon filing, and shares covered by that registration statement are eligible for sale in the public markets, subject to vesting restrictions, the lock-up agreements described above, and Rule 144 limitations applicable to affiliates. For a more complete discussion of our stock incentive plan, see “Executive and Director Compensation – June 2014 Stock Incentive Plan.”

Transfer Agent and Registrar

Our transfer agent and the registrar for the Company is Computershare Investor Services Inc. located at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 and 510 Burrard Street, 2nd Floor, Vancouver, British Columbia, V6C 3B4.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS FOR U.S. HOLDERS AND NON-U.S. HOLDERS OF OUR COMMON STOCK AND WARRANTS

The following discussion is a summary of the material U.S. federal income tax consequences to U.S. Holders and Non-U.S. Holders (each as defined below and, together "Holders") of the purchase, ownership and disposition of our Securities. This does not purport to be a complete analysis of all potential tax effects to Holders of Securities. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or foreign tax laws are not included in this discussion, and Holders should consult their own tax advisors as to these matters. This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), final, temporary and proposed Treasury Regulations promulgated thereunder, judicial decisions and administrative pronouncements of the Internal Revenue Service (the "IRS"), in effect as of the date of this offering. These authorities may change or be subject to differing interpretations. Any such change may be applied retroactively in a manner that could adversely affect a Holder. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance that the IRS or a court will not take a contrary position regarding the tax consequences of the purchase, ownership and disposition of Securities.

This discussion is limited to Holders that hold Securities as "capital assets" within the meaning of Section 1221 of the Code (generally, property held for investment) and that did not purchase our common stock and Warrants directly from us in the form of investment units in the Offshore Offering and private placement. This discussion does not address all U.S. federal income tax consequences relevant to a Holder's particular circumstances, including the impact of the unearned income Medicare contribution tax. In addition, it does not address consequences relevant to Holders subject to special rules, including, without limitation:

- banks, insurance companies and other financial institutions;
- real estate investment trusts or regulated investment companies;
- brokers, dealers or traders in securities;
- "controlled foreign corporations," "passive foreign investment companies" and corporations that accumulate earnings to avoid U.S. federal income tax;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes;
- tax-exempt organizations or governmental organizations;
- persons who hold or receive our common stock or Warrants pursuant to the exercise of any employee stock option or otherwise as compensation;
- tax-qualified retirement plans;
- U.S. expatriates and certain former citizens or long-term residents of the United States;
- U.S. Holders whose functional currency is not the United States dollar;
- persons holding our common stock or Warrants as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment; and
- persons subject to the alternative minimum tax.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our common stock or Warrants, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock or Warrants and the partners in such partnerships should consult their own tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT INTENDED AS TAX ADVICE. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK OR WARRANTS ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

U.S. Holders

For purposes of this discussion, a "U.S. Holder" is any beneficial owner of Securities that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (i) is subject to the primary supervision of a U.S. court and the control of one or more U.S. persons (within the meaning of Section 7701(a)(30) of the Code), or (ii) has made a valid election under applicable Treasury Regulations to continue to be treated as a U.S. person.

If you are not a U.S. Holder, this section does not apply to you. Please see the discussion under "Non-U.S. Holders" below.

Distributions on Common Stock

As described in the section captioned "Dividend Policy," we do not anticipate declaring or paying distributions to Holders of our common stock in the foreseeable future. Any cash distributions we make to U.S. Holders of shares of our common stock generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of current and accumulated earnings and profits will constitute a return of capital that will be applied against and reduce (but not below zero) the U.S. Holder's adjusted tax basis in our common stock. Any remaining excess will be treated as gain realized on the sale or other disposition of the common stock and will be treated as described under "U.S. Holders—Sale or Other Taxable Disposition of Common Stock or Warrants" below.

Dividends we pay to a U.S. Holder that is a taxable corporation generally will qualify for the dividends received deduction if the requisite holding period is satisfied. With certain exceptions (including, but not limited to, dividends treated as investment income for purposes of investment interest deduction limitations), and provided the common shares are held for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and certain other holding period requirements are met, dividends we pay to a non-corporate U.S. Holder generally will constitute "qualified dividends" that will be subject to tax at the maximum tax rate accorded to long-term capital gains. Dividends paid by us will generally be treated as income from U.S. sources. U.S. Holders should consult their own tax advisors regarding the holding period and other requirements that must be satisfied in order to qualify for the reduced maximum tax rate on dividends.

To the extent distributions are paid in a currency other than the U.S. dollar, for the purposes of applying the above, the amount of a distribution generally will be translated into U.S. dollars based on applicable currency exchange rates at the time the distribution is actually or constructively received by the U.S. Holder, regardless of whether the distribution is converted into U.S. dollars on the date of receipt. If the distribution is converted into U.S. dollars on the date of receipt, a U.S. Holder generally will not be required to recognize foreign currency gain or loss in respect of the distribution. A U.S. Holder's tax basis in the foreign currency received will equal the U.S. dollar amount included in income. Any gain or loss realized by a U.S. Holder on a subsequent conversion of the foreign currency for a different U.S. dollar amount generally will be U.S. source ordinary income or loss.

Sale or Other Taxable Disposition of Common Stock or Warrants

Upon a sale, exchange or other taxable disposition of a Security, a U.S. Holder generally will recognize capital gain or loss in an amount equal to the difference between the amount realized and the U.S. Holder's adjusted tax basis in the Security. Generally, the amount of gain or loss recognized will be an amount equal to the difference between (i) the sum of the amount of cash and the fair market value of any property received in such disposition, translated into U.S. dollars based on applicable currency exchange rates at the time such amounts are received or accrued, and (ii) the U.S. Holder's adjusted tax basis in its disposed common stock or Warrants. A U.S. Holder's adjusted tax basis in the common stock or Warrants generally will equal the U.S. Holder's acquisition cost of such security (translated into U.S. dollars based on applicable currency exchange rates at the time of the acquisition) less, in the case of common stock and as described further below, the U.S. dollar value of any prior distributions treated as a return of capital on such stock. If a U.S. Holder purchases or sells common stock and Warrants together in a single transaction in which the purchase price for each of the common stock and Warrants was not separately stated, the U.S. Holder generally would be required to allocate the purchase price among the subject common shares and Warrants so acquired or disposed of, as applicable, based on the relative fair market values of each (at the time of the acquisition or disposition, as applicable). U.S. Holders who purchase or sell common stock and Warrants in a single transaction should consult with their tax advisors regarding such allocation.

Any such capital gain or loss generally will be long-term capital gain or loss if the U.S. Holder's holding period for the Securities disposed of exceeds one year. Long-term capital gains recognized by non-corporate U.S. Holders will be eligible to be taxed at reduced rates. The deductibility of capital losses is subject to limitations.

Exercise or Lapse of a Warrant

A U.S. Holder generally will not recognize taxable gain or loss on the acquisition of common stock upon exercise of a Warrant. The U.S. Holder's aggregate tax basis in the share of our common stock received upon exercise of a Warrant generally will be an amount equal to the sum of the U.S. Holder's tax basis in the Warrant prior to exercise and the Warrant exercise price (translated into U.S. dollars based on applicable currency exchange rates at the time of exercise). The U.S. Holder's holding period for the common stock received upon exercise of a Warrant generally will begin on the date following the date of exercise of the Warrant and will not include the period during which the U.S. Holder held the Warrant. If a Warrant lapses unexercised, a U.S. Holder generally will recognize a capital loss equal to such Holder's tax basis in the Warrant, which will be long-term capital loss if the Warrant was held by the U.S. Holder for more than one year.

Net investment income tax

An additional 3.8% tax is imposed on the "net investment income" of non-corporate U.S. Holders, and on the undistributed "net investment income" of certain estates and trusts. Among other items, "net investment income" generally includes dividends paid on our common stock and certain net gain from the sale or other taxable disposition of Securities, less certain deductions. U.S. Holders should consult their own tax advisors concerning the potential effect, if any, of this tax on holding Securities in such U.S. Holder's particular circumstances.

Backup withholding and information reporting

For non-corporate U.S. Holders, information reporting requirements, on IRS Form 1099, generally will apply to:

- dividend payments or other taxable distributions on our common stock made to the non-corporate U.S. Holder within the United States or by a United States payor; and

- the payment of proceeds to the non-corporate U.S. Holder from the sale of a share of common stock or Warrants effected at a United States office of a broker or through certain U.S.-related financial intermediaries.
- Additionally, backup withholding may apply to such payments if the non-corporate U.S. Holder:
- fails to provide an accurate taxpayer identification number;
- is notified by the IRS that it has failed to report all interest and dividends required to be shown on its U.S. federal income tax returns; or
- in certain circumstances, fails to comply with applicable certification requirements.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-corporate U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Non-U.S. Holders

For purposes of this discussion, a Non-U.S. Holder is a beneficial owner of Securities that, for U.S. federal income tax purposes, is neither a U.S. Holder (as defined above) nor a partnership or other pass-through entity. If you are not a Non-U.S. Holder, this section does not apply to you.

Distributions on Common Stock

As described in the section captioned "Dividend Policy," we do not anticipate declaring or paying distributions to Holders of our common stock in the foreseeable future. Any distributions we make on our common stock in cash will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles.

Subject to the discussion below regarding backup withholding and payments made to certain foreign accounts, dividends paid to a Non-U.S. Holder of our common stock that are not effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate as may be specified by an applicable income tax treaty).

Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a Non-U.S. Holder's adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below under "Non-U.S. Holders – Sale or Other Taxable Disposition of Common Stock or Warrants."

To the extent distributions are paid in a currency other than the U.S. dollar, for the purposes of applying the above, the amount of a distribution (and any related withholding obligation) generally will be translated into U.S. dollars based on applicable currency exchange rates at the time the distribution is paid to the Non-U.S. Holder.

Non-U.S. Holders will be entitled to a reduction in or an exemption from withholding on dividends as a result of either (i) qualifying for the benefits of an applicable income tax treaty or (ii) the Non-U.S. Holder holding our common stock in connection with the conduct of a trade or business within the United States and dividends being paid in connection with that trade or business. To claim such a reduction in or exemption from withholding, the Non-U.S. Holder must provide the applicable withholding agent with a properly executed (i) IRS Form W-8BEN or W-8BEN-E (or applicable successor form) claiming an exemption from or reduction of the withholding tax under the benefit of an applicable income tax treaty, (ii) IRS Form W-8ECI (or applicable successor form) stating that the dividends are effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States, or (iii) a suitable substitute form, as may be applicable. These certifications must be provided to the applicable withholding agent prior to the payment of dividends and must be updated periodically. Non-U.S. Holders that do not timely provide the applicable withholding agent with the required certification, but that qualify for a reduced rate under an applicable income tax treaty, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Subject to the discussion below regarding backup withholding and payments made to certain foreign accounts, if dividends paid to a Non-U.S. Holder are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such dividends are attributable), then, although exempt from U.S. federal withholding tax (provided the Non-U.S. Holder provides appropriate certification, as described above), the Non-U.S. Holder will be subject to U.S. federal income tax on such dividends on a net income basis at the regular graduated U.S. federal income tax rates. In addition, a Non-U.S. Holder that is or is treated as a corporation for U.S. federal income tax purposes may be subject to an additional branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on its effectively connected earnings and profits for the taxable year that are attributable to such dividends, as adjusted for certain items. Non-U.S. Holders should consult their own tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

Sale or Other Taxable Disposition of Common Stock or Warrants

Subject to the discussion below regarding backup withholding and payments made to certain foreign accounts, a Non-U.S. Holder generally will not be subject to U.S. federal income tax on any gain realized upon the sale or other taxable disposition of a share of our common stock or Warrants unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such gain is attributable);
- the Non-U.S. Holder is a non-resident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- we are or have been a "U.S. real property holding corporation," or USRPHC, for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of disposition or the period that the Non-U.S. Holder held the common stock or Warrants.

Gain described in the first bullet point above will generally be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates. A Non-U.S. Holder that is a foreign corporation also may be subject to an additional branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on a portion of its effectively connected earnings and profits for the taxable year, as adjusted for certain items.

A Non-U.S. Holder described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) on any gain derived from the sale or other taxable disposition, which may be offset by certain U.S. source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States) provided the Non-U.S. Holder timely files U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe that we are not, and do not anticipate that we will become, a USRPHC.

The method of determining the amount of gain by a Non-U.S. Holder on disposition of the common stock or Warrants generally will correspond to the method of determining the amount of gain (or loss) by a U.S. Holder on disposition of the common stock or Warrants, as described under "U.S. Holders — Sale or Other Taxable Disposition of Common Stock or Warrants" above. Non-U.S. Holders should consult their own tax advisors regarding potentially applicable income tax treaties that may provide for different rules, and the potential application of other exceptions to these taxes.

Exercise or Lapse of a Warrant

For certain Non-U.S. Holders engaged in the conduct of a trade or business in the United States, the U.S. federal income tax treatment of the exercise of a Warrant, or the lapse of a Warrant, generally will correspond to the U.S. federal income tax treatment of the exercise or lapse of a Warrant by a U.S. Holder, as described under "U.S. Holders — Exercise or Lapse of a Warrant" above. For all other Non-U.S. holders, the exercise or lapse of a Warrant generally will not be a U.S. taxable event.

Information Reporting and Backup Withholding

Subject to the discussion below regarding payments made to certain foreign accounts, a Non-U.S. Holder generally will not be subject to backup withholding with respect to payments of dividends on our common stock we make to the Non-U.S. Holder, provided the applicable withholding agent does not have actual knowledge or reason to know such Holder is a U.S. person and the Holder certifies its non-U.S. status by providing a valid IRS Form W-8BEN, W-8BEN-E or W-8ECI, or other applicable certification (or applicable successor form), or otherwise establishes an exception. However, information returns will be filed with the IRS in connection with any dividends on our common stock paid to the Non-U.S. Holder, regardless of whether any tax was actually withheld. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Information reporting and backup withholding may apply to the proceeds of a sale of a share of our common stock or Warrants within the United States, and information reporting may (although backup withholding will generally not) apply to the proceeds of the sale of a share of our common stock or Warrants outside the United States conducted through certain U.S.-related financial intermediaries, in each case, unless the beneficial owner certifies under penalty of perjury that it is a Non-U.S. person on IRS Form W-8BEN or other applicable form or successor form (and the payor does not have actual knowledge or reason to know that the beneficial owner is a U.S. person) or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under the provisions of the law generally known as the Foreign Account Tax Compliance Act, or FATCA, on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on our common stock, or gross proceeds from the sale or other disposition of Securities paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (i) the foreign financial institution undertakes certain diligence and reporting obligations, (ii) the non-financial foreign entity either certifies it does not have any "substantial U.S. owners" (as defined in the Code) or furnishes identifying information regarding each substantial U.S. owner, or (iii) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (i) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified U.S. persons" or "U.S.-owned foreign entities" (each as defined in the Code), annually report certain information about such accounts and withhold 30% on payments to non-compliant foreign financial institutions and certain other account Holders. An intergovernmental agreement between the United States and an applicable foreign country, or future Treasury Regulations or other guidance, may modify these requirements.

Under the applicable Treasury Regulations and recent guidance from the IRS, withholding under FATCA generally applies to payments of dividends on our common stock, and will apply to payments of gross proceeds from the sale or other disposition of Securities on or after January 1, 2019, and to certain "pass-thru" payments made on or after the later of January 1, 2019 and the date final Treasury Regulations are issued defining such pass-thru payments.

The FATCA withholding tax will apply to all withholdable payments without regard to whether the beneficial owner of the payment would otherwise be entitled to an exemption from imposition of withholding tax pursuant to an applicable tax treaty with the United States or U.S. domestic law. We will not pay additional amounts to Holders of our common stock or Warrants in respect of any amounts withheld.

Prospective investors should consult their own tax advisors regarding the potential application of withholding under FATCA to their investment in Securities.

LEGAL MATTERS

The validity of the issuance of our common stock offered in this prospectus will be passed upon for us by Holland & Hart LLP.

EXPERTS

The financial statements as of March 31, 2015 and for of the year then ended in this Prospectus and in the Registration Statement have been so included in reliance on the report of BDO Canada, LLP, an independent registered public accounting firm (the report on the financial statements contains an explanatory paragraph regarding our ability to continue as a going concern) appearing elsewhere herein and in the Registration Statement, given on the authority of said firm as experts in auditing and accounting.

The financial statements of Helius Medical Technologies, Inc. at March 31, 2014 appearing in this prospectus and the registration statement of which it forms a part, have been audited by Davidson & Company, LLP an independent registered public accounting firm, as set forth in their reports thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the Shares and Warrants. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed therewith. For further information with respect to us and the Shares and Warrants, reference is made to the registration statement and the exhibits and schedules filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and as such we refer you to the full text of such contract or other document filed as an exhibit to the registration statement. A copy of the registration statement and the exhibits and schedules filed therewith may be inspected without charge at the public reference room maintained by the SEC, located at 100 F Street N.E., Washington, D.C. 20549, and copies of all or any part of the registration statement may be obtained from such offices upon the payment of the fees prescribed by the SEC. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The website address is www.sec.gov.

We are subject to the information and periodic reporting requirements of the Exchange Act and, in accordance therewith, we file periodic reports, proxy statements and other information with the SEC. Such periodic reports, proxy statements and other information will be available for inspection and copying at the public reference room and website of the SEC referred to above.

Helius Medical Technologies, Inc.

INDEX TO FINANCIAL STATEMENTS

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600 Cathedral Place
925 West Georgia Street
Vancouver BC V6C 3L2 Canada

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Helius Medical Technologies Inc.

We have audited the accompanying consolidated balance sheet of Helius Medical Technologies Inc. as of March 31, 2015 and the related consolidated statements comprehensive loss, capital (deficit), and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Helius Medical Technologies Inc. at March 31, 2015, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 12 to the financial statements, the consolidated financial statements as of March 31, 2015 and for the year then ended have been restated to correct a misstatement in the accounting for stock-based compensation.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 2 to the consolidated financial statements, the Company incurred a net loss of $9,838,317 for the year ended March 31, 2015, had an accumulated deficit of $19,423,451 at March 31, 2015 and the Company expects to incur further losses in the development of its business. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ BDO CANADA LLP

Chartered Professional Accountants

Vancouver, Canada
June 21, 2015 (except Note 12, which is as of January 11, 2016)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of
Helius Medical Technologies, Inc.
(formerly NeuroHabilitation Corporation)

We have audited the accompanying financial statements of Helius Medical Technologies, Inc. (formerly NeuroHabilitation Corporation) (the "Company"), which comprise the balance sheet of Helius Medical Technologies, Inc. as of March 31, 2014 and the related statements of loss and comprehensive loss, stockholders' equity (deficiency), and cash flows for the year ended March 31, 2014, and the period from inception on January 22, 2013 to March 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Helius Medical Technologies, Inc. as of March 31, 2014, and the results of its operations and its cash flows for the year ended March 31, 2014, and the period from inception on January 22, 2013 to March 31, 2013 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that Helius Medical Technologies, Inc. will continue as a going concern. As discussed in Note 2 to the financial statements, Helius Medical Technologies, Inc. has suffered recurring losses from operations and has a net capital deficiency. These matters, along with the other matters set forth in Note 2, indicate the existence of material uncertainties that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

January 30, 2015

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Fax (604) 687-6172

HELIUS MEDICAL TECHNOLOGIES, INC.

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015 and 2014

(Expressed in United States Dollars)

Helius Medical Technologies, Inc.
Consolidated Balance Sheets
March 31, 2015 and 2014
(Expressed in United States Dollars)

	2015 *(Restated - Note 12)* $	2014 $
ASSETS		
Current assets		
Cash and cash equivalents	418,893	15,968
Short-term investment	378,000	-
Receivables	8,833	-
Prepaid expenses (Note 8)	410,621	300,000
Total current assets	1,216,347	315,968
TOTAL ASSETS	1,216,347	315,968
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	1,197,804	215,921
Convertible debenture (Note 4)	-	368,024
Total current liabilities	1,197,804	583,945
Derivative liability (Note 2)	1,581,444	-
TOTAL LIABILITIES	2,779,248	583,945
CAPITAL (DEFICIT)		
Common stock (Unlimited Class A common shares authorized); (63,104,788 shares outstanding at March 31, 2015 and 32,070,052 at March 31, 2014) (Note 5)	16,358,093	8,510,000
Additional paid-in capital (Note 5)	2,434,552	807,157
Shares to be issued	39,545	-
Accumulated other comprehensive income	(971,640)	-
Accumulated deficit	(19,423,451)	(9,585,134)
TOTAL SHAREHOLDERS' EQUITY (CAPITAL DEFICIT)	(1,562,901)	(267,977)
TOTAL LIABILITIES & CAPITAL (DEFICIT)	1,216,347	315,968

Nature and continuance of operations (Note 1)
Commitment and contingencies (Note 8)
Subsequent events (Note 11)

These financial statements are authorized for issue by the Board of Directors:

"Philippe Deschamps " Director *"Savio Chiu "* Director

(The accompanying notes are an integral part of these financial statements.)

Helius Medical Technologies Inc.
Consolidated Statements of Comprehensive Loss
for the years ended March 31, 2015 and 2014 and for the period from January 22, 2013 (date of incorporation) to March 31, 2013
(Expressed in United States Dollars)

	2015 (*Restated - Note 12*)	2014	2013
	$	$	$
Operating Expenses			
Advertising, marketing, & IR	774,400	-	
Audit & accounting	71,340	-	
Consulting fees	1,358,070	807,385	4,252,800
Insurance	75,425	-	
Legal fees	1,478,766	33,966	14,192
Meals & travel	272,338	22,860	376
Office & general	166,282	8,137	482
Professional fees	14,136	-	-
Research & development	4,500,073	171,781	4,250,000
Transfer agent & regulatory	104,214	-	
Wages and salaries	993,400	23,155	
Loss from operations	(9,808,444)	(1,067,284)	(8,517,850)
Other items			-
Interest expense	(176,488)	-	-
Interest income	20,074	-	-
Change in fair value of derivative liability	(739,375)	-	-
Foreign exchange gain (loss)	865,916	-	-
	(29,873)	-	-
Net loss for the period	(9,838,317)	(1,067,284)	(8,517,850)
Other comprehensive income (loss)			
Translation adjustments	(971,640)	-	-
Comprehensive loss for the period	(10,809,957)	(1,067,284)	(8,517,850)
Basic and diluted loss per common stock	(0.17)	(0.03)	(0.27)
Weighted average number of common stock outstanding - basic & diluted	57,048,406	32,070,052	32,070,052

(The accompanying notes are an integral part of these financial statements.)

Helius Medical Technologies Inc.
Consolidated Statements of Capital (Deficit)
for the years ended March 31, 2015 and 2014 and for the period from January 22, 2013 (date of incorporation) to March 31, 2013
(Expressed in United States Dollars)

	Common Stock	Amount $	Additional Paid-In Capital $	Shares to be Issued $	Accumulated Deficit $	Accumulated other comprehensive income (loss) $	Capital (Deficit) $
Balance at January 22, 2013 (date of incorporation)	-	-	-	-	-	-	-
Shares issued for cash, intellectual property and services (Note 6)	32,070,052	8,510,000	-	-	-	-	8,510,000
Net loss for the period					(8,517,850)		(8,517,850)
Balance - March 31, 2013	**32,070,052**	**8,510,000**	-	-	**(8,517,850)**	-	**(7,850)**
Stock-based compensation on 654,481 options granted	-	-	173,873	-	-	-	173,873
Stock-based compensation on 2,300,000 options granted	-	-	560,082	-		-	560,082
Stock-based compensation on 275,550 options granted	-	-	73,202	-		-	73,202
Net loss for the year				-	(1,067,284)	-	(1,067,284)
Balance - March 31, 2014	**32,070,052**	**8,510,000**	**807,157**	-	**(9,585,134)**	-	**(267,977)**
Stock-based compensation on 2,300,000 options granted			50,303	-	-	-	50,303
Shares issued to consultant for option exercise (Note 6)	2,300,000	717	-	-	-	-	717
Shares issued to consultant for option exercise (Note 6)	930,031	290	-	-	-	-	290
Fair value of options allocated to share capital on exercise of options	-	857,460	(857,460)	-	-	-	-
Recapitalization of Helius Medical Technologies, Inc. (Note 3)	10,000,000	-	162,890	-	-	-	162,890
Issuance of common stock for private placement (Note 5)	15,240,000	6,437,041	578,961	-	-	-	7,016,002
Share issuance cost (Note 5)	-	(447,515)	67,709	-	-	-	(379,806)
Beneficial conversion feature (Note 4)	-	-	176,488	-	-	-	176,488
Stock-based	-	-	1,227,724	-	-	-	1,227,724

compensation on 3,370,000 options granted (Note 6) (Restated - Note 12)							
Conversion of debenture (Note 4)	2,564,705	1,000,100	-	-	-	-	1,000,100
Stock-based compensation on 100,000 options granted (Note 6)	-	-	74,190	-	-	-	74,190
Stock-based compensation on 100,000 options granted (Note 6)	-	-	43,229	-	-	-	43,229
Stock-based compensation on 400,000 options granted (Note 6)	-	-	135,564	-	-	-	135,564
Stock-based compensation on 100,000 options granted (Note 6)	-	-	41,987	-	-	-	41,987
Fair value of vested non-employee options reallocated to derivative liability	-	-	(74,190)	-	-	-	(74,190)
Private placement proceeds	-	-	-	39,545	-	-	39,545
Net loss for the year (Restated - Note 12)	-	-	-	-	(9,838,317)	-	(9,838,317)
Translation adjustments	-	-	-	-	-	(971,640)	(971,640)
Balance - March 31, 2015 (Restated - Note 12)	**63,104,788**	**16,358,093**	**2,434,552**	**39,545**	**(19,423,451)**	**(971,640)**	**(1,562,901)**

(The accompanying notes are an integral part of these financial statements.)

Helius Medical Technologies, Inc.
Consolidated Statements of Cash Flows
for the years ended March 31, 2015 and 2014 and for the period from January 22, 2013 (date of incorporation) to March 31, 2013
(Expressed in United States Dollars)

	2015 (*Restated - Note 12*)	2014	2013
	$	$	$
Cash flows from operating activities			
Net loss for the period	(9,838,317)	(1,067,284)	(8,517,850)
Adjustments for:			
Change in fair value of derivative liability	739,375	-	-
Accretion of beneficial conversion feature	176,488	1,344	-
Stock-based compensation	2,340,876	807,157	8,500,000
Changes in non-cash working capital items:			
Receivables	(8,945)	-	-
Accounts payable	979,040	210,085	5,836
Prepaid expenses	(110,873)	(300,000)	-
Foreign exchange re-measurement	(598,929)	-	-
Net cash used in operating activities	**(6,321,285)**	**(348,698)**	**(12,014)**
Cash flows from Investing Activities			
Purchase of short-term investment	(378,000)	-	-
Net cash used in Investing Activities	**(378,000)**	-	-
Cash flows from financing activities			
Cash acquired on recapitalization	23,904	-	-
Proceeds from issuance of shares	7,017,009	-	10,000
Share issuance costs	(379,806)	-	-
Proceeds from shares to be issued	39,545	-	-
Proceeds from bridge loan	150,000	-	-
Short term loan	-	(2,231)	2,231
Proceeds from issuance of convertible debt	632,076	366,680	-
Net cash provided by financing activities	**7,482,728**	**364,449**	**12,231**
Effect of Foreign Exchange Rate Changes on Cash	(380,518)	-	-
Net change in cash and cash equivalents	402,925	15,751	217
Cash and cash equivalents, beginning of the period	15,968	217	-
Cash and cash equivalents, end of the period	**418,893**	**15,968**	**217**
Supplemental information of cash flows			
Interest paid in cash	11,144	-	-
Income taxes paid in cash	-	-	-
	11,144	-	-

Supplemental Cash Flow Information - Note 10

(The accompanying notes are an integral part of these financial statements.)

Helius Medical Technologies, Inc.
Notes to Consolidated Financial Statements
March 31, 2015 and 2014
(Expressed in United States Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Helius Medical Technologies, Inc. ("Helius" or the "Company") is in the development stage and engaged primarily in the medical technology industry focused on neurological wellness. The Company's planned principal operations include the development, licensing and acquisition of unique and non-invasive platform technologies to amplify the brain's ability to heal itself.

The Company was incorporated in British Columbia, Canada, on March 13, 2014. On May 28, 2014, the Company completed a continuation via a plan of arrangement whereby the Company moved from being a corporation governed by the British Columbia Corporations Act to a corporation governed by the Wyoming Business Corporations Act. The Company's head office is located at 41 University Drive, Suite 400, Newtown, PA, USA 18940.

The Company is listed on the Canadian Securities Exchange (the "CSE") and began trading on June 23, 2014, under the ticker symbol "HSM". The Company also began trading on the OTCQB under the ticker symbol "HSDT" on February 10, 2015.

On June 13, 2014, the Company completed its acquisition of 100% of the issued and outstanding shares of Neurohabilitation Corporation ("Neuro"), a private company incorporated in Delaware, USA, on January 22, 2013. Prior to the transaction, Helius was a non-operating public shell company. Accordingly, for financial reporting purposes, this transaction was deemed to be a capital transaction in substance and recorded as a reverse recapitalization of Neuro whereby Neuro is deemed to be the continuing, surviving entity for accounting purposes, but through reorganization, has deemed to have adopted the capital structure of Helius. Because the acquisition was considered a reverse recapitalization for accounting purposes, the combined historical financial statements of Neuro became the historical financial statements and from the completion of the acquisition on June 13, 2014, the financial statements have been prepared on a consolidated basis. The assets and liabilities of Neuro have been brought forward at their book value and no goodwill has been recognized in connection with the transaction.

The Company had a wholly-owned subsidiary, 0995162 B.C. Ltd, which was dissolved on October 23, 2014. On December 17, 2014, Neuro incorporated a wholly-owned subsidiary, Helius Medical Technologies (Canada), Inc. ("Helius Canada"). The financial information is presented in United States Dollars.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Liquidity

The Company's consolidated financial statements have been presented in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and the rules and regulations of the Securities and Exchange Commission ("SEC") that are published at the time of preparation and that are effective or available on March 31, 2015. The Company has incurred a net loss of $9,838,317 for the year ended March 31, 2015 and, as of March 31, 2015, the Company has an accumulated deficit of $19,423,451 (March 31, 2014 - $9,585,134; March 31, 2013 - $8,517,850). Until the Company generates a level of revenue to support its cost structure, the Company expects to continue to incur substantial operating losses and net cash outflows. While the Company had cash and cash equivalents of $418,893 as of March 31, 2015 (March 31, 2014 - $15,968), management does not believe these resources will be sufficient to meet the Company's operating and capital needs for the ensuing fiscal year.

The Company intends to fund ongoing activities by utilizing current cash and cash equivalents and by raising additional capital though equity or debt financings. There can be no assurance that the Company will be successful in raising additional capital or that such capital, if available, will be on terms that are acceptable to the Company. If the Company is unable to raise sufficient additional capital, the Company may be compelled to reduce the scope of its operations and planned capital expenditure or sell certain assets, including intellectual property asset. This material uncertainty gives rise to substantial doubt about the Company's ability to continue as a going concern.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Significant estimates include valuation of share-based payment transactions, compensation expense related to shares issued for services, valuation of options and warrants and deferred income tax asset valuation allowances. Actual outcomes could differ from these estimates. Financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both the current and future periods.

Principles of Consolidation

The consolidated financial statements include the historic accounts of Neuro and are consolidated with Helius and its subsidiaries beginning June 13, 2014. All intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short-term highly liquid investments that have an insignificant interest rate risk and an original maturity of 3 months or less.

Short-term investment

The short-term investments are readily redeemable term deposits held at the bank. As at March 31, 2015, the short-term investment consists of a one year guaranteed investment certificate ("GIC") in the amount of $378,000 yielding 0.25% per annum. Due to the Company’s intention to have the short-term investment available for liquidity purposes, it has been classified as available-for-sale and recorded at its fair value. Any unrealized gains or losses are excluded from earnings and are recorded in other comprehensive income.

Concentrations of Credit Risk

The Company is subject to credit risk in respect of its cash and short-term investment. Amounts invested in such instruments are limited by credit rating, maturity, industry group, investment type and issuer. The Company is not currently exposed to any significant concentrations of credit risk from these financial instruments. The Company seeks to maintain safety and preservation of principal and diversification of risk, liquidity of investments sufficient to meet cash flow requirements and a competitive after-tax rate of return.

Stock-Based Compensation

The Company accounts for all stock-based payments and awards under the fair value based method. The Company recognizes its stock-based compensation using the accelerated attribution method.

Stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until the counterparty performance is complete, and any change therein is recognized over the vesting period of the award and in the same manner as if the Company had paid cash instead of paying with or using equity based instruments. The fair value of the stock-based payments to non-employees that are fully vested and non-forfeitable as at the grant date are measured and recognized at that date.

The Company accounts for the granting of share purchase options to employees using the fair value method whereby all awards to employees will be recorded at fair value on the date of the grant. The fair value of all share purchase options are expensed over their vesting period with a corresponding increase to additional capital surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in additional paid-in capital is recorded as an increase to share capital. Share purchase options granted to employees are accounted for as liabilities when they contain conditions or other features that are indexed to other than a market, performance or service condition.

The Company uses the Black-Scholes option pricing model to calculate the fair value of share purchase options. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

Foreign Exchange

The functional currency of the Company and Helius Canada is the Canadian Dollar and the functional currency of Neuro is the United States Dollars. The Company's reporting currency is the US dollar.

The assets and liabilities of the Company and Helius Canada are translated into U.S. dollars using year-end exchange rates; income and expenses are translated using the average exchange rates for the reporting period. Unrealized foreign currency translation adjustments are deferred in accumulated other comprehensive loss, a separate component of shareholders' equity. The foreign exchange adjustment in the books of Neuro relating to inter-company advances from Helius that are denominated in Canadian dollars is recorded in the Statement of Loss. At March 31, 2015, Neuro recorded a foreign exchange gain of $573,917 in respect of this adjustment and which is reflected in the consolidated statement of loss for the year ended March 31, 2015.

Net Loss per Common Share

Basic net earnings (loss) per share is computed by dividing net earnings (loss) available to common stockholders by the weighted average number of outstanding common stock for the period, without consideration for common stock equivalents. Diluted net income (loss) per common share includes both the weighted-average number of common shares outstanding for the period plus the potentially dilutive securities from stock options and warrants outstanding determined using the treasury-stock method and the if-converted method, as applicable. As at March 31, 2015, there were 4,920,000 options (March 31, 2014 - 3,230,031; March 31, 2013- nil) outstanding and 8,444,400 warrants (March 31, 2014 - nil; March 31, 2013 - nil) outstanding which have not been included in the weighted average common stock outstanding as these were anti-dilutive.

Fair Value of Financial Assets and Liabilities

The Company's financial instruments consist primarily of cash and cash equivalents, short-term investment and accounts payable and accrued liabilities. The book values of these instruments approximate their fair values due to the immediate or short-term nature of those instruments.

ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value;

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable; and

Level 3 - Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

Cash and cash equivalents and short-term investment are measured using Level 1 inputs.

The Company had certain Level 3 liabilities required to be recorded at fair value on a recurring basis in accordance with US GAAP as at March 31, 2015. As at March 31, 2015, the Company's Level 3 liabilities consisted of the grant of share purchase options granted to non-employees. The resulting Level 3 liabilities have no active market and are required to be measured at their fair value each reporting period based on information that is unobservable.

(Expressed in United States Dollars)

A summary of the Company's Level 3 liabilities for the fiscal years ended March 31, 2015 and 2014 are as follows:

	March 31,2015 $	March 31, 2014 $
Non-employee options (Note 6(a))		
Beginning fair value	-	-
Issuance	767,879	-
Reallocation of vested non-employee options	74,190	-
Change in fair value	739,375	-
Ending fair value of Level 3 liability	1,581,444	-

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment). There were no assets or liabilities measured at fair value on a nonrecurring basis during the periods ended March 31, 2015 and 2014.

Income Taxes

The Company accounts for income taxes using the asset and liability method. The asset and liability method provides that deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

The Company has adopted the provisions of FASB ASC 740 "Income Taxes" regarding accounting for uncertainty in income taxes. The Company initially recognizes tax provisions in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions are initially and subsequently measured as the largest amount of the tax benefit that is greater than 50% likely of being realized upon ultimate settlement with the tax authority, assuming full knowledge of the position and all relevant facts. Application requires numerous estimates based on available information. The Company considers many factors when evaluating and estimating its tax positions and tax benefits. These periodic adjustments may have a material impact on the consolidated statements of operations. When applicable, the Company classifies penalties and interest associated with uncertain tax positions as a component of income tax expense in its consolidated Statement of Income (Loss) and Comprehensive Income (Loss).

Research and Development Expenses

Research and development (R&D) expenses consist primarily of personnel costs, including salaries, benefits and stock-based compensation, clinical studies performed by contract research organizations and materials and supplies. R&D costs are charged to operations when they are incurred.

Derivative Liabilities

The Company evaluates its financial instruments and other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with ASC 815. The result of this accounting treatment is that the fair value of the embedded derivative is marked-to-market at each balance sheet date and recorded as a liability and the change in fair value is recorded in the consolidated statement of loss. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Derivative instruments that become subject to reclassification are reclassified at the fair value of the instrument on the reclassification date. Derivative instrument liabilities will be classified in the balance sheet as current or non-current based on whether or not settlement of the derivative instrument is expected within 12 months of the balance sheet date.

The Company uses the Black-Scholes option valuation model to value derivative liabilities. This model uses Level 3 inputs in the fair value hierarchy established by ASC 820 Fair Value Measurement.

Recent Accounting Pronouncements

In August 2014, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2014-15, *Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which is intended to define management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable) and to provide related footnote disclosures. The ASU provides guidance to an organization's management, with principles and definitions that are intended to reduce diversity in the timing and content of disclosures that are commonly provided by organizations today in the financial statement footnotes. The ASU is effective for annual periods ending after December 15, 2016, and interim periods within annual periods beginning after December 15, 2016, which for the Company is April 1, 2017. Early adoption is permitted. The Company does not intend to early adopt this standard. The adoption of this standard will not have a material impact on the Company's financial position or results of operations.

In June 2014, the FASB issued ASU No. 2014-10, "Development Stage Entities" ("ASU 2014-10") which removes the definition of a development stage entity from the Master Glossary of the Accounting Standards Codification, thereby removing the financial reporting distinction between development stage entities and other reporting entities from U.S. GAAP. In addition, the update eliminates the requirements for development stage entities to (1) present inception-to-date information in the statements of income, cash flows, and shareholder equity, (2) label the financial statements as those of a development stage entity, (3) disclose a description of the development stage activities in which the entity is engaged, and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage. ASU No. 2014-10 is effective for fiscal years and interim periods beginning after December 15, 2014, with early adoption permissible. The Company early adopted ASU 2014-10 allowing the financial statements to be cast without the inception to date information and without references to the development stage.

The amendments also clarify that the guidance in Topic 275, *Risks and Uncertainties*, is applicable to entities that have not commenced planned principal operations. The central feature of the guidance disclosure requirements is that required disclosures are limited to matters significant to a particular entity. The disclosures focus primarily on risks and uncertainties that could significantly affect the amounts reported in the financial statements in the near term or the near-term functioning of the reporting entity.

In June 2014, the FASB issued ASU No. 2014-12, *Compensation - Stock Compensation (Topic 781): Accounting for Share-Based Payments When the Terms of an Award Provide that a Performance Target Could be Achieved after the Requisite Service Period*. This update requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant date fair value of the award. This update further clarifies that compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the periods for which the requisite service has already been rendered. This update is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2015, which for the Company is April 1, 2016. Early adoption is permitted. Entities may apply the amendments in this update either: (a) prospectively to all awards granted or modified after the effective date; or (b) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. The adoption of this standard will not have a material impact on the Company's financial position or results of operations.

(Expressed in United States Dollars)

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This update outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. This new guidance is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2016, which for the Company is April 1, 2017; early adoption is not permitted. Entities have the option of using either a full retrospective or a modified approach to adopting the guidance. The Company does not anticipate that the adoption of this update will have a material impact on its financial position or results of operations.

3. RECAPITALIZATION

On June 13, 2014 the Company completed a recapitalization transaction where the Company acquired 100% of the issued and outstanding shares of Neuro. In exchange, the Company issued a total of 35,300,083 shares to the shareholders of Neuro which merged with a wholly-owned subsidiary of the Company, HMT Mergersub, for the purpose of the three-corner amalgamation. As a result, the former Neuro shareholders owned the majority of the outstanding shares of the Company upon completion of the transaction. Prior to the recapitalization transaction, the Company did not meet the definition of a business. Thus, the transaction is considered to be a capital transaction of Neuro accompanied by a recapitalization.

The ongoing Company has adopted the name Helius Medical Technologies, Inc. These financial statements present the results of Neuro with the exception of common stock which has been retroactively restated to reflect the Recapitalization (see Note 6). In connection with the Recapitalization, the Company advanced Neuro an unsecured loan in the amount of $150,000 (the "Bridge Loan"). The Bridge Loan was for a term of one year commencing on May 30, 2014, and was payable in a lump sum at the end of the term. The Bridge Loan bears interest at a rate of 8% per annum.

The net assets of Helius acquired were as follows,

Cash and cash equivalents	$	23,904
Receivables		1,644
Bridge loan receivable		150,000
Prepaid expenses		5,970
Accounts payable and accrued liabilities		(18,628)
	$	162,890

The recapitalization transaction reflects a credit to additional paid-in capital of $162,890, the carrying value of the net assets of Helius at the time of the reverse merger.

In connection to the completion of the transaction, the Company completed a private placement of 15,240,000 units at CAD $0.50 per unit for a total of $7,016,002 (CAD $7,620,000) (Note 5). Each unit consisted of one common share of the Company and one-half of a share purchase warrant. Each whole share purchase warrant is exercisable at CAD $1.00 for a period of twenty-four months. In respect of this private placement, the Company paid aggregate finders' fees of $379,806 (CAD $412,200) and issued 824,400 finders' warrants. Each finder's warrant is exercisable at CAD $1.00 per share for a period of two years.

4. CONVERTIBLE DEBENTURE

On February 19, 2014, the Company entered into a securities purchase agreement where the Company agreed to sell and issue a note with annual simple interest at 8% (the "Debenture"). A total of $1,000,100 in principal had been received.

Upon completion of a qualified financing in which the Company was to raise at least $2,000,000, the debenture would automatically convert into equity securities of the Company at a price per share equal to 85% of the price per share of the qualified financing. If a qualified financing did not occur on or before the maturity date, at the option of the Company's board of directors, the outstanding balance of the debenture would be converted into the Company's equity securities at a conversion price per common stock determined using a valuation of $8.5 million and the number of shares outstanding at that date.

On June 13, 2014, the Debenture matured on the closing of the Company's qualified financing. Upon completion of the qualified financing, the Debenture automatically converted into equity securities of the Company at a price per share equal to 85% of the price per share of the qualified financing.

The conversion option of the Debenture was accounted for as a contingent beneficial conversion feature valued at $176,488 which was recorded as interest expense in the Statement of Comprehensive Loss on settlement of the contingency.

Upon conversion of the Debenture, the Company issued a total of 2,564,705 common shares. In addition, the Company paid the Debenture holders $11,131 with respect to the accrued and unpaid interest outstanding.

5. COMMON STOCK

Authorized:

Unlimited Class A common shares without par value.

Each Class A common share is entitled to have the right to vote at any shareholder meeting on the basis of one vote per share. Each Class A share held entitles the holder to receive dividends as declared by the directors. In the event of the liquidation, dissolution or winding-up of the Company other distribution of assets of the Company among its shareholders for the purposes of winding-up its affairs or upon a reduction of capital the holders of the Class A common shares shall, share equally, share for share, in the remaining assets and property of the Company.

Class B common shares and Class A preferred shares were deleted from the list of classes of shares the Company is authorized to issue by way of amendment to the Company's articles effective June 12, 2014.

The Company is subject to a stockholders agreement, which places certain restrictions on the Company's stock and its stockholders. These restrictions include approvals prior to sale or transfer of stock, a right of first refusal to purchase stock held by the Company and a secondary right of refusal to stockholders, right of co-sale whereby certain stockholders may be enabled to participate in a sale of other stockholders to obtain the same price, term and conditions on a pro-rata basis, rights of first offer of new security issuances to current stockholders on a pro-rata basis and certain other restrictions.

Prior to the Recapitalization

The number of securities below reflects the Recapitalization and the exchange ratio retrospectively.

On January 22, 2013, the Company issued a total of 16,035,026 shares to Advanced NeuroRehabilitation LLC ("ANR") for cash proceeds of $5,000 and an exclusive license right to ANR's patent pending technology and knowhow valued at $4.25 million per an independent valuation report. The valuation expert was engaged to assess the valuation of the costs incurred to date as well as the ongoing costs which would be required to bring the product to commercialization, discounted to the date of purchase. The Company recorded the $4.25 million exclusive license right as research and development expense per the Company's accounting policy.

On January 22, 2013, the Company also issued a total of 16,035,026 shares to MPJ Healthcare LLC ("MPJ") for cash proceeds of $5,000. In addition, the Company recorded $4.25 million of stock based compensation expense.

On May 1, 2014, 2,300,000 options were exercised for 2,300,000 common shares for total proceeds of $717.

On May 11, 2014, 930,031 options were exercised for 930,031 common shares for total proceeds of $290.

In conjunction with the private placement completed on May 30, 2014 and recapitalization transaction completed on June 13, 2014 (Note 3), the Company entered into an escrow agreement with each of ANR, MPJ and the Company's transfer agent whereby the 32,070,052 common shares issued to ANR and MPJ were placed in escrow in accordance with Canadian securities regulations. These shares were scheduled to be released from escrow over a period of 3 years from the date of the escrow agreement with 10% of the shares placed in escrow released on the completion date of the reverse merger and with 15% of the remaining outstanding balance of shares released every 6 months thereafter. The release of the escrow is not subject to any performance conditions and therefore not considered to be compensatory in nature. In addition, on their release, the value recorded in respect of these shares will not change and they are included in the calculation of earnings per share.

After the Recapitalization

Upon completion of the Recapitalization, the Company issued a total of 35,300,083 shares to the shareholders of Neuro. (Note 3)

In connection with the Recapitalization, the Company also closed a non-brokered private placement (the "Private Placement") at CAD $0.50 per unit of 15,240,000 units raising $7,016,002 (CAD $7.62 million) on May 30, 2014 (Note 3). Each unit consists of one common stock of the Company and one half of a warrant of the Company where one full warrant is exercisable for 2 years at CAD $1.00 into one common stock. The fair value of the warrants issued was determined using the Black Scholes model and the Company used the relative fair value method to allocate $578,961 of the gross proceeds to Additional Paid-in Capital to account for the warrants issued.

6. SHARE BASED PAYMENTS

(a) Stock options

The number of securities below reflects the Recapitalization and the exchange ratio retrospectively.

The Company has a stock option plan whereby the Company is authorized to grant up to 12,108,016 options. Vesting and the term of an option is determined at the discretion of the Board of Directors of the Company.

On April 1, 2013, the Company granted a consultant company 930,031 options for 10 years upon completion of certain services in accordance with a consulting agreement to lead the design and manufacturing program of the Company's technology. On December 4, 2013, 654,481 options vested. On May 11, 2014, all these options had vested and were exercised for 930,031 common shares.

On October 30, 2013, the Company granted 2,300,000 options exercisable for 10 years to a consultant company for strategic business advisory services which are to vest upon completion of two milestones. On February 11, 2014, 1,150,000 options were vested upon completion of the first of the two milestones. On April 28, 2014, the remaining 1,150,000 options were vested upon completion of the second milestone. On May 1, 2014, all 2,300,000 options were exercised for 2,300,000 shares.

(Expressed in United States Dollars)

On June 19, 2014, the Company granted 3,520,000 options to directors, officers, and consultants exercisable at CAD $0.60 for 5 years. One third of these options vested immediately upon granting. The remaining two thirds of the options will vest on June 19, 2015, and June 19, 2016 respectively.

On June 20, 2014, the Company granted 250,000 options to an investor relations consultant exercisable at CAD $0.60 for 5 years. 12.5% of these options vested immediately upon granting. The remaining 87.5% will vest at a rate of 12.5% every three months beginning September 20, 2014.

On July 14, 2014, the Company granted 100,000 options to a consultant exercisable at CAD $2.52 for 3 years. 25% of these options vested immediately upon granting. The remaining options will vest at a rate of 25% on September 30, 2014, December 31, 2014, and March 31, 2015, respectively.

On December 8, 2014, the Company granted 450,000 options to members of its scientific advisory board exercisable at CAD $2.92 for 5 years. All of these options vested immediately upon granting.

On December 8, 2014, the Company granted 100,000 options to a new director exercisable at CAD $2.92 for 5 years. One third of these options vested immediately upon granting. The remaining two thirds of the options will vest on December 8, 2015, and December 8, 2016 respectively.

On December 8, 2014, the Company granted 400,000 options to its new Chief Medical Officer exercisable at CAD $2.96 for 5 years. 25% of these options vested immediately upon granting. The remaining options will vest at a rate of 25% on June 8, 2015, December 8, 2015, and June 8, 2016, respectively.

On March 16, 2015, the Company granted 100,000 options to a new director exercisable at CAD $3.20 for 5 years. One third of these options vested immediately upon granting. The remaining two thirds of the options will vest on March 16, 2016, and March 16, 2017 respectively.

The continuity of stock options for the period ended March 31, 2015 and 2014 is as follows:

	Number	Weighted Average Exercise Price (CAD)	Aggregate Intrinsic Value (CAD)
Balance, March 31, 2013	-	-	
Granted	3,230,031	$ 0.0003	$ -
Balance, March 31, 2014	3,230,031	$ 0.0003	$ -
Granted	4,920,000	$ 1.14	$ -
Exercised	(3,230,031)	$ 0.0003	$ -
Balance outstanding at March 31, 2015	4,920,000	$ 1.14	$ 10,120,000
Balance exercisable at March 31, 2015	2,015,001	$ 1.41	$ 7,757,667

(Expressed in United States Dollars)

The options outstanding and exercisable at March 31, 2015 are as follows:

Number of options	Expiry date	Options outstanding remaining contractual life (years)	Exercise Price (CAD)	Grant date fair value (CAD)	Number of options exercisable
3,520,000	June 18, 2019	4.22	$ 0.60	$ 0.23	1,173,333
250,000	June 20, 2019	4.22	$ 0.60	$ 0.23	125,000
100,000	July 14, 2017	2.29	$ 2.52	$ 1.06	100,000
450,000	December 8, 2019	4.69	$ 2.92	$ 1.65	450,000
100,000	December 8, 2019	4.69	$ 2.92	$ 1.49	33,334
400,000	December 8, 2019	4.69	$ 2.96	$ 1.56	100,000
100,000	March 16, 2020	4.96	$ 3.20	$ 1.61	33,334
4,920,000					2,015,001

The weighted average grant date fair value of stock options granted during the year ended March 31, 2015 of CAD$0.54 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: stock price - CAD$1.06; exercise price - CAD$1.14; expected risk-free interest rate - 1.08%; expected life - 4.1 years; expected volatility - 67.85% and expected dividend rate - 0%. The Company has adopted the simplified method prescribed by the SEC in SAB Topic 14 in respect of estimating the expected term of its stock options as its limited share purchase option history does not provide a reasonable basis to estimate the expected terms. As well, expected volatility was determined by reference to the average volatility rates of other companies in the same industry due to the Company's limited trading history.

Non-Employee Stock Options

In accordance with the guidance of ASC 815-40-15, stock options awarded to non-employees that are performing services for Neuro are required to be accounted for as derivative liabilities once the services have been performed and the options have vested because they are considered not to be indexed to the Company's stock due to their exercise price being denominated in a currency other than Neuro's functional currency. Stock options awarded to non-employees that are not vested are accounted for as equity awards until the terms associated with their vesting requirements have been met.

The non-employee stock options are accounted for at their respective fair values and are summarized as follows for the years ended March 31, 2015 and 2014:

	2015 $	2014 $
Fair value of non-employee options, beginning of the period	-	-
Fair value of non-employee options, at issuance	767,879	-
Reallocation of vested non-employee options	74,190	
Change in fair value of non-employee stock options during the period	739,375	-
Fair value of non-employee options, end of the period	1,581,444	-

The non-employee options are required to be re-valued with the change in fair value of the liability recorded as a gain or loss on the change of fair value of derivative liability and included in other items in the Company's Consolidated Statements of Loss at the end of each reporting period. The fair value of the options will continue to be classified as a liability until such time as they are exercised, expire or there is an amendment to the respective agreements that renders these financial instruments to be no longer classified as a liability.

(Expressed in United States Dollars)

Stock-based compensation related to the grant of each of employee and non-employee options is summarized as follows for the years ended March 31, 2015 and 2014 and for the period from January 22, 2013 (date of incorporation) to March 31, 2013:

Date of grant	Number	2015 (restated) $	2014 $	2013 $
Employee options				
April 1, 2013	930,031	-	247,075	-
October 30, 2013	2,300,000	50,303	560,082	-
June 19, 2014	1,970,000	165,996	-	-
July 14, 2014	75,000	74,190	-	-
December 8, 2014	100,000	43,229	-	-
December 8, 2014	400,000	135,564	-	-
March 16, 2015	100,000	41,987	-	-
	5,875,031	511,269	807,157	-
Options exercised	(3,230,031)	-	-	-
	2,645,000	511,269		
Non-employee options				
June 19, 2014	1,800,000	1,158,822	-	-
July 14, 2014	25,000	24,730	-	-
December 8, 2014	450,000	646,055	-	-
	2,275,000	1,824,607	-	-
	4,920,000	2,340,876	807,157	-

Share-based payments are classified in the Company's Statement of Loss as follows for the years ended March 31, 2015 and 2014 and for the period from January 22, 2013 (date of incorporation) to March 31, 2013:

	2015 (restated) $	2014 $	2013 $
Consulting fees	1,167,281	807,157	4,250,000
Research and development	721,601	-	4,250,000
Wages and salaries	451,994	-	
	2,340,876	807,157	8,500,000

At March 31, 2015, the aggregate unamortized stock based compensation cost remaining to be recognized totals $2,303,664 with $2,070,656 expected to be recognized in the year ended March 31, 2016 and $233,008 expected to be recognized in the fiscal year ended March 31, 2017.

(Expressed in United States Dollars)

The Company used the Black Scholes option pricing model to estimate the fair value of the options as the fair value of the services provided could not be reliably calculated. The following assumptions were used:

		March 31, 2015	March 31, 2014
Stock Price	CAD$	0.50 -3.18	0.27
Exercise Price	CAD$	0.60 - 3.20	0.0003
Risk-free interest rate (%)		0.53 - 1.42	1.20 -1.65
Dividend yield (%)		0.00	0.00
Expected volatility (%)		67.85	97.73 - 116.82
Expected option life (years)		3.00 - 5.00	4.33 - 5.00

The Black Scholes option pricing model was developed for use in estimating the fair value of share options that have no vesting provisions and are fully transferable. Also, option-pricing models require the use of estimates and assumptions including the expected volatility. The Company uses expected volatility rates which are based upon the average volatility rates of other companies in the same industry, due to the Company's limited history. The Company based the current stock price on the value per shares issued to date. Changes in the underlying assumptions can materially affect the fair value estimates.

(b) **Share Purchase Warrants**

The Company closed its Private Placement at CAD $0.50 per unit of 15,240,000 units raising CAD $7.62 million on May 30, 2014. Each unit consists of one common stock of the Company and one half of a warrant of the Company where one full warrant is exercisable for 2 years at CAD $1.00 into one common share.

The proceeds of the private placement were allocated between the common shares and the warrants on a relative fair value basis with an amount of $578,961 allocated to the warrants. In addition, the Company issued 824,400 finder's warrants exercisable at CAD $1.00 for 2 years. The fair value of the finders' warrants was determined to be $67,709.

The fair values attributable to the warrants were determined by using the Black Scholes model based on the following assumptions:

Stock price	CAD$0.50
Exercise price	CAD$1.00
Risk-free interest rate (%)	1.09
Dividend yield (%)	-
Expected volatility (%)	67.85
Expected option life (years)	1.17

The continuity of warrants for the period ended March 31, 2015 and 2014 is as follows:

	Number of warrants	Warrants Outstanding Weighted Average Exercise Price
Balance, March 31, 2013 and 2014	-	$ -
Granted	8,444,400	$ CAD 1.00
Balance, March 31, 2015	8,444,400	$ CAD 1.00

The warrants outstanding and exercisable at March 31, 2015 are as follows:

Number of warrants outstanding	Exercise Price (CAD)	Grant date Fair value (CAD)	Expiry Date
7,620,000	$1.00	$0.0899	May 30, 2016
824,400	$1.00	$0.0899	May 30, 2016

(Expressed in United States Dollars)

7. INCOME TAXES

The components of net loss for the years ended March 31, 2015 and 2014 and for the period from January 22, 2013 (date of incorporation) to March 31, 2013 are as follows:

	2015 $	2014 $	2013 $
U.S	9,301,988	1,067,284	8,517,850
Non-U.S.	536,329	-	-
	9,838,317	1,067,284	8.517,750

A reconciliation of the income tax provision computed at statutory rates to the reported income tax provision for the years ended March 31, 2015 and 2014 is as follows:

	2015 $	2014 $	2013 $
Statutory tax rate	34.00%	25.00%	25.00%
Loss before income taxes	(9,838,317)	(1,067,284)	(8,517,850)
Expected income tax recovery	(3,345,000)	(270,000)	(2,151,000)
Increase (decrease) in income tax recovery resulting from:			
Derivative liability	251,000	-	
Share based payments	796,000	275,000	2,890,000
Other permanent difference	12,000	-	-
Share issue costs	(140,000)	-	
Effect of change in statutory rate	(41,000)	(93,000)	(745,000)
Effect of foreign exchange	89,000	-	
Foreign income taxed at foreign rate	14,000	-	
Increase in valuation allowance	2,364,000	88,000	6,000
Income tax expense	-	-	-

The significant components of the Company's deferred income tax assets and liabilities after applying enacted corporate tax rates at March 31, 2015 and 2014 are as follows:

	2015 $	2014 $	2013 $
Deferred income tax assets (liabilities)			
Operating losses carried forward	2,074,000	94,000	6,000
Intangible costs	285,000		
Share issuance costs	99,000	-	
Valuation allowance	(2,458,000)	(94,000)	(6,000)
Net deferred income tax asset	-	-	-

At March 31, 2015, the Company has accumulated non-capital losses totalling $1,463,000 in Canada and net operating losses of $5,853,000 in the USA, which are available to carry forward and offset future years' taxable income. The losses expire in various amounts from 2016 to 2034.

Uncertain Tax Positions

The Company has adopted certain provisions of ASC 740, "Income Taxes", which prescribes a recognition threshold and measurement attribute for the recognition and measurement of tax positions taken or expected to be taken in income tax returns. The provisions also provide guidance on the de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, and accounting for interest and penalties associated with tax positions.

The Company files income tax returns in the U.S. federal jurisdiction, and in various state and foreign jurisdictions. The Company's tax returns are subject to tax examinations by U.S. federal and state tax authorities, or examinations by foreign tax authorities until the expiration of the respective statutes of limitation. The Company currently has no tax years under examination. The Company is subject to tax examinations by tax authorities for all taxation years commencing after 2014.

At March 31, 2015, the Company does not have an accrual relating to uncertain tax positions. It is not anticipated that unrecognized tax benefits would significantly increase or decrease within 12 months of the reporting date.

8. COMMITMENTS AND CONTINGENCIES

(a) The Company entered into a license agreement with ANR for an exclusive right on ANR's patent pending technology, claims and knowhow. In addition to the issuance of 16,035,026 shares (Note 5), the Company agreed to pay a 4% royalty on net revenue on the sales of devices covered by the patent-pending technology and services related to the therapy or use of devices covered by the patent-pending technology.

(b) On March 7, 2014, the Company entered into a commercial development-to-supply program with Ximedica where Ximedica will design, develop and produce PoNS™ product solution suitable for clinical trial and commercial sale. Under the program, the Company is responsible for ensuring the device is in compliance with relevant laws and regulations. The agreed budget for phase 1B of development is $499,000; phase 2 is $1,065,000; Phase 3 and 4 is $1,389,000 and 2nd software development cycle is $586,000, of which $3,099,998 was expensed as research and development since inception to March 31, 2015. The estimated duration of the project is 10 months. Invoices are to be issued monthly for work in progress. The Company can cancel the project at anytime with a written notice at least 30 days prior to the intended date of cancellation. As of March 31, 2015, the Company recorded a prepaid expense of $300,000 to Ximedica which will be applied at the end of the project. During the year ended March 31, 2015, the Company incurred charges of $2,928,217 (March 31, 2014 - $171,781) pursuant to this agreement.

(c) On January 5, 2015, Wicab filed a complaint against us, two of our directors, Yuri Danilov and Mitch Tyler, and ANR in the U.S. District Court for the Western District of Wisconsin. The complaint contained various state and common law claims arising from Danilov's and Tyler's prior employment with Wicab and our two issued patents for the PoNS™ device. The complaint alleged, among other things, that following their departure from Wicab, Danilov and Tyler knowingly filed patent applications for and used ideas and inventions developed at Wicab in violation of various non-competition and confidentiality agreements, and that our two issued patents are therefore rightfully the property of Wicab. The complaint sought an unspecified amount of monetary damages, an injunction preventing us from using the ideas and inventions in the two patents, an order transferring ownership of the patents from us to Wicab, and recovery of costs and attorneys' fees. The complaint was voluntarily dismissed without prejudice on January 14, 2015.

(d) On January 27, 2015 we received a demand letter containing allegations that we had entered into a consulting arrangement with the complainants and breached certain of its terms, and used certain intellectual property in the form of business and marketing plans allegedly prepared by the complainants, and seeking damages. On May 7, 2015, Mr. Rainier Maas and Dr. Jochen Scheld filed a complaint in the U.S. District Court for the Eastern District of Pennsylvania seeking monetary damages, and at this point management is unable to determine the outcome of this matter.

9. RELATED PARTY TRANSACTIONS

For the year ended March 31, 2015, the Company was a party to the following related party transactions:

During the period ended March 31, 2015, the Company paid $6,610 (March 31, 2014 - $nil; March 31, 2013 - $nil) in consulting fees to a former director of the Company.

During the period ended March 31, 2015, the Company paid $47,100 (March 31, 2014 - $nil; March 31, 2013 - $nil) in consulting fees to directors of the Company.

During the period ended March 31, 2015, the Company paid $99,146 (March 31, 2014 - $nil; March 31, 2013 - $nil) to a company acting as the Company's corporate advisor and Chief Financial Officer.

During the period ended March 31, 2015, $1,040,854 (March 31, 2014 - $nil; March 31, 2013 - $nil) was included in research & development expenses as the fair value of stock-based compensation attributed to the options granted to two directors and one advisor for services rendered as non-employee consultants with respect to the design and development of the PoNS^{TM} device.

During the period ended March 31, 2015, $451,994 (March 31, 2014 - $nil; March 31, 2013 - $nil) was included in wages & salaries expenses as the fair value of stock-based compensation attributed to options granted to three directors.

10. SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that affect recognized assets or liabilities but that do not result in cash receipts or cash payments are excluded from the consolidated statements of cash flows. During the year ended March 31, 2015, the following transactions were excluded from the consolidated statement of cash flows:

(a) The Company issued 2,564,705 common shares valued at $1,000,100 based on the carrying value of the convertible debenture upon its conversion. (Note 4)

(b) The Company recorded a beneficial conversion feature of $176,488 in respect of a qualifying transaction recorded in connection with the convertible debenture (Note 4)

(c) The Company recorded a credit to additional paid-in capital of $162,890 representing the carrying values of the net assets acquired in a reverse merger recapitalization transaction. (Note 3).

11. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the date of the issuance of the financial statements.

On April 30, 2015 the Company closed a non-brokered private placement (the "Financing") raising gross proceeds of CAD $2,208,110 (approximately USD $1,825,937) by the issuance of 849,273 units (each a "Unit") at a price of CAD $2.60 per Unit (USD $2.15 per Unit). Each Unit consists of one (1) common share and one half of one (1/2) common share purchase warrant (each a "Warrant"). Each whole Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of approximately CAD $3.62 per share (USD $3.00 per share) for a period of thirty-six (36) months from the closing date of the Financing.

The Company paid a cash finder's fee of CAD 101,494 (USD $84,074) in connection with this Financing, as well as 27,396 finder's warrants (the "Finder's Warrants"). Each Finder's Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of CAD $3.62 per share (USD $3.00 per share) for a period of thirty-six (36) months from the closing date of the Financing.

On April 29, 2015, 14,400 finder's warrants were exercised for gross proceeds of CAD $14,400.

(Expressed in United States Dollars)

12. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The Company's previously issued financial statements have been restated to reflect the correction of an error in the re-measurement of non-employee stock option awards that had yet to vest.

Previously, the Company had recorded the stock-based compensation for the fiscal year ended March 31, 2015 based on the fair value of the awards on their respective grant dates. Under the provisions of ASC 505-50, the Company is required to measure stock-based compensation for non-employees at the earlier of the performance commitment date or the date that the services have been completed. A performance commitment date exists only when the counterparty has sufficient disincentive not to complete. Otherwise, the Company is required to re-measure unvested non-employee options at their respective fair values until the services have been or once the options have vested. Under the terms of the Company's stock option awards to non-employees, there were no performance disincentives. As a result the Company is required to re-measure its non-employee awards until they have vested. See Note 2 "Significant Accounting Policies - Stock Based Compensation".

The correction of the error is presented in the Company's consolidated financial statements for the year ended March 31, 2015 as follows:

	As Originally Reported	Adjustment	As Restated
Research & development expenses	$ 3,828,775	$ 671,298	$ 4,500,073
Net loss for the year	$ 8,894,555	$ 943,762	$ 9,838,317
Comprehensive loss for the year	$ 9,866,195	$ 943,762	$ 10,809,957
Basic and diluted loss per share	$ (0.16)	$ (0.01)	$ (0.17)
Additional paid-in capital	1,490,790	$ 943,762	$ 2,434,552
Accumulated deficit	$ (18,479,689)	$ (943,762)	(19,423,451)
Consulting fees	$ 1,085,606	$ 272,464	$ 1,358,070

This error correction had no impact on the cash flows of the Company. Accordingly, there is no restatement affecting the Company's net cash used in operating activities or net change in cash or cash equivalents for the reporting period. This error correction also had no impact on the Company's opening accumulated deficit figure for the year ended March 31, 2015. Accordingly, there is no restatement affecting the Company's opening accumulated deficit for the year ended March 31, 2015.

HELIUS MEDICAL TECHNOLOGIES, INC.
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015
(Unaudited)
(Expressed in United States Dollars)

Helius Medical Technologies, Inc.
Interim Condensed Consolidated Balance Sheets
December 31, 2015 and March 31, 2015
(Unaudited)
(Expressed in United States Dollars)

	December 31, 2015 *(Restated – Note 12)* $	March 31, 2015 (audited) $
ASSETS		
Current assets		
Cash and cash equivalents	4,350,350	418,893
Short-term investment	-	378,000
Receivables	121,586	8,833
Prepaid expenses	783,562	410,621
Total current assets	5,255,498	1,216,347
TOTAL ASSETS	5,255,498	1,216,347
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	1,413,579	1,197,804
Obligation to issue shares and warrants (Note 7)	5,000,000	-
Total current liabilities	6,413,579	1,197,804
Derivative liability (Note 2)	898,128	1,581,444
TOTAL LIABILITIES	7,311,707	2,779,248
CAPITAL DEFICIT		
Common stock (Unlimited Class A common shares authorized); (66,637,653 shares outstanding at December 31, 2015 and 63,104,788 shares outstanding at March 31, 2015) (Note 5)	20,125,864	16,358,093
Additional paid-in capital	2,155,199	2,434,552
Shares to be issued	-	39,545
Accumulated other comprehensive income	(1,862,329)	(971,640)
Accumulated deficit	(22,474,943)	(19,423,451)
TOTAL CAPITAL DEFICIT	(2,056,209)	(1,562,901)
TOTAL LIABILITIES & CAPITAL DEFICIT	5,255,498	1,216,347

"Philippe Deschamps " Director *"Savio Chiu "* Director

(The accompanying notes are an integral part of these financial statements.)

Helius Medical Technologies Inc.
Interim Condensed Consolidated Statements of Comprehensive Loss
for the three and nine months ended December 31, 2015 and 2014
(Unaudited)
(Expressed in United States Dollars)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2015 *(Restated – Note 13)* **$**	**2014** *(Restated – Note 12)* **$**	**2015** *(Restated – Note 13)* **$**	**2014** *(Restated – Note 12)* **$**
Operating Expenses				
Advertising, marketing & investor relations	161,594	175,325	710,175	579,507
Audit & accounting	36,976	4,457	141,176	45,938
Consulting fees (Note 6)	59,504	901,190	140,498	1,167,543
Insurance	30,018	22,287	90,022	52,060
Legal fees	761,752	500,028	1,260,798	1,064,453
Meals & travel	118,155	102,098	245,825	209,150
Office & general	30,369	45,466	83,133	163,762
Research & development	1,291,605	1,191,806	2,664,063	3,196,346
Transfer agent & regulatory	35,635	17,242	84,587	76,215
Wages and salaries	315,049	132,119	981,827	684,375
Loss from operations	(2,840,657)	(3,092,018)	(6,402,104)	(7,239,349)
Other items				
Interest and accretion expense (Note 3)	(26,108)	-	(26,108)	(176,488)
Interest and other income	122,101	9,415	149,849	20,036
Change in fair value of derivative liability (Note 2)	(293,698)	(76,536)	2,113,391	(670,790)
Foreign exchange	337,593	680,578	845,146	267,950
Gain on extinguishment of debt (Note 7)	268,334	-	268,334	-
	408,222	613,457	3,350,612	(559,292)
Net loss for the period	**(2,432,435)**	**(2,478,561)**	**(3,051,492)**	**(7,798,641)**
Other comprehensive income (loss)				
Translation adjustments	(363,796)	(707,875)	(890,689)	(395,030)
Comprehensive loss for the period	**(2,796,231)**	**(3,186,436)**	**(3,942,181)**	**(8,193,671)**
Net loss per share				
Basic	**$ (0.04)**	**$ (0.04)**	**$ (0.05)**	**$ (0.14)**
Diluted	**$ (0.04)**	**$ (0.04)**	**$ (0.06)**	**$ (0.14)**
Weighted average shares outstanding				
Basic	**64,958,069**	**63,104,788**	**64,646,096**	**55,066,317**
Diluted	**64,958,069**	**63,104,788**	**65,180,918**	**55,066,317**

(The accompanying notes are an integral part of these financial statements.)

Helius Medical Technologies Inc.
Interim Condensed Consolidated Statements of Capital Deficit
for the nine months ended December 31, 2015
(Unaudited)
(Expressed in United States Dollars)

	Common Stock	Amount *(Restated – Note 13)*	Additional Paid-In Capital *(Restated – Note 13)*	Shares to be Issued	Accumulated Deficit *(Restated – Note 13)*	Accumulated other comprehensive income (loss)	Capital (Deficit) *(Restated – Note 13)*
		$	$	$	$	$	$
Balance – March 31, 2015	**63,104,788**	**16,358,093**	**2,434,552**	**39,545**	**(19,423,451)**	**(971,640)**	**(1,562,901)**
Exercise of finder's warrants	14,400	11,926	-	-	-	-	11,926
Issuance of common stock for private placement	849,273	1,465,524	-	-	-	-	1,465,524
Issuance of common stock for private placement	335,463	585,702	-	(39,545)	-	-	546,157
Issuance of common stock for private placement	125,756	233,806	-	-	-	-	233,806
Stock option exercise	94,640	42,500	-	-	-	-	42,500
Fair value of options exercised	-	20,454	(20,454)	-	-	-	-
Issuance of common stock as bonus shares	30,000	23,959	-	-	-	-	23,959
Issuance of common stock for convertible note	2,083,333	1,525,000	-	-	-	-	1,525,000
Issuance of common stock for convertible credit facility	-	-	-	-	-	-	-
Share issuance cost	-	(141,100)	-	-	-	-	(141,100)
Stock-based compensation on 3,370,000 options granted	-	-	(84,550)	-	-	-	(84,550)
Stock-based compensation on 400,000 options granted	-	-	167,417	-	-	-	167,417
Stock-based compensation on 100,000 options granted	-	-	28,681	-	-	-	28,681
Stock-based compensation on 100,000 options granted	-	-	28,440	-	-	-	28,440
Stock-based compensation on 50,000 options granted	-	-	6,880	-	-	-	6,880
Stock-based compensation on 750,000 options granted	-	-	66,625	-	-	-	66,625
Stock-based compensation on 950,000 options granted	-	-	206,461	-	-	-	206,461
Stock-based compensation on 100,000 options granted	-	-	12,032	-	-	-	12,032
Fair value of non-employee vested options reallocated to derivative liability	-	-	(690,885)	-	-	-	(690,885)
Net loss for the period	-	-	-	-	(3,051,492)	-	(3,051,492)
Translation adjustments	-	-	-	-	-	(890,689)	(890,689)
Balance – December 31, 2015 *(Restated – Note 13)*	**66,637,653**	**20,125,864**	**2,155,199**	**-**	**(22,474,943)**	**(1,862,329)**	**(2,056,209)**

(The accompanying notes are an integral part of these financial statements.)

Helius Medical Technologies, Inc.
Interim Condensed Consolidated Statements of Cash Flows
for the nine months ended December 31, 2015 and 2014
(Unaudited)
(Expressed in United States Dollars)

	December 31, 2015 $ *(Restated – Note 13)*	December 31, 2014 $ *(Restated – Note 12)*
Cash flows from operating activities		
Net loss for the period	(3,051,492)	(7,798,641)
Items not involving cash:		
Change in fair value of derivative liability	(2,113,391)	670,790
Accretion	23,959	176,488
Stock-based compensation	431,986	1,970,345
Gain on extinguishment of debt	(268,334)	-
Changes in non-cash working capital items:		
Receivables	(119,567)	(2,035)
Accounts Payable	128,457	975,694
Prepaid expenses	(384,629)	(150,364)
Foreign exchange re-measurement	(901,518)	(222,244)
		-
Net cash used in operating activities	**(6,254,529)**	**(4,379,967)**
Cash flows from investing activities		
Short term investment	378,000	-
Net cash provided by investing activities	**378,000**	-
Cash flows from financing activities		
Issuance of share capital	2,299,913	7,017,009
Issuance of warrants	532,523	-
Share issue costs	(141,100)	(379,806)
Convertible debenture and credit facility proceeds	7,000,000	633,195
Net cash provided by financing activities	**9,691,336**	**7,270,398**
Effect of foreign exchange rate changes on cash	116,650	-
Net change in cash and cash equivalents	3,931,457	2,890,431
Cash and cash equivalents, beginning of the period	418,893	15,968
Cash and cash equivalents, end of the period	**4,350,350**	**2,906,399**
Supplemental cash flow information		
Interest paid in cash	$ 1,644	$ 11,144
Income taxes paid in cash	-	-

(The accompanying notes are an integral part of these financial statements.)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements of Helius Medical Technologies Inc. (the "Company") have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, they should be read in conjunction with the audited consolidated financial statements and notes thereto for the fiscal year ended March 31, 2015 in the Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on June 29, 2015, and as subsequently amended and refiled on January 11, 2016. The unaudited condensed consolidated interim financial statements contain all normal recurring accruals and adjustments that, in the opinion of management, are necessary to present fairly the consolidated financial position of the Company at December 31, 2015, and the consolidated results of operations for the three and nine months ended December 31, 2015, and consolidated statements of cash flows for the nine months ended December 31, 2015. All intercompany accounts and transactions have been eliminated. It should be understood that accounting measures at interim dates inherently involve greater reliance on estimates than at year end. The results of operations for the three and nine months ended December 31, 2015 are not necessarily indicative of the results to be expected for the full year or any future interim periods.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Liquidity

The Company has incurred a net loss of $3,051,492 for the nine months ended December 31, 2015 and, as of December 31, 2015, the Company has an accumulated deficit of $22,474,943 (March 31, 2015 - $19,423,451). Until the Company generates a level of revenue to support its cost structure, the Company expects to continue to incur substantial operating losses and net cash outflows. While the Company had cash and cash equivalents of $4,350,350 as of December 31, 2015 (March 31, 2015 - $418,893), management does not believe these resources will be sufficient to meet the Company's operating and capital needs for the ensuing fiscal year.

The Company intends to fund ongoing activities by utilizing current cash and cash equivalents and by raising additional capital through equity or debt financings. There can be no assurance that the Company will be successful in raising additional capital or that such capital, if available, will be on terms that are acceptable to the Company. If the Company is unable to raise sufficient additional capital, the Company may be compelled to reduce the scope of its operations and planned capital expenditure or sell certain assets, including intellectual property assets. This material uncertainty gives rise to substantial doubt about the Company's ability to continue as a going concern.

Fair Value of Financial Assets and Liabilities

The Company's financial instruments consist primarily of cash and cash equivalents, accounts payable and accrued liabilities, and an obligation to issue shares and warrants. The book values of these instruments approximate their fair values due to the immediate or short-term nature of those instruments.

ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value;

Level 1 – Quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable; and

Level 3 – Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

Cash and cash equivalents and short-term investment are measured using Level 1 inputs.

The Company had certain Level 3 liabilities required to be recorded at fair value on a recurring basis in accordance with US GAAP as at December 31, 2015. As at December 31, 2015, the Company's Level 3 liabilities consisted of warrants and share purchase options awarded to non-employees. The resulting Level 3 liabilities have no active market and are required to be measured at their fair value each reporting period based on information that is unobservable.

A summary of the Company's Level 3 liabilities for the periods ended December 31, 2015 and 2014 are as follows:

Non-Employee Options

	Nine months ended December 31, 2015 $	Nine months ended December 31, 2014 $
Beginning fair value	1,581,444	-
Issuance of warrants and non-employee options	-	767,879
Reallocation of vested non-employee options	690,885	42,227
Change in fair value	(1,725,520)	670,790
Ending fair value of non-employee options	**546,809**	**1,480,896**

Embedded Conversion feature

	Nine months ended December 31, 2015 $	Nine months ended December 31, 2014 $
Beginning fair value	-	-
Bifurcation of embedded conversion feature	425,208	-
Settlement of convertible debt	(425,208)	-
Ending fair value of embedded conversion feature	-	-

Warrants

Beginning fair value	-	-
Issuance of warrants	739,190	-
Change in fair value	(387,871)	-
Ending fair value of warrants	**351,319**	-
Ending fair value of Level 3 liability	**898,128**	**1,480,896**

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment). There were no assets or liabilities measured at fair value on a non-recurring basis during the periods ended December 31, 2015 and December 31, 2014.

Basic and Diluted Income (Loss) per Share

Earnings or loss per share ("EPS") is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted EPS is computed by dividing net income (loss) by the weighted-average of all potentially dilutive shares of common stock that were outstanding during the periods presented. The number of shares potentially issuable at December 31, 2015 upon the exercise or conversion of share purchase warrants, share purchase options and conversion of convertible debentures totaled 19,633,969.

The treasury stock method is used in calculating diluted EPS for potentially dilutive stock options and share purchase warrants, which assumes that any proceeds received from the exercise of in-the-money stock options and share purchase warrants, would be used to purchase common shares at the average market price for the period.

EPS for convertible debt is calculated under the "if-converted" method. Under the if converted method, EPS is calculated as the more dilutive of EPS (i) including all interest (both cash interest and non-cash discount amortization) and excluding all shares underlying the convertible debt or; (ii) excluding all interest and costs directly related to the convertible debt (both cash interest and non-cash discount amortization) and including all shares underlying the convertible debt.

The basic and diluted earnings per share for the three and nine months ended December 31, 2015 and 2014 were calculated as follows:

	Three months ended		Nine months ended	
	December 31, 2015 *(Restated – Note 13)*	December 31, 2014 *(Restated – Note 12)*	December 31, 2015 *(Restated – Note 13)*	December 31, 2014 *(Restated – Note 12)*
Basic Numerator				
Net loss for the period	$ (2,432,435)	$ (2,478,561)	$ (3,051,492)	$ (7,798,641)
Denominator				
Weighted average common shares outstanding	64,958,069	63,104,788	64,646,096	55,066,317
Basic net loss per share	$ (0.04)	$ (0.04)	$ (0.05)	$ (0.14)
Diluted Numerator				
Net loss for diluted income per share	$ (2,432,435)	$ (2,478,561)	$ (3,051,492)	$ (7,798,641)
Gain in fair value of options	-	-	(1,094,449)	-
Loss available to common stockholders	$ (2,432,435)	$ (2,478,561)	$ (4,145,941)	$ (7,798,641)
Denominator				
Weighted average common shares outstanding	64,958,069	63,104,788	64,646,096	55,066,317
Potential share issuances				
Common share options	-	-	534,822	-
Common share warrants	-	-	-	-
Weighted average number of common shares outstanding used in computing diluted earnings per share	64,958,069	63,104,788	65,180,918	55,066,317
Diluted earnings per share	$ (0.04)	$ (0.04)	$ (0.06)	$ (0.14)

Recent Accounting Pronouncements

In June 2014, the FASB issued ASU No. 2014-12, Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period ("ASU 2014-12"). ASU 2014-12 requires that a performance target that affects vesting, and that could be achieved after the requisite service period, be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant date fair value of the award. This update further clarifies that compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. The amendments in this ASU are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. The Company is currently evaluating the impact this guidance will have on its financial condition, results of operations and cash flows.

In August 2014, the FASB issued ASU No. 2014-15, Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern (“ASU 2014-15”). ASU 2014-15 will explicitly require management to assess an entity’s ability to continue as a going concern, and to provide related footnote disclosure in certain circumstances. The new standard will be effective for all entities in the first annual period ending after December 15, 2016. The Company is currently evaluating the impact this guidance will have on its financial condition, results of operations and cash flows.

In May, 2014, the FASB and the International Accounting Standards Board (IASB) issued a converged standard on revenue recognition from contracts with customers, ASU 2014-09 (Topic 606 and IFRS 15). This standard will supersede nearly all existing revenue recognition guidance. ASU 2014-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. The Company is currently evaluating the impact this guidance will have on its financial condition, results of operations and cash flows.

In April 2015, the FASB issued Accounting Standards Update No. 2015-03 Interest – Imputation of Interest (Subtopic 835-30). This guidance is to simplify the presentation of debt issuance costs by recognizing a debt liability in the balance sheet as a direct deduction from that debt liability consistent with the presentation of a debt discount. The amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The Company is currently evaluating the impact of adoption of this new accounting pronouncement on its financial statements.

3. CONVERTIBLE DEBENTURE

On February 19, 2014, the Company entered into a securities purchase agreement where the Company agreed to sell and issue a note with annual simple interest at 8% (the "Debenture"). A total of $1,000,100 in principal had been received.

On June 13, 2014, the Debenture matured on the closing of the Company's qualified financing. Upon completion of the qualified financing, the Debenture automatically converted into equity securities of the Company at a price per share equal to 85% of the price per share of the qualified financing. The conversion option of the Debenture was accounted for as a contingent beneficial conversion feature valued at $176,488 which was recorded as interest expense in the Statement of Comprehensive Loss on settlement of the contingency.

4. PROMISSORY NOTE

On September 8, 2015, the Company received $200,000 in exchange for the issuance of a promissory note (the "Promissory Note"). The Promissory Note was to be repaid six months from the date of issuance with interest accruing at the rate of 6% per annum for the first three months and 10% per annum thereafter. In addition, the lender was entitled to receive 30,000 common shares of the Company on the date of the Promissory Note (the "Bonus Shares") and an additional 30,000 common shares every three months thereafter as long as the principal of the loan remained outstanding. During the nine months ended December 31, 2015, the Company issued the lender 30,000 Bonus Shares valued at $23,959 based on their quoted market to the lender. This amount was recorded as a debt discount of the Promissory Note at issuance and was being amortized using the effective interest method over the term of the Promissory Note.

On October 28, 2015, the Company repaid the Promissory Note in its entirety, along with accrued interest of $1,644. The remaining debt discount was immediately recorded as interest expense on the date of repayment.

5. COMMON STOCK

On April 30, 2015 the Company closed a non-brokered private placement (the "First Financing") raising gross proceeds of $1,825,937 by the issuance of 849,273 units (each a "First Financing Unit") at a price of $2.15 per First Financing Unit. Each First Financing Unit consists of one (1) common share and one half of one (1/2) common share purchase warrant (each a "First Financing Warrant"). Each whole First Financing Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of $3.00 per share for a period of thirty-six (36) months from the closing date of the Financing. The Company paid a cash finder's fee of $84,074 in connection with this First Financing, as well as 27,396 finder's warrants (the "First Financing Finder's Warrants"). Each First Financing Finder's Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of $3.00 per share for a period of thirty-six (36) months from the closing date of the First Financing.

On June 26, 2015 the Company closed a non-brokered private placement (the "Second Financing") raising gross proceeds of $721,243 by the issuance of 335,463 units (each a "Second Financing Unit") at a price of $2.15 per Second Financing Unit. Each Second Financing Unit consists of one (1) common share and one half of one (1/2) common share purchase warrant (each a "Second Financing Warrant"). Each whole Second Financing Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of $3.00 per share for a period of thirty-six (36) months from the closing date of the Second Financing. The Company paid a cash finder's fee of $40,803 in connection with this Second Financing, as well as 18,978 finder's warrants (the "Second Financing Finder's Warrants"). Each Second Financing Finder's Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of $2.15 per share for a period of sixty (60) months from the closing date of the Second Financing.

On July 17, 2015 the Company closed a non-brokered private placement (the "Third Financing") raising gross proceeds of $270,375 by the issuance of 125,756 units (each a "Third Financing Unit") at a price of $2.15 per Third Financing Unit. Each Third Financing Unit consists of one (1) common share and one half of one (1/2) common share purchase warrant (each a "Third Financing Warrant"). Each whole Third Financing Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of $3.00 per share for a period of thirty-six (36) months from the closing date of the Third Financing. The Company paid a cash finder's fee of $16,223 in connection with this Third Financing, as well as 7,545 finder's warrants (the "Third Financing Finder's Warrants"). Each Third Financing Finder's Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of $2.15 per share for a period of sixty (60) months from the closing date of the Third Financing.

On October 9, 2015, in connection with an Asset Purchase Agreement, the Company entered into a US$7.0 million funding commitment with A&B Company Limited ("A&B") in the form of a convertible promissory note. The funding commitment consisted of (i) an initial $2.0 million and (ii) an additional $5.0 million funding commitment, upon which the Company could draw down at any time or from time to time during the six-month period beginning on the issuance date of the convertible promissory note. The convertible promissory note was convertible at the option of the holder into units consisting of one share of common stock and one half share purchase warrant of the Company.

See Note 7, "Convertible Note," regarding the warrants issued in conjunction with the repayment of the note.

6. SHARE BASED PAYMENTS

(a) Stock options

The Company has a stock option plan whereby the Company is authorized to grant up to 12,108,016 options. Vesting and the term of an option is determined at the discretion of the Board of Directors of the Company.

The continuity of stock options for the periods as at December 31, 2015 and March 31, 2015, are as follows:

	Number	Weighted Average Exercise Price (CAD)	Aggregate Intrinsic Value (CAD)
Balance outstanding at March 31, 2015	4,920,000	$ 1.14	$ 10,120,000
Exercised	(94,640)	$ 0.60	-
Granted	1,850,000	0.88	-
Balance outstanding at December 31, 2015	6,675,360	$ 1.08	$ 2,588,702
Balance exercisable at December 31, 2015	4,272,279	$ 1.16	$ 1,637,490

The options outstanding and exercisable at December 31, 2015 are as follows:

Number of options	Expiry date	Options outstanding remaining contractual life (years)	Exercise Price (CAD)	Grant date fair value (CAD)	Number of options exercisable
3,520,000	June 18, 2019	3.46	$ 0.60	$ 0.23	2,346,667
155,360	June 20, 2019	3.46	$ 0.60	$ 0.23	124,110
100,000	July 14, 2017	1.54	$ 2.52	$ 1.06	100,000
450,000	December 8, 2019	3.94	$ 2.92	$ 1.65	450,000
100,000	December 8, 2019	3.94	$ 2.92	$ 1.49	66,667
400,000	December 8, 2019	3.94	$ 2.96	$ 1.56	300,000
100,000	March 16, 2020	4.21	$ 3.20	$ 1.61	33,334
50,000	August 15, 2015	4.62	$ 0.98	$ 0.39	16,667
750,000	October 21, 2020	4.81	$ 0.87	$ 0.33	187,500
550,000	October 28, 2020	4.83	$ 0.84	$ 0.44	550,000
400,000	October 28,2020	4.83	$ 0.84	$ 0.36	64,000
100,000	December 31, 2020	5.00	$ 1.24	$ 0.50	33,334
6,675,360					4,272,279

The fair value of stock options granted during the periods ended December 31, 2015 and 2014 were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	December 31, 2015	December 31, 2014
Stock price	$0.822	$1.33
Exercise Price	$0.878	$1.10
Expected life	3.6 years	3.9 years
Expected volatility	67.85%	67.85%
Risk – free interest rate	0.84%	1.32%
Dividend rate	0.00%	0.00%

The Company has adopted the simplified method prescribed by the SEC in SAB Topic 14 in respect of estimating the expected term of its stock options as its limited share purchase option history does not provide a reasonable basis to estimate the expected terms. Expected volatility was determined by reference to the average volatility rates of other companies in the same industry due to the Company's limited trading history.

Non-Employee Stock Options

In accordance with the guidance of ASC 815-40-15, stock options awarded to non-employees that are performing services for Neurohabilitation Corporation ("NHC") are required to be accounted for as derivative liabilities once the services have been performed and the options have vested because they are considered not to be indexed to the Company's stock due to their exercise price being denominated in a currency other than NHC's functional currency. Stock options awarded to non-employees that are not vested are re-measured at their respective fair values at each reporting period and accounted for as equity awards until the terms associated with their vesting requirements have been met. The changes in fair value of the unvested non-employee awards are reflected in their respective operating expense classification in the Company's Consolidated Statement of Comprehensive Income (Loss).

The non-employee stock options and warrants that are required to be accounted for as liabilities are summarized as follows for the periods ended December 31, 2015 and March 31, 2015:

	Nine months ended December 31, 2015 $	Nine months ended December 31, 2014 $
Fair value of non-employee options, beginning of the period	1,581,444	-
Issuance	-	767,879
Reallocation of vested non-employee options	690,885	42,227
Change in fair value of non-employee stock options during the period	(725,520)	739,375
Fair value of non-employee options, end of the period	1,546,809	1,549,481

The non-employee options that have vested are required to be re-valued with the change in fair value of the liability recorded as a gain or loss on the change of fair value of derivative liability and included in other items in the Company's Consolidated Statements of Loss at the end of each reporting period. The fair value of the options will continue to be classified as a liability until such time as they are exercised, expire or there is an amendment to the respective agreements that renders these financial instruments to be no longer classified as a liability.

Share-based payments are classified in the Company's Statement of Loss as follows for the period ended December 31, 2015 and 2014:

	Three months ended December 31, 2015 $	Nine months ended December 31, 2015 $	Three months ended December 31, 2014 $	Nine months ended December 31, 2014 $
Consulting fees	(36,300)	(45,199)	871,269	1,033,200
Research and development	315,031	57,550	239,463	578,120
Wages and salaries	52,737	419,635	(77,784)	359,025
	331,468	431,986	1,032,948	1,970,345

(b) **Share Purchase Warrants**

The continuity of warrants for the nine months ended December 31, 2015 is as follows:

	Number of warrants		Weighted Average Exercise Price	
	CAD	US	CAD $	US $
Balance March 31, 2015	8,444,400	-	$1.00	-
Granted		1,750,831	-	2.06
Exercised	(14,400)	-	$1.00	-
Balance December 31, 2015	8,430,000	1,750,831	$1.00	2.06

The warrants outstanding and exercisable at December 31, 2015 are as follows:

Number of warrants outstanding	Exercise Price	Expiry Date
8,430,000	CAD $1.00	May 30, 2016
452,032	US $3.00	April 30, 2018
167,731	US $3.00	June 26, 2018
18,978	US $2.15	June 26, 2020
62,878	US $3.00	July 17, 2018
7,545	US $2.15	July 17, 2020
1,041,667	US $1.44	November 10, 2018

During the nine months ended December 31, 2015, the Company issued an aggregate of 1,750,831 common stock purchase warrants that are required to be accounted for as liabilities pursuant to ASC 815 because they are considered not to be indexed to the Company's stock due to their exercise price being denominated in a currency other than the Company's functional currency.

Pursuant to the guidance of ASC 815, warrants having an exercise price denominated in a currency other than the functional currency of the Company are required to be accounted for as liabilities are accounted for at their respective fair values, with the change in fair value recorded on the consolidated statement of operations as other income.

The warrants having an exercise price denominated in a currency other than the functional currency of the Company that are required to be accounted for as liabilities are summarized as follows for the periods ended December 31, 2015 and 2014:

	Nine months ended December 31, 2015 $	Nine months ended December 31, 2014 $
Fair value of warrants, beginning of the period	-	-
Issuance	739,190	-
Change in fair value of warrants during the period	(387,871)	-
Fair value of warrants, end of the period	351,319	-

The fair value of the warrants issued during the periods ended December 31, 2015 and 2014 were estimated using the Black-Scholes pricing model with the following weighted average assumptions:

	December 31, 2015	December 31, 2014
Stock price	$0.73	-
Exercise Price	$1.44	-
Expected life	3.0 years	-
Expected volatility	67.85%	-
Risk – free interest rate	0.96%	-
Dividend rate	0.00%	-

The warrants are required to be re-valued with the change in fair value of the liability recorded as a gain or loss on the change of fair value of derivative liability and included in other items in the Company's Consolidated Statements of Loss at the end of each reporting period. The fair value of the warrants will continue to be classified as a liability until such time as they are exercised, expire or there is an amendment to the respective agreements that renders these financial instruments to be no longer classified as a liability.

7. CONVERTIBLE NOTE

On October 9, 2015, in connection with an Asset Purchase Agreement, the Company entered into a US$7.0 million funding commitment with A&B Company Limited ("A&B"). The funding commitment consisted of (i) an initial $2.0 million in the form of a convertible promissory note and (ii) an additional $5.0 million funding commitment, upon which the Company could draw down at any time or from time to time during the six-month period beginning on the issuance date of the Note. The Note would accrue interest at a rate equal to 6% per annum, payable in cash on the due date of April 9, 2016.

The Company could elect to draw down the remaining $5.0 million commitment within six months. Such additional funding would be through the issuance of additional shares and warrants at a price based on the volume weighted average closing price of the Company's shares of common stock.

The Note was unsecured and the initial $2 million commitment was convertible at the option of the holder into units of the Company at $0.96 per unit. Each unit would consist of one share of common stock and one half share purchase warrant exercisable at $1.44 for a period of three years from the date of issuance.

The Company could elect to draw down on the additional funding through the issuance of units of the Company at a price based on the volume weighted average closing price of the Company's shares of common stock on the date the Company elects to draw down from the commitment (the "Draw Down Price"). Each unit would consist of one share of common stock of the Company and one half share purchase warrant. The warrant would be exercisable at the price representing a fifty percent (50%) premium to the Draw Down Price.

On December 29, 2015, the Company drew down the remaining $5.0 million of the commitment at a price of $0.90 per unit, with each unit consisting of one share of common stock and one half warrant exercisable at $1.35 per share for a period of three years from the date of issuance. The shares were issued subsequent to December 31, 2015.

Pursuant to the guidance of ASC 815 Derivatives and Hedging, the Company determined that the conversion feature embedded in the $2.0 million commitment under the Note was required to be bifurcated from the Note and accounted for as a liability because it was considered not to be indexed to the Company's stock due to its exercise price being denominated in a currency other than the Company's functional currency. Therefore, pursuant to the guidance of ASC 815-15, the Company allocated the proceeds from the issuance of the Note first to the fair value of the embedded conversion feature, with a corresponding discount allocated to the Note. The fair value of the embedded conversion feature was calculated using the Black Scholes pricing model using the following weighted average assumptions: Stock price - $0.73; Exercise price - $ 0.9877; Expected remaining life – 1.33 years; Volatility -103.64%; Risk free rate of return – 0.3677%. This resulted in a debt discount of $425,208 in connection with the Note. This debt discount would be amortized using the effective interest method over the term of the Notes. During the nine months ended December 31, 2015, the Company did not record any accretion in respect of this discount, because the Note was immediately converted, as noted below.

As agreed, the Company repaid the $2.0 million Note through the issuance of 2,083,333 shares of common stock at a price of $0.96 per share and 1,041,667 warrants exercisable at $1.44 for a period of three years from the date of issuance. The shares of common stock and the warrants were issued on November 10, 2015.

As a result of the bifurcation of the embedded conversion option, for accounting purposes, two instruments were considered outstanding and, upon exercise of the contractual conversion option, extinguishment accounting has been applied. Consequently, the shares issued pursuant to the conversion are recorded at their fair value on the date of issuance, determined with reference to their quoted market price on the date of conversion. The resulting difference between the fair value of the shares issued, less the fair value of the related conversion feature and the carrying value of the related debt, is recorded as a gain or loss on the consolidated statement of operations. During the nine months ended December 31, 2015, the Company recorded a gain on extinguishment of debt of $268,334 in connection with the conversion of the Note.

On December 29, 2015, the Company received the remaining $5.0 million commitment in accordance with the terms of this agreement. In exchange, the Company issued 5,555,556 common shares and 2,777,778 warrants exercisable at $1.35 for a period of three years from the date of issuance. The shares and warrants were delivered to A&B on January 7, 2016. As a result, the balance of the $5.0 million is reflected in the Company's financial statements as an obligation to issue shares and warrants as at December 31, 2015.

The bifurcation of the embedded conversion feature in the Note was classified as a Level 3 liability with the changes in fair value summarized as follows:

	Nine months ended December 31, 2015 $	Nine months ended December 31, 2014 $
Beginning fair value	-	-
Bifurcation of embedded conversion feature	425,208	-
Settlement of convertible debt	(425,208)	-
Ending fair value of embedded conversion feature	-	-

8. COMMITMENTS AND CONTINGENCIES

(a) The Company entered into a license agreement with Advanced NeuroRehabilitation, LLC ("ANR") for an exclusive right on ANR's patent pending technology, claims and knowhow. In addition to the issuance of 16,035,026 shares, the Company agreed to pay a 4% royalty on net revenue on the sales of devices covered by the patent-pending technology and services related to the therapy or use of devices covered by the patent- pending technology.

(b) On March 7, 2014, the Company entered into a commercial development-to-supply program with Ximedica where Ximedica will design, develop and produce PoNS™ product solution suitable for clinical trial and commercial sale. Under the program, the Company is responsible for ensuring the device is in compliance with relevant laws and regulations. The agreed budget for phase 1B of development is $499,000; phase 2 is $1,065,000; Phase 3 and 4 is $1,389,000 and 2nd software development cycle is $586,000, of which $4,708,223 was expensed as research and development since inception to December 31, 2015. Invoices are to be issued monthly for work in progress. The Company can cancel the project at any time with a written notice at least 30 days prior to the intended date of cancellation. As of December 31, 2015, the Company recorded a prepaid expense of $300,000 to Ximedica which will be applied at the end of the project. During the period ended December 31, 2015, the Company incurred charges of $1,608,235 (December 31, 2014 - $2,226,283) pursuant to this agreement.

(c) On January 5, 2015, Wicab Inc. ("Wicab") filed a complaint against us, NHC, our director Mitchell Tyler, and our former director Yuri Danilov, and ANR in the U.S. District Court for the Western District of Wisconsin. The complaint contained various state and common law claims arising from Messrs. Danilov's and Tyler's prior employment with Wicab and our two issued patents for the PoNS™ device. The complaint alleged, among other things, that following their departure from Wicab, Messrs. Danilov and Tyler knowingly filed patent applications for and used ideas and inventions developed at Wicab in violation of various non-competition and confidentiality agreements, and that our two issued patents are therefore rightfully the property of Wicab. The complaint sought an unspecified amount of monetary damages, an injunction preventing us from using the ideas and inventions in the two patents, an order transferring ownership of the patents from us to Wicab, and recovery of costs and attorneys' fees. The complaint was voluntarily dismissed without prejudice on January 14, 2015.

On October 12, 2015, the Company received a letter from Wicab alleging that the two issued patents were invalid in view of prior art cited in the letter, including scientific publications and patent applications, and that Paul Bach-y-Rita, Wicab's founder, should have been named as an inventor on these two issued patents. Wicab indicated in the letter that it may file reexamination or inter partes review proceedings with the U.S. Patent Office to attempt to invalidate the claims in the two issued patents. Wicab also stated that it would consider an unspecified "business solution" to resolve this matter. On December 10, 2015, representatives of each of the Company and Wicab met to discuss the parameters of a potential settlement. There can be no guarantee that a settlement will be reached. In the event that a settlement with Wicab is not reached, Wicab may file reexamination or *inter partes* review proceedings with the U.S. Patent Office to challenge the validity of the two issued patents. If the Company receives an adverse decision from the U.S. Patent Office in connection with these proceedings, some or all of the claims in the two patents may be invalidated or otherwise impaired, which could prevent the Company from bringing an infringement suit against a future competitor for making use of the PoNS™ technology for neurorehabilitation, and could have a material adverse effect on the Company's business, operating results and financial condition. Wicab may also take other actions against the Company, its assets, intellectual property rights, officers, directors, employees, agents or other persons or entities which may also have a material effect on the Company's business, operating results and financial condition. The Company believes that the possibility of an economic outlay is remote.

(d) On January 27, 2015 we received a demand letter containing allegations that we had entered into a consulting arrangement with the complainants and breached certain of its terms, and used certain intellectual property in the form of business and marketing plans allegedly prepared by the complainants, and seeking damages. On May 7, 2015, Mr. Rainier Maas and Dr. Jochen Scheld filed a complaint in the U.S. District Court for the Eastern District of Pennsylvania seeking monetary damages in excess of $225,000. On December 2, 2015 the Company entered into a settlement agreement with the plaintiffs for an amount of €57,000 which was subsequently paid on January 12, 2016. The parties have since executed the settlement agreement for the aforementioned amount and the case has been dismissed without prejudice.

(e) Under our Strategic Agreement with A&B if we fail to obtain FDA clearance for commercialization of or otherwise fail to ensure that the PoNS™ device is available for purchase by the U.S. Government by December 31, 2017, we are subject to a US$2,000,000 contract penalty payable to A&B.

9. RELATED PARTY TRANSACTIONS

For **the three and nine month period** ended December 31, 2015, the Company was a party to the following related party transactions:

During the three-month period ended December 31, 2015, $295,848 (December 31, 2014 - $63,524) was included in research & development expenses as the fair value of stock-based compensation attributed to the options granted to two directors and a consultant for consulting services rendered with respect to the design and development of the PoNS™ device. During the nine-month period ended December 31, 2015, $38,367 (December 31, 2014 - $351,878) was included in research & development expenses as the fair value of stock-based compensation attributed to the options granted to two directors and a consultant for consulting services rendered with respect to the design and development of the PoNS™ device.

During the three-month period ended December 31, 2015, ($271,944) (December 31, 2014 – ($388,800)) was included in wages & salaries expenses as the fair value of stock-based compensation attributed to the options granted to directors. During the nine-month period ended December 31, 2015, $94,954 (December 31, 2014 - $48,009) was included in wages & salaries expenses as the fair value of stock-based compensation attributed to the options granted to directors.

10. SOLE-SOURCE COST-SHARING AGREEMENT

During the nine months ended December 31, 2015, the Company entered into a sole source cost sharing contract executed with the U.S. Army Medical Research and Materiel Command (“USAMRMC”). Under the terms of the contract, the USAMRMC will reimburse the Company up to a maximum of $2,996,244 representing approximately 62% of the Company’s estimated costs for the registrational trial (“the trial”) investigating the safety and effectiveness of the portable neuromodulation stimulator for mild to moderate traumatic brain injury. The trial expires on December 31, 2016.

As of December 31, 2015, the Company has received a total of $1,372,821 in respect of expenses reimbursed.

Under the terms of the agreement, the USAMRMC may terminate their obligation at any time with 30 days written notice.

11. SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statement of cash flows.

During the nine months ended December 31, 2015;

i) the Company issued 30,000 shares of common stock having a fair value of $23,959 based on their quoted market price as a bonus in connection with the advance of a loan;

ii) the Company issued 2,083,333 common shares having a fair value of $1,525,000 based on their quoted market price upon the conversion of a convertible note payable in the amount of $2,000,000. Also, in connection with this debt conversion, the Company also issued 1,041,667 share purchase warrants having a fair value of $206,667 at their inception.

iii) the Company reallocated $690,885 from additional paid-in capital to derivative liability in respect of the fair value of non-employee share purchase options that had vested.

During the nine months ended December 31, 2014:

i) the Company issued 2,564,705 common shares valued at $1,000,100 based on the carrying value of the convertible debenture upon its conversion;

ii) the Company recorded a beneficial conversion feature of $176,488 in respect of a qualifying transaction recorded in connection with the convertible debenture;

iii) The Company recorded a credit to additional paid-in capital of $162,890 representing the carrying values of the net assets acquired in a reverse merger recapitalization transaction.

These transactions have been excluded from the statement of cash flows.

12. CORRECTION OF AN ERROR IN PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The Company's previously issued financial statements have been restated to reflect the correction of an error in the re-measurement of non-employee stock option awards that had yet to vest. This restatement was announced in the Company's current report on Form 8-K filed on January 11, 2016.

Previously, the Company had recorded the stock-based compensation for the period ended December 31, 2014 based on the fair value of the awards on their respective grant dates. Under the provisions of ASC 505-50, the Company is required to measure stock-based compensation for non-employees at the earlier of the performance commitment date or the date that the services have been completed. A performance commitment date exists only when the counterparty has sufficient disincentive not to complete. Otherwise, the Company is required to re-measure unvested non-employee options at their respective fair values until the services have been completed or once the options have vested. Under the terms of the Company's stock option awards to non-employees, there were no performance disincentives. As a result the Company is required to re-measure its non-employee awards until they have vested. This also affects the calculation of the change in fair value of derivative liability which appears on the Company's statements of comprehensive income (loss).

The correction of the error is presented in the Company's interim condensed consolidated financial statements for the period ended December 31, 2015 as follows:

	Three months ended December 31, 2014		
	As Originally Reported	**Adjustment**	**As Restated**
Consulting fees	$1,694,685	($793,495)	$901,190
Research and development	$952,343	$239,463	$1,191,806
Wages and salaries	$603,492	($471,373)	$132,119
Loss from operations	($4,117,423)	$1,025,405	($3,092,018)
Interest and other income	$2,845	$6,570	$9,415
Change in fair value of derivative liability	($55,589)	($20,947)	($76,536)
Foreign exchange	$687,148	($6,570)	$680,578
Net income (loss) for the period	$(3,483,019)	$1,004,458	$(2,478,561)
Comprehensive income (loss) for the period	$(4,190,894)	$1,004,458	$(3,186,436)
Basic and diluted loss per share	$(0.06)	$0.02	$(0.04)

	Nine months ended December 31, 2014		
	As Originally Reported	**Adjustment**	**As Restated**
Consulting fees	$2,336,051	($1,168,508)	$1,167,543
Research and development	$2,668,529	$527,817	$3,196,346
Wages and salaries	$1,253,494	($569,119)	$684,375
Loss from operations	($8,449,159)	$1,209,810	($7,239,349)
Change in fair value of derivative liability	($818,382)	$147,592	($670,790)
Net loss for the period	$(9,156,043)	$1,357,402	$(7,798,641)
Comprehensive loss for the period	$(9,551,073)	$1,357,402	$(8,193,671)
Basic and diluted loss per share	$(0.17)	$0.03	$(0.14)

13. RESTATEMENT OF PREVIOUSLY ISSUED AND RESTATED FINANCIAL STATEMENTS

The Company's previously issued and restated financial statements have been restated to reflect the correction of an error in the classification of the warrants issued in the First Financing and the Second Financing.

Previously, the Company had recorded the First Financing Warrants, First Financing Finders Warrants, Second Financing Warrants, and Second Financing Finders Warrants (collectively, the "Warrants") as equity instruments. Under the provisions of ASC 815-40-15, if the exercise price of an instrument is denominated in a currency other than the Company's functional currency, the instrument shall not be considered as indexed to the Company's own stock because it is exposed to fluctuations in foreign currency exchange rates. Instead, the instrument should be recorded as a liability at fair value through profit or loss. The functional currency of the Company is the Canadian dollar but the exercise prices of the Warrants are denominated in U.S. dollars, so under ASC 815-40-15, the Warrants must be classified as liabilities at fair value through profit or loss. As a result, the Company is required to reclassify the fair value of the Warrants from equity to liability through profit or loss.

The correction of the error is presented in the Company's interim condensed consolidated financial statements for the period ended December 31, 2015 as follows:

	Three months ended December 31, 2015		
	As reported after first restatement	Adjustment	As restated
Change in fair value of derivative liability	$(261,802)	$(31,896)	$(293,698)
Net loss for the period	($2,400,539)	$(31,896)	$(2,432,435)
Comprehensive loss for the period	$(2,764,335)	$(31,896)	$(2,796,231)
Basic gain (loss) per share	($0.04)	$-	($0.04)
Diluted gain (loss) per share	($0.04)	$-	($0.04)

	Nine months ended December 31, 2015		
	As reported	Adjustment	As restated
Change in fair value of derivative liability	$1,627,844	$485,547	$2,113,391
Net loss for the period	($3,537,039)	$485,547	$(3,051,492)
Comprehensive loss for the period	$(4,427,728)	$485,547	$(3,942,181)
Basic gain (loss) per share	($0.05)	$-	($0.05)
Diluted gain (loss) per share	($0.07)	$0.01	($0.06)

	As at December 31, 2015		
	As reported after first restatement	Adjustment	As Restated
Derivative liability	$830,378	$67,750	$898,128
Common stock	$20,658,387	$(532,523)	$20,125,864
Additional paid-in capital	$2,175,973	$(20,774)	$2,155,199
Accumulated deficit	$(22,960,490)	$485,547	$(22,474,943)

There was no effect on cash flow for each of the periods and therefore there has been no restatement to the consolidated statements of cash flows.

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Helius Medical Technologies, Inc.

10,149,115 Shares of Class A Common Stock
5,074,560 Warrants to purchase Shares of Class A Common Stock and
5,074,560 Shares of Class A Common Stock Issuable upon Exercise of Warrants

PROSPECTUS

May 4, 2016

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13.Other Expenses of Issuance and Distribution

The following table sets forth the costs and expenses payable by the registrant in connection with the sale of common stock being registered. All amounts are estimates except for the SEC registration fee filing fee.

Item	Amount to be paid
SEC registration fee	$ 1,757.87
Legal fees and expenses	100,000
Accounting fees and expenses	20,000
Miscellaneous expenses	15,000
Total	$ 136,757.87

Item 14.Indemnification of Directors and Officers

Our directors and officers are indemnified as provided by the Wyoming Business Corporation Act (the "WBCA"), our Articles of Continuance and our Bylaws.

Wyoming Business Corporation Act

The WBCA, provides that a corporation shall indemnify any director, officer, employee or agent of a corporation against expenses, including attorneys' fees, actually and reasonably incurred by him in connection with any the defense to the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding, or in defense of any claim, issue or matter therein.

The WBCA provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding if he: (a) is not liable pursuant to the WBCA; or (b) acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

The WBCA provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he: (a) is not liable pursuant to the WBCA; or (b) acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation. Indemnification may not be made for any claim, issue or matter as to which such a person has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals there from, to be liable to the corporation or for amounts paid in settlement to the corporation, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

The WBCA provides that except as otherwise provided by specific statute, no director or officer of a corporation is individually liable for a debt or liability of the corporation, unless the director or officer acts as the alter ego of the corporation. The court as a matter of law must determine the question of whether a director or officer acts as the alter ego of a corporation.

Our Articles of Incorporation

Article 14 of our Articles of Incorporation provide for indemnification of our directors and officers as follows:

> PERSONAL LIABILITY; INDEMNIFICATION; ADVANCEMENT OF EXPENSES: To the fullest extent permitted by law, a director of the Company shall not be personally liable to the Company or to its shareholders for monetary damages for any breach of fiduciary duty as a director. No amendment to, modification of or repeal of this paragraph 14 shall apply to or have any effect on the liability or alleged liability of any director of the Company for or with respect to any acts or omissions of such director occurring prior to such amendment. The Company shall indemnify, advance expenses, and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (a "Covered Person") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the Company or, while a director or officer of the Company, is or was serving at the request of the Company as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Covered Person. Notwithstanding the preceding sentence, except for claims for indemnification (following the final disposition of such Proceeding) or advancement of expenses not paid in full, the Company shall be required to indemnify a Covered Person in connection with a Proceeding (or part thereof) commenced by such Covered Person only if the commencement of such Proceeding (or part thereof) by the Covered Person was authorized in the specific case by the board of directors of the Company. Any amendment, repeal or modification of this paragraph 14 shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

Our Bylaws

Our Bylaws provide that we shall indemnify a director as required by the mandatory indemnification provisions of the Act, to the extent applicable, and as otherwise provided in the Articles of Incorporation.

We intend to enter into indemnification agreements with our directors and officers. These agreements will provide broader indemnity rights than those provided under the Wyoming General Corporation Law and our certificate of incorporation. The indemnification agreements are not intended to deny or otherwise limit third-party or derivative suits against us or our directors or officers, but to the extent a director or officer were entitled to indemnity or contribution under the indemnification agreement, the financial burden of a third-party suit would be borne by us, and we would not benefit from derivative recoveries against the director or officer. Such recoveries would accrue to our benefit but would be offset by our obligations to the director or officer under the indemnification agreement.

Item 15.Recent Sales of Unregistered Securities

Recent Sales of Unregistered Securities

Since our inception and in the three years preceding the filing of this registration statement, we have issued the following securities that were not registered under the Securities Act.

On April 15, 2014, we issued in aggregate 10,000,000 shares of our common stock to the shareholders of 0995162 BC Ltd. (174 individuals/entities from Canada and 1 individual from Germany) pursuant to the plan of arrangement between us, Boomerang Oil, Inc. and 0995162 BC Ltd., in exchange for all of the issued and outstanding shares of 0995162 BC Ltd. We relied upon the exemption provided under Section 2.11 of the Canadian Securities Administrators National Instrument 45-106 - Prospectus and Registration Exemptions. We did not issue any of our common stock to any U.S. persons.

On May 28, 2014 we filed our Articles of Continuance with the Wyoming Secretary of State, which was effective with the State of Wyoming on June 2, 2014, whereby we continued from the Province of British Columbia into the State of Wyoming pursuant to a plan of arrangement between us and our shareholders in accordance with section 288 of the BCBCA. This reincorporation resulted in the issuance of 10,000,000 shares of our common stock to our shareholders, in exchange for their existing common shares in the capital of our company that were issued and outstanding immediately prior to the effectiveness of the reincorporation transaction. The plan of arrangement between us and our shareholders required court approval under section 291 of the BCBCA. We advised the British Columbia Supreme Court, or the Court, prior to the hearing that we would be relying upon the registration exemption under Section 3(a)(10) of the Securities Act, and that in order for us to rely upon such Section 3(a)(10) exemption the Court must approve the fairness of the terms and conditions of the exchange of our shares from a British Columbia corporation to shares of us as a Wyoming corporation. The fairness hearing was open to all our shareholders to whom securities of us as a Wyoming corporation would be exchanged pursuant to the plan of arrangement and adequate notice was provided to all our shareholders. On May 27, 2014, the Court found that the terms and conditions of the plan of arrangement were fair and approved the plan of arrangement. None of our shareholders exercised their rights of dissent under the BCBCA in respect of the reincorporation transaction.

On May 30, 2014, we closed a private placement consisting of 15,240,000 subscription receipts at a price of CAD$0.50 per subscription receipt for gross proceeds of $7,016,002(CAD$7,620,000). On June 13, 2014, each subscription receipt automatically converted, for no additional consideration, into one common share and one-half of one common share purchase warrant. We refer to each whole warrant as a Warrant. Each Warrant entitles the holder thereof to purchase one additional share of our common stock at a price of CAD$1.00 until May 30, 2016. We relied on exemptions from registration under the Securities Act, provided by Rule 506 of Regulation D and/or Section 4(a)(2) for the one U.S. purchaser who was an “accredited investor” as defined under Rule 501(a) of Regulation D as well as Regulation S for the Canadian and offshore purchasers, based on representations and warranties provided by the purchasers of the subscription receipts in their respective subscription agreements entered into between us and each purchaser.

In connection with the May 30, 2014 private placement, we paid finder’s fees of$379,806 (CAD$412,200) in cash and 824,400 finder’s warrants, or a Finder’s Warrant, in aggregate to five entities in British Columbia, Canada and one entity in Nevis, West Indies. The Finder’s Warrants have the same attributes as the Warrants. We relied on the exemption from registration under the Securities Act provided by Regulation S for the issuance of the Finder’s Warrants to each finder.

On June 13, 2014, we acquired a 100% interest in NHC, as discussed above, pursuant to an agreement and plan of merger whereby our wholly-owned subsidiary was merged with and into NHC and all of the common shares in the capital of NHC were cancelled in consideration for the issuance of an aggregate of 35,300,083 shares of our common stock to the NHC shareholders. We relied on the exemption from registration under the Securities Act provided by Section 4(a)(2) for the issuance of shares of our common stock to the four NHC shareholders with which we had a pre-existing relationship. Of the 35,300,083 shares issued in this private placement, 32,070,052 shares were held in escrow beginning on June 23, 2014.

On June 19, 2014, we granted 1,800,000 options to our Chief Executive Officer and 60,000 options to one of our directors. We also granted 800,000 options to purchase our common stock to two directors (400,000 each) for services rendered as non-employee consultants. We also granted 400,000 options to purchase our common stock to an advisor for consulting services rendered. We relied on Rule 701 under the Securities Act for these grants. Also on such date, we issued 460,000 options to purchase our common stock to four persons (in individual amounts of 60,000; 250,000; 50,000 and 100,000). The four persons did not pay cash for the options but rendered consulting services to us. We relied on Section 4(a)(2) of the Securities Act for the issuances of these options, as we had a substantive, pre-existing relationship with each of these four persons, and these persons had access to information about us.

On June 20, 2014, we issued 250,000 options to purchase our common stock to one entity. The entity did not pay cash for the options but rendered consulting services to us. We relied on Section 4(a)(2) of the Securities Act for the issuances of these options, as we had a substantive, pre-existing relationship with the entity, and the entity had access to information about us.

On June 30, 2014, we issued 2,564,705 common shares to one offshore individual pursuant to the conversion of a convertible note that was issued by our subsidiary, NHC, in the principal amount of $1,000,100 (CAD$1,090,000 when converted to CAD$) at a price of CAD$0.425 per share. Under the terms of the agreement and plan of merger with NHC, we agreed to assume responsibility for satisfying the payment obligations under such convertible note by issuing shares of our capital stock. We relied upon the exemption from registration as provided under Regulation S promulgated under the Securities Act as the securities were issued to the individual through an offshore transaction which was negotiated and consummated outside of the United States.

On July 14, 2014, we granted 100,000 options to purchase our common stock to an advisor for consulting services rendered. We relied on Rule 701 under the Securities Act for this grant.

On December 8, 2014, we granted 50,000 options to purchase our common stock to each of nine advisors for consulting services rendered. Also on such date, we granted 100,000 options to purchase our common stock to one of our directors and 400,000 options to purchase our common stock to one of our employees for services rendered as director and employee, respectively. We relied on Rule 701 under the Securities Act for these grants.

On March 16, 2015, we granted 100,000 options to purchase our common stock to one of our directors for services rendered as director. We relied on Rule 701 under the Securities Act for this grant.

On April 30, 2015, we closed a private placement to 12 accredited investors, which included one institution and 11 individuals, consisting of an aggregate of 849,273 units at a price of $2.15 per unit for gross proceeds of approximately $1,825,937. Each unit consisted of one share of our common stock and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional share of our common stock at a price of $3.00 per share until April 30, 2018. We relied on the exemption from registration provided by Section 4(a)(2) of the Securities Act and Rule 506(b) thereunder for the private placement. In connection with the private placement, we issued 27,396 warrants to one institutional accredited investor that served as a finder for the private placement. The finder’s warrant permits the holder to purchase one share of our common stock at a price of $3.00 per share until April 30, 2018. We relied on the exemption from registration provided by Section 4(a)(2) of the Securities Act for the issuance of the finder’s warrant.

On June 26, 2015, we closed a private placement to seven accredited investors, which included one institution and six individuals, consisting of an aggregate of 335,463 units at a price of $2.15 per unit for gross proceeds of $721,243. Each unit issued in the private placements consisted of one share of our common stock and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional share of our common stock at a purchase price of $3.00 for a period of thirty-six months.

On July 17, 2015, we closed a private placement to four accredited investors, which included three institutions and one individual, consisting of an aggregate of 125,756 units at a price of $2.15 per unit for gross proceeds of approximately $270,375. Each unit issued in the private placements consisted of one share of our common stock and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional share of our common stock at a purchase price of $3.00 for a period of thirty-six months.

We relied on the exemption from registration provided by Section 4(a)(2) of the Securities Act and Rule 506(b) thereunder for the private placements. In connection with the July 17, 2015 and June 26, 2015 private placements, we issued 18,978 and 7,545 warrants, respectively, to an institutional accredited investor that served as finder for the private placements. The finder's warrants permit the holder to purchase one share of our common stock at a price of $2.15 per share for a period of thirty-six months. We relied on the exemption from registration provided by Section 4(a)(2) of the Securities Act for the issuance of the finder's warrants.

On August 25, 2015, the Company received $200,000 in exchange for the issuance of a promissory note. The promissory note was to be repaid six months from the date of issuance with interest at the rate of 6% per annum. In addition, the lender was entitled to receive 30,000 common shares of the Company on the date of the promissory note and 30,000 common every three months thereafter as long as the principal of the loan remained outstanding. On October 28, 2015, the Company repaid the loan in its entirety and issued 30,000 common shares that were owed the lender in accordance with the terms of the promissory note. We relied upon the exemption from registration provided by Section 4(a)(2) of the Securities Act and Rule 506(b) thereunder for the issuance of the promissory note and the 30,000 shares of common stock.

On October 28, 2015, the Company issued 950,000 options to consultants and officers of the Company. The options are exercisable at CAD $0.84 for 5 years from the grant date. 614,000 options vest immediately, and the remaining 336,000 options vest at a rate of 14% every 6 months. A portion of the options were issued pursuant to our Form S-8. The remaining options and the underlying common stock were issued pursuant to the exemption from registration provided by Section 4(a)(2) and Rule 506(b) thereunder.

In connection with the asset purchase agreement with A&B Limited, on October 9, 2015 we entered into a $7.0 million funding commitment with A&B Limited in the form of a convertible promissory note. The funding commitment consisted of (a) an initial $2.0 million and (b) an additional $5.0 million funding commitment. On November 10, 2015, we converted the initial $2.0 million and issued to A&B 2,083,333 shares of common stock and a warrant to purchase 1,041,667 shares of our common stock at $1.44 per share. On December 29, 2015, we drew down the remaining $5.0 million from the credit facility provided by A&B pursuant to the convertible promissory note in exchange for 5,555,556 shares of common stock at a price of $0.90 per share and a warrant to purchase 2,777,778 shares of common stock for a period of three years with an exercise price of $1.35 per share. The shares are subject to a four-month statutory hold period. We relied upon the exemption from registration provided by Section 4(a)(2) of the Securities Act and Rule 506(b) thereunder for the issuance of the Convertible Promissory Note and the underlying shares of Common Stock and warrants.

On April 18, 2016, the Company issued 9,215,000 units at a price of CAD$1.00 per unit for gross proceeds of $7,199,781. On May 2, 2018, the Company issued an additional 1,090,125 units for additional net proceeds of $765,062, and aggregate net proceeds of $7,964,843. Each unit consisted of one share of our common stock and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional share of our common stock at a price of CAD$1.50 per share (US$1.18 per share at the noon exchange rate as published by the Bank of Canada on May 3, 2016) until April 18, 2019. In connection with these sales, we issued 501,457 compensation options to the agent. Each compensation option entitles the holder thereof to acquire one unit at CAD$1.50. We relied upon the exemptions from registration provided by Regulation S for "offshore transactions" outside of the United States to non-U.S. persons, and by Section 4(a)(2) of the Securities Act and Rule 506 thereunder for private sales to accredited investors.

Item 16.Exhibits and financial statement schedules

(a) Exhibits

Exhibit Number	Exhibit
2.2	Agreement and Plan of Merger among Helius Medical Technologies, Inc., HMT Mergersub, Inc. and NeuroHabilitation Corporation, dated June 6, 2014 (incorporated by reference to Exhibit 10.6 to the Form S-1 filed with the SEC on July 14, 2014)
3.1	Articles of Continuation (incorporated by reference to Exhibit 3.1 to the Form S-1 filed with the SEC on July 14, 2014)

3.2	Articles of Amendment filed with the Wyoming Secretary of State on July 3, 2014 (incorporated by reference to Exhibit 3.2 to the Form S-1 filed with the SEC on July 14, 2014)
3.3	Articles of Amendment filed with the Wyoming Secretary of State on April 27, 2015 (incorporated by reference to Exhibit 3.3 to amendment no. 1 to the Form 10 filed with the SEC on May 4, 2015)
3.4	Bylaws as amended and restated (incorporated by reference to Exhibit 3.1 to the Form 8-K filed with the SEC on March 23, 2016)
4.1	Form of Warrant (included in Exhibit 4.2)
4.2	Warrant Indenture dated April 18, 2016 by and between Helius Medical Technologies, Inc. and Computershare Investor Services Inc. (incorporated by reference to Exhibit 4.1 to amendment no. 1 to the Form 8-K filed April 18, 2016 and amended on April 20, 2016)
5.1*	Opinion of Holland & Hart LLP
10.1†	Employment Agreement between Helius Medical Technologies, Inc. and Philippe Deschamps, dated June 13, 2014 (incorporated by reference to Exhibit 99.1 to the Form S-1 filed with the SEC on July 14, 2014)
10.2†	Amendment Agreement to the Employment Agreement between Helius Medical Technologies, Inc. and Philippe Deschamps, dated September 1, 2014 (incorporated by reference to Exhibit 99.5 to the Amendment to Form S-1 filed with the SEC on September 23, 2014)
10.3†	Employment Agreement between Helius Medical Technologies, Inc. and Jonathan Sackier, dated December 1, 2014 (incorporated by reference to Exhibit 10.4 to the Form 10-12G filed with the SEC on April 15, 2015)
10.4†	Consulting Agreement between NeuroHabilitation Corporation and Yuri Danilov, dated July 1, 2014 (incorporated by reference to Exhibit 99.4 to the Amendment to Form S-1 filed with the SEC on September 23, 2014)
10.5†	Consulting Agreement between NeuroHabilitation Corporation and Mitch Tyler, dated December 10, 2014 (incorporated by reference to Exhibit 10.5 to the Form 10-12G filed with the SEC on February 6, 2015)
10.6†	Advisory Agreement between Helius Medical Technologies, Inc. and V Baron Global Financial Canada Ltd., dated June 13, 2014 (incorporated by reference to Exhibit 99.2 to the Form S-1 filed with the SEC on July 14, 2014)
10.7	License Agreement between Advanced NeuroRehabilitation, LLC and Yuri Danilov, Mitchell Tyler, Kurt Kaczmarek and John Klus, dated June 29, 2011 (incorporated by reference to Exhibit 10.8 to the Amendment to Form S-1 filed with the SEC on September 23, 2014)
10.8	Amended and Restated Patent Sub-License Agreement between Advanced NeuroRehabilitation, LLC and NeuroHabilitation Corporation, having an effective date of January 22, 2013 (incorporated by reference to Exhibit 10.1 to the Form S-1 filed with the SEC on July 14, 2014)

10.9	Second Amended and Restated Patent Sub-License Agreement between Advanced NeuroRehabilitation, LLC and NeuroHabilitation Corporation, dated June 6, 2014, but having an effective date of January 22, 2013 (incorporated by reference to Exhibit 10.7 to the Form S-1 filed with the SEC on July 14, 2014)
10.10	Master Cooperative Research and Development Agreement between NeuroHabilitation Corporation, Advanced NeuroRehabilitation, LLC, Yuri Danilov, Mitchell Tyler, Kurt Kaczmarek and U.S. Army Medical Material Agency and U.S. Army Medical Material Development Activity, dated effective February 1, 2013 (incorporated by reference to Exhibit 10.2 to the Form S-1 filed with the SEC on July 14, 2014)
10.11	Notice of Modification No. 1 to Cooperative Research and Development Agreement between NeuroHabilitation Corporation, Advanced NeuroRehabilitation, LLC, Yuri Danilov, Mitchell Tyler, Kurt Kaczmarek and U.S. Army Medical Material Agency and U.S. Army Medical Material Development Activity, dated April 29, 2014 (incorporated by reference to Exhibit 10.5 to the Form S-1 filed with the SEC on July 14, 2014)
10.12	Notice of Modification No. 2 to Cooperative Research and Development Agreement between NeuroHabilitation Corporation, Advanced NeuroRehabilitation, LLC, Yuri Danilov, Mitchell Tyler, Kurt Kaczmarek and U.S. Army Medical Material Agency and U.S. Army Medical Material Development Activity, dated January 12, 2015 (incorporated by reference to Exhibit 10.12 to the Form 10-12G filed with the SEC on February 6, 2015)
10.13	Design and Manufacturing Consultant Agreement between NeuroHabilitation Corporation and Clinvue, LLC, dated January 30, 2013 (incorporated by reference to Exhibit 10.3 to the Form S-1 filed with the SEC on July 14, 2014)
10.14	Commercial Development-to-Supply Program between NeuroHabilitation Corporation and Ximedica, dated October 25, 2013 (incorporated by reference to Exhibit 10.4 to the Form S-1 filed with the SEC on July 14, 2014)
10.15*	Amendment No. 1 to the Commercial Development-to-Supply Program between NeuroHabilitation Corporation and Ximedica, dated October 25, 2013, amended January 15, 2016
10.16†	Employment Agreement between Helius Medical Technologies, Inc. and Joyce LaViscount, dated October 19, 2015 (incorporated by reference to Exhibit 10.3 to the Form 10-Q filed with the SEC on February 16, 2016)
10.17†	Employment Agreement between Helius Medical Technologies, Inc. and Brian Bapty, dated November 2, 2015 (incorporated by reference to Exhibit 10.4 to the Form 10-Q filed with the SEC on February 16, 2016)
10.18‡	Asset Purchase Agreement between the Company and A&B (HK) Company Limited, dated as of October 9, 2015 (incorporated by reference to Exhibit 2.1 to the Form 8-K filed with the SEC on October 13, 2015)
10.19	Convertible Promissory Note between the Company and A&B (HK) Company Limited, dated as of October 9, 2015 (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the SEC on October 13, 2015)

10.20	Notice of Modification No. 3 to Cooperative Research and Development Agreement between NeuroHabilitation Corporation, Advanced NeuroRehabilitation, LLC, Yuri Danilov, Mitchell Tyler, Kurt Kaczmarek and U.S. Army Medical Material Agency and U.S. Army Medical Material Development Activity, dated December 28, 2016 (incorporated by reference to Exhibit 2.1 to the Form 8-K filed with the SEC on December 31, 2015)
10.21*	Agency Agreement between the Company and Mackie Research Capital Corporation, dated as of March 23, 2016
10.22*	Sole-source cost sharing contract by and between NeuroHabilitation Corporation and the U.S. Army Medical Research and Materiel Command (USAMRMC) dated as of July 7, 2015
10.23†	2014 Stock Incentive Plan (incorporated by reference to Exhibit 4.1 to the Form S-1 filed with the SEC on July 14, 2014)
10.24*	Consulting Agreement between Helius Medical Technologies, Inc. and Montel Media, Inc., dated April 13, 2016
16.1	Letter from Davidson & Company LLP, dated April 15, 2015 (incorporated by reference to Exhibit 16.1 to the Form 10-12G filed with the SEC on April 15, 2015)
21.1*	Subsidiaries of Helius Medical Technologies, Inc.:
	1. NeuroHabilitation Corporation is a wholly owned subsidiary of Helius Medical Technologies, Inc.
	2. Helius Medical Technologies (Canada), Inc. is a wholly owned subsidiary of Helius Medical Technologies, Inc.
23.1*	Consent of Davidson & Company LLP
23.2*	Consent of BDO Canada LLP
23.3*	Consent of Holland & Hart LLP (included in Exhibit 5.1)
24.1*	Power of Attorney (included on signature page hereto)
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith.

†Indicates a management contract or compensatory plan.

‡ Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been granted with respect to this omitted information.

(b) Financial statement schedules

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings

The registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser: each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser in the initial distribution of the securities: the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser: (i) any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424; (ii) any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant; (iii) the portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and (iv) any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

Signatures

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Newtown, State of Pennsylvania, on May 4, 2016.

HELIUS MEDICAL TECHNOLOGIES, INC.

By: */s/ Philippe Deschamps*
Philippe Deschamps
President and Chief Executive Officer

We, the undersigned officers and directors of Helius Medical Technologies, Inc., hereby severally constitute and appoint Philippe Deschamps and Joyce LaViscount, and each of them singly (with full power to each of them to act alone), our true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them for him and in his name, place and stead, and in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement (or any other registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933), and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as full to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Philippe Deschamps Philippe Deschamps	President, Chief Executive Officer, and a director (Principal Executive Officer)	May 4, 2016
/s/ Joyce LaViscount Joyce LaViscount	Chief Financial Officer and Chief Operating Officer (Principal Financial Officer and Principal Accounting Officer)	May 4, 2016
/s/Savio Chiu Savio Chiu	Director	May 4, 2016
/s/ Blane Walter Blane Walter	Director	May 4, 2016
/s/Mitch Tyler Mitch Tyler	Director	May 4, 2016
/s/Edward M. Straw Edward M. Straw	Director	May 4, 2016
/s/Huaizheng Peng Huaizheng Peng	Director	May 4, 2016

HOLLAND&HART LLP

May 4, 2016

Helius Medical Technologies, Inc.
Suite 400, 41 University Drive
Newtown, Pennsylvania 18940

Re: Helius Medical Technologies, Inc.- Registration Statement on Form S-1

Ladies and Gentlemen:

We have acted as special legal counsel in the State of Wyoming (the "State") to Helius Medical Technologies, Inc., a Wyoming corporation (the "Company"), in connection with the Company's Registration Statement on Form S-1 (the "Registration Statement"), dated the date hereof and filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended. The Registration Statement relates to the registration of (i) the sale of 10,149,115 shares of the Company's Class A common stock, no par value (the "Common Stock") by the selling stockholders listed in the Registration Statement (the "Selling Stockholders", and such shares of Common Stock, the "Selling Stockholder Shares"); (ii) 5,074,560 warrants to purchase shares of the Company's Common Stock (the "Warrants"), and (iii) 5,074,560 shares of the Company's Common Stock, issuable upon exercise of the Warrants (the "Warrant Shares" and, together with the Selling Stockholder Shares, the "Shares").

As the basis for the opinions hereinafter expressed, we have reviewed such statutes, including the Wyoming Business Corporation Act, records and documents of the Company, certificates of officers of the Company and public officials, and other instruments and documents we deemed relevant or necessary for the purposes of the opinions set forth below, including, but not limited to, the Registration Statement, the Bylaws of the Company in effect as of the date hereof, and the Articles of Incorporation of the Company, as originally filed with the Secretary of State of the State on June 2, 2014, as amended.

For purposes of this opinion, we have assumed: (i) the genuineness of any signatures on all documents we have reviewed; (ii) the legal capacity of natural persons who have executed all documents we have reviewed; (iii) the authenticity of all documents submitted to us as originals; (iv) the conformity to originals of all documents submitted as copies and the authenticity of the originals of such copies; (v) the truth, accuracy and completeness of the information, representations and warranties contained in the records, documents, instruments and certificates we have reviewed and relied upon; and (vi) the accuracy, completeness and authenticity of certificates of public officials.

Based upon the foregoing and subject to the assumptions, limitations and qualifications set forth herein, we are of the opinion that:

1. The Selling Stockholder Shares are validly issued, fully paid and non-assessable shares of the Company's Common Stock.

2. The Warrants were duly and validly issued and are legally valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.

3. Upon exercise of the Warrants in accordance with their respective terms (including, without limitation, the payment to the Company of the exercise price for the Warrant Shares), the Warrant Shares will be validly issued, fully paid and non-assessable shares of the Company's Common Stock.

This opinion is limited to matters governed by the laws of the State and we do not express any opinion as to the effect of or compliance with any State "blue sky" laws.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our firm's name in the section of the Registration Statement and the prospectus included therein entitled "Legal Matters". In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ Holland & Hart LLP

NHC

PoNS 4.0 Portable Neurostimulator Device

Additional Activities

Attention
Philippe Deschamps, President
NeuroHabilitation Corporation
41 University Drive
Suite 400
Newtown, PA 18940

Date
December 11, 2015

Prepared by
Rick Beaulieu

Proposal ID: NHC121115, revision A

Ximedica
55 DuPont Drive
Providence, RI 02907
Tel 401.330.3163
Fax 401.626.3356
www.ximedica.com

Revision History:
Revision A – Original

Overview

Please accept this as Ximedica's proposal for executing a number of discrete activities relating to the PoNS 4.0 product development program. These activities have been discussed and generally agreed to previously. This document serves to establish a formal agreement regarding the cost and timing of these activities. We believe that the proposal captures the various details and work scope necessary. However, please review the work scope and proposed deliverables and let us know if you would like to make revisions.

IP Fencing (already underway):

This activity consists of conducting a series of concept generation sessions to establish concepts that can be used to help form a competitive barrier to entry in the form of Intellectual property for the PoNS device. NHC's IP attorneys will be asked to summarize existing IP to establish the areas of interest. Concept Generation sessions will then identify system configurations in those areas of interest, which will be then reviewed by the IP attorney for possible application opportunities. Deliverables for this activity consist of digital scans of all concept seeds generated during sessions (as raw content), spectrum of preliminary system solutions, and 4-6 refined system solutions for IP development.

Mouthpiece Electrochemistry:

This activity consists of engaging a subject matter expert (SME) to review the constituent materials and the electrochemical impact on those materials. Literature research would be conducted to determine what, if any concentrations of the constituent materials or the electrochemical compounds have any health impact. Deliverables for this activity consist of a report that documents the findings. At this point in time, the need for any additional activity is unclear and is not proposed. Should additional activity be needed a separate scope of work specific to the needed activities will be quoted.

Potted Mouthpiece (already underway):

This activity consists of redesigning the construction method of the PoNS mouthpiece. Once the design and process are determined, quick turn tooling will be fabricated to produce assemblies for evaluation and then DV testing. Once the implemented design has been proven, commercial tooling will be cut for ongoing production. Deliverables for this activity consist of a CAD designs, prototype and commercial tooling.

Program shutdown/restart:

This captures activities and charges that occurred as a result of the project shutdown/restart in August 2015 and October 2015 , which occurred at NHC's request.

Extra 50 Mouthpiece Build:

This captures the extra mouthpiece build requested by NHC using the remaining components for the initial purchase. This activity has been completed and these parts were shipped in late November.

Assumptions
For the purposes of establishing a budget the following assumptions have been made:

1. NHC will perform any Intellectual Property reviews required including acquiring legal opinions to confirm that the proposed product design does not infringe on any patents.
2. NHC will provide a point of contact that is readily available for questions and decisions to help maintain the program timeline.
3. NHC shall be responsible for activities/functions outside of the scope of this proposal.

Program Schedule

Duration of the various activities is shown in the table below.

Additional Activities - Schedule	
IP Fencing (underway)	6-8 weeks
Mouthpiece Electrochemical Investigation	2-4 weeks
Potted Mouthpiece Development	12-14 weeks
Shutdown (complete)	n/a
Extra Mouthpiece build (complete)	n/a

Estimated Additional Activity Expenses
The work scope and deliverables described above shall be conducted per the budget listed below. Professional services for this project shall be capped at a not to exceed level as shown. In the event that NHC requests Ximedica to conduct work outside the scope established by this proposal, Ximedica shall notify NHC in writing and shall request approval prior to conducting any out-of-scope work.

Out of pocket expenses shall be billed as incurred. In the event that expenses exceed these estimated allowances, Ximedica shall request approval in writing prior to incurring expenses beyond the approved amount.

Additional Activities - Estimated Costs (in thousands)	
IP Fencing (underway)	$75.0
Mouthpiece Electrochemical Investigation	$25.0
Potted Mouthpiece Development	$210.0
Shutdown (complete)	$80.0
Extra 50 Mouthpieces build (complete)	$8.0
Total additional budget	$398.0

Work Authorization

To initiate work, please forward signed copy of this proposal and/or a revised purchase order increasing the total value by $398,000 which references the Document ID# and Revision level (found on the cover page of this document). As this is a set of additional activities under an existing scope of work, a project initiation deposit is not required. Invoices shall be submitted monthly per the standard business terms and progress reports as part of the current weekly meetings. Billings in excess of the PO amount shall not be permitted without prior written authorization from the client. Payment shall be due Net 45.

If you have any questions or concerns or would like additional details or clarification of anything within this amendment, please let us know.

Sincerely,

Rick Beaulieu
Vice President, Product Development
CC: C. Sullivan

XIMEDICA LLC	NHC Corp.
”Rick Beaulieu”	”Joyce LaViscount”

Standard Business Terms and Conditions

Agreement. A purchase order referencing the Proposal ID # and Revision level or a signed copy of the Proposal will signify acceptance of these terms and form an agreement between your company and Ximedica.

Project Cost Estimates. XIMEDICA'S estimate of project costs and schedules is based on the scope and schedule of the project as mutually agreed. Project costs and schedules outlined in a specific proposal are valid for 30 days from the date of the proposal. If CLIENT'S approval process extends beyond this period, XIMEDICA reserves the right to review the estimated costs and schedule, and make revisions to them if necessary.

Adjustments may also be necessary as a result of changes in project scope and/or delays initiated by CLIENT. XIMEDICA assumes no responsibility for the impact on cost and/or schedule resulting from these and other circumstances beyond XIMEDICA'S control. If changes in this project are made that result in an increase in XIMEDICA'S time and expenses, XIMEDICA will notify CLIENT for CLIENT'S approval.

Any additional services, travel, expenses, meetings and/or conferences requested by CLIENT which are not identified in the approved project proposal will be considered an additional expense and will be billed accordingly.

Payment for Work. Upon proposal acceptance, a prepayment equal to the estimated average amount to be billed on a monthly basis through the course of the project must be forwarded to XIMEDICA. This deposit will be applied to the final payment due for project services rendered.

Invoices are issued monthly for work in progress and will include amounts for billable time, plus out-of-pocket and other expenses incurred during that period. All out-of-pocket and other project-related expenses (except billable time) will be invoiced at cost plus 15% margin to cover administration and handling. Invoices may not correspond to a particular phase completion date.

Amounts do not include applicable federal, state, or local taxes. These will be applied where appropriate and will be CLIENT'S responsibility. Payment terms are net 30 days from the date of the invoice. A service fee of 1.5% per month will be added to all accounts more than 45 days past due, and CLIENT is responsible for all collection and attorneys' fees and costs required to collect unpaid amounts.

Project Cancellation CLIENT may cancel a project at any time, provided that XIMEDICA receive written notice at least 90 days prior to the intended date of cancellation. XIMEDICA will be entitled to payment for work delivered, and billable work in progress, plus expenses, through the date of cancellation. Notwithstanding termination of the project, the following provisions will survive: Payment for Work, Ownership of Work, Confidentiality, Claims, Disclaimer, and Limitation of Liability.

Ownership of Work. The results of the project for which XIMEDICA has been contracted will be delivered to and become CLIENT'S property upon payment in full of CLIENT'S outstanding balance for services and expenses. This project work includes all reports, designs, information, inventions, trade secrets, hardware, software, and other work product ("Project Work") developed for the CLIENT, and all intellectual property rights embodied in or related to the Project Work. Unless otherwise set forth in the quotation, XIMEDICA hereby grants to CLIENT a worldwide, perpetual, royalty-free, non-exclusive license to any intellectual property owned XIMEDICA contained in any project work or other work product delivered to CLIENT in connection with the Project Work.

Client Responsibilities CLIENT is fully responsible for the accuracy, content, validation and testing of the Project Work, for ensuring that the Project Work does not infringe on the intellectual property rights of any third parties, and for securing patent protection if appropriate.

Confidentiality Both parties agree to hold in confidence any confidential information disclosed by the other party, including but not limited to, trade secrets, proprietary, technical, developmental, operating, financial, performance, cost, know-how, process, client and prospect information, and all samples, models, reports, tables, data and prototypes containing or disclosing such information, that is (a) marked or accompanied by documents clearly and conspicuously designating the information as "confidential" or the equivalent, or (b) identified by the disclosing party in writing as confidential before, during or promptly after the disclosure ("Confidential Information"). Confidential Information shall only be used by the recipient for the purposes of this proposal, and XIMEDICA will ensure that its subcontractors are directed accordingly. Both parties warrant that they have the rights to any property or confidential information disclosed to the other. Confidential Information does not include information: (a) generally available to or known to the public, (b) previously known to the recipient, (c) independently developed by the recipient outside the scope of this Agreement, (d) lawfully disclosed by a third party, or (e) disclosed pursuant to a court order.

Claims. CLIENT agrees to indemnify and hold harmless XIMEDICA and its subcontractors for any damages, costs, or losses that are suffered as a result of any claim arising directly or indirectly out of the services performed or materials provided by XIMEDICA to CLIENT in connection with this project, including but not limited to product liability and intellectual property claims by third parties, except in the case of knowing infringement or misappropriation of third party intellectual property by XIMEDICA. This obligation is conditioned on XIMEDICA providing CLIENT with (i) prompt notice of a claim, (ii) reasonable cooperation in any defense of the claim, and (iii) the right to control the defense and settlement of the claim.

Disclaimer. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, XIMEDICA MAKES NO WARRANTIES OR REPRESENTATIONS IN CONNECTION WITH THIS AGREEMENT AND DISCLAIMS ALL OTHER WARRANTIES, INCLUDING, WITHOUT LIMITATION, MERCHANTABILITY, QUALITY, FITNESS FOR PARTICULAR PURPOSE OR USE, TITLE, AND NONINFRINGEMENT, AND ANY WARRANTIES ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OR TRADE. CLIENT ACKNOWLEDGES THAT SERVICES ARE PROVIDED ON AN "AS IS" BASIS.

Limitation of Liability. IN NO EVENT SHALL XIMEDICA BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, INDIRECT, PUNITIVE, OR SPECIAL DAMAGES RELATED TO THIS AGREEMENT OR THE SERVICES PROVIDED HEREUNDER, REGARDLESS OF THE NATURE OF THE CLAIM, EVEN IF XIMEDICA HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE TOTAL LIABILITY OF XIMEDICA FOR DAMAGES UNDER THIS AGREEMENT WILL NOT EXCEED THE TOTAL AMOUNT OF FEES PAID HEREUNDER BY CLIENT TO XIMEDICA FOR THE SERVICES RENDERED THAT GIVES RISE TO THE LIABILITY.

These terms and conditions supersede any terms and conditions appearing on CLIENT'S purchase orders or associated documents. Work will not begin on any project until this document has been read and agreed by representatives of XIMEDICA and CLIENT, and a commitment to commence the project has been made in the form of a purchase order referencing the proposal or a signed copy of the proposal. No modification to this project proposal will be binding on XIMEDICA unless in writing and signed by a duly authorized representative of XIMEDICA and the CLIENT.

Execution Version

AGENCY AGREEMENT

March 23, 2016

Helius Medical Technologies, Inc.
41 University Drive, Suite 400
Newtown, PA 18940

Attention: Joyce LaViscount, Chief Financial Officer and Chief Operating Officer

Dear Joyce:

The undersigned, Mackie Research Capital Corporation (the "**Agent**"), understands that Helius Medical Technologies, Inc., a Wyoming corporation (the "**Company**") intends to issue and sell a minimum of 8,000,000 units of the Company (the "**Base Units**") at a price of $1.00 per Base Unit for aggregate gross proceeds of $8,000,000 (the "**Minimum Offering**") and a maximum of 20,000,000 Base Units at a price of $1.00 per Base Unit for aggregate proceeds of $20,000,000 (the "**Maximum Offering**"). Each Base Unit shall be comprised of one Common Share (as hereinafter defined) (a "**Base Unit Share**") and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "**Base Warrant**"). Each Base Warrant shall entitle the holder thereof to acquire one Common Share (a "**Base Warrant Share**") at an exercise price of $1.50 until 4:00 p.m. (Toronto time) on the date that is 36 months after the Closing Date. Unless otherwise indicated, the Minimum Offering and the Maximum Offering shall be referred to hereunder as the "**Offering**".

The Company hereby grants to the Agent an option (the "**Agent's Option**"), exercisable in whole or in part at any time prior to 5:00 p.m. (Toronto time) on the date which is thirty (30) days from the Closing Date, to require the Company to issue under the Offering up to that number of additional units of the Company ("**Agent's Option Units**" and, together with the Base Units, the "**Units**") which is equal to 15% of the number of Base Units issued under the Offering to cover over-allotments, if any, and for market stabilization purposes. Each Agent's Option Unit consists of one Common Share (each an "**Agent's Option Unit Share**" and together with the Base Unit Shares, the "**Unit Shares**") and one-half of one Common Share purchase warrant (each such whole Common Share purchase warrant an "**Agent's Option Warrant**" and together with the Base Warrants, the "**Warrants**") with each Agent's Option Warrant entitling the holder thereof to acquire a further Common Share (each an "**Agent's Option Warrant Share**" and together with the Base Warrant Shares, the "**Warrant Shares**") at an exercise price of $1.50 per Agent's Option Warrant Share until 4:00 p.m. (Toronto time) on the date that is 36 months after the Closing Date. The Agent's Option shall be exercised by the Agent giving written notice to the Company in accordance with Section 7.3 hereof.

Upon and subject to the terms and conditions set forth herein, the Agent hereby agrees to act, and upon acceptance hereof, the Company hereby appoints the Agent as its sole and exclusive agent and book-runner to effect the sale of the Units on a "best efforts" agency basis, without underwriter liability. The parties agree that upon such appointment the Agent shall act as agent only and shall not at any time or in any circumstances be obligated to purchase or arrange for the purchase of any of the Units.

The Agent understands that the Company has filed a listing application (the "**Listing Application**") with the Exchange (as defined herein) on December 15, 2015.

The Agent understands that the Company: (i) has prepared and filed, a Preliminary Prospectus (as hereinafter defined); (ii) has addressed the comments made by the Securities Commissions (as hereinafter defined) in respect of the Preliminary Prospectus; (v) has been cleared by all of the Securities Commissions to file the Final Prospectus (as hereinafter defined); and (iv) has submitted with the Exchange a Listing Application, together with the required supporting documents, and has received a conditional approval letter dated March 22, 2016 from the Exchange to list the Common Shares (which are currently listed on the CSE) (as defined herein), Unit Shares, Warrants, Warrant Shares, and Compensation Option Shares (as defined herein) on the Exchange. The Company has prepared and will file, concurrently with the execution of this Agreement (as defined herein), the Final Prospectus and all other necessary documents in order to qualify the Units for distribution to the public in each of the Qualifying Provinces (as defined herein) and the issue of the Compensation Options (as defined herein) to the Agent, and will use its commercially reasonable efforts to obtain the Final Receipt (as defined herein) by no later than 5:00 p.m. (Toronto time) on the date hereof.

The Agent may offer and sell the Base Units in the United States (as defined herein) and to, or for the account or benefit of, U.S. Persons (as defined herein), provided however that offers and sales of the Base Units in the United States to, or for the account or benefit of, U.S. Persons, shall be made only on a private placement basis in the following manner. The Agent may, through its applicable U.S. Affiliate (as defined herein), offer the Base Units in the United States and may offer the Base Units to, or for the account or benefit of, U.S. Persons, in either case to U.S. Accredited Investors (as defined herein) to whom the Company will sell such Base Units directly to Purchasers (as defined herein), all of which such offers and sales shall be made in compliance with Rule 506 of Regulation D under the *U.S. Securities Act* (as defined herein) and applicable U.S. state securities laws. For certainty, all offers and sales of Base Units pursuant to the foregoing shall be made in accordance with the terms and conditions of Schedule "E" hereto.

In consideration of the Agent's services to be rendered in connection with the Offering, the Company agrees to pay the Agent a cash fee equal to 6% of the gross proceeds of the Offering, including in respect of any exercise of the Agent's Option) (the "**Agent's Fee**"). The Company has also agreed to grant the Agent non-transferable compensation options (the "**Compensation Options**") exercisable to purchase that number of Units as is equal to 6% of the aggregate number of Units issued and sold under the Offering, including any Units sold pursuant to the exercise of the Agent's Option. Each Compensation Option will entitle the holder thereof to acquire one additional unit (the "**Compensation Option Units**") at a price of $1.00 per Compensation Option Unit until the date which is 24 months following the Closing Date. Each Compensation Option Unit will consist of one Common Share (the "**Compensation Option Shares**") and one-half of one Warrant (the "**Compensation Option Warrants**"). Each whole Compensation Option Warrant will entitle the holder thereof to acquire one Common Share (the "**Compensation Option Warrant Shares**") at an exercise price of $1.50 per Compensation Option Warrant Share, at any time until 4:00 p.m. (Eastern time) on the date that is 36 months following the Closing Date. The Compensation Options, Compensation Option Units, Compensation Option Shares and Compensation Option Warrants shall be referred to herein as the "**Compensation Securities**".

The Company agrees that the Agent will be permitted to appoint, at its expense, other registered dealers or other dealers, such as Medalist Capital Ltd. duly qualified in their respective jurisdictions, in each case acceptable to the Company, acting reasonably, as its agent to assist in the Offering in the Qualifying Provinces and including any U.S. Affiliate (as defined herein), as applicable, (the "**Selling Group**") and that the Agent may determine the remuneration payable to such other dealers appointed by it and such other dealers shall be required to comply with the terms of Section 3 hereof, as applicable.

This offer is conditional upon and subject to the additional terms and conditions set forth below.

1. Interpretation

1.1 Unless expressly provided otherwise herein, where used in this Agreement or any schedule attached hereto, the following terms shall have the following meanings, respectively:

"**affiliate**", "**associate**", "**distribution**", "**material change**", "**material fact**" and "**misrepresentation**" have the respective meanings ascribed thereto in the *Securities Act* (British Columbia);

"**Agent**" has the meaning ascribed thereto on the first page of this Agreement;

"**Agent's Fee**" has the meaning ascribed thereto on the second page of this Agreement;

"**Agent's Option**" has the meaning ascribed thereto on the first page of this Agreement;

"**Agent's Option Closing Date**" has the meaning ascribed thereto in Section 7.3;

"**Agent's Option Closing Time**" means 9:00 a.m. (Toronto time) on the Agent's Option Closing Date or such other time as the Company and Agent shall agree;

"**Agent's Option Notice**" has the meaning ascribed thereto in Section 7.3;

"**Agent's Option Units**" has the meaning ascribed thereto on the first page of this Agreement;
"**Agent's Option Unit Share**" has the meaning ascribed thereto on the first page of this Agreement; "**Agent's Option Warrant**" has the meaning ascribed thereto on the first page of this Agreement; "**Agent's Option Warrant Share**" has the meaning ascribed thereto on the first page of this Agreement;

"**Agreement**" means this agreement resulting from the acceptance by the Company of the offer made by the Agent hereby;

"**Anti-Corruption Rules**" means all applicable laws, regulations, decrees, government orders, and administrative or other requirements in any jurisdiction in which the Company operates relating to the prevention and/or sanction of bribery and other forms of corrupt behaviour or practices (including without limitation the *Corruption of Foreign Public Officials Act* (Canada), the Proceeds of Crime (Money Laundering) and *Terrorist Financing Act* (Canada), any equivalent legislation under U.S. law and any applicable law implementing either the United Nations Convention Against Corruption or the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions), all as amended;

"**Applicable Securities Laws**" means, collectively, the applicable securities laws of each of the Qualifying Provinces, their respective regulations, rulings, rules, orders and prescribed forms thereunder, the applicable published policy statements issued by the Securities Commissions thereunder, the securities legislation of and published policies issued by each other relevant securities regulatory authority in a Selling Jurisdiction (as defined herein) or stock exchange or securities regulatory authority otherwise relevant to the Offering and the applicable rules of the Exchange;

"**Base Units**" has the meaning ascribed thereto on the first page of this Agreement;

"**Base Unit Share**" has the meaning ascribed thereto on the first page of this Agreement;

"**Base Warrant**" has the meaning ascribed thereto on the first page of this Agreement;

"**Base Warrant Share**" has the meaning ascribed thereto on the first page of this Agreement;

"**BCSC**" means the British Columbia Securities Commission;

"**Business Day**" means a day other than a Saturday, Sunday or any other day on which the principal chartered banks located in the City of Toronto, Ontario, Vancouver, British Columbia or the United States of America are not open for business;

"**Business IP**" means, collectively, the Owned IP and the Licensed IP, as described in Schedule "C" hereto;

"**Canadian Sanctions Laws**" has the meaning ascribed thereto in Section 5.1(kk);

"**Claims**" has the meaning ascribed thereto in Section 8.1;

"**Closing Date**" means on or about April 5, 2016, or such earlier or later date as the Company and the Agent shall agree;

"**Closing Time**" means 9:00 a.m. (Toronto time) on the Closing Date or such other time as the Company and Agent shall agree;

"**Common Shares**" means the Class A common shares, no par value, of the Company;

"**Company**" has the meaning ascribed thereto in the first paragraph of this Agreement;

"**Company's Information Record**" means all information contained in any press release, material change report (excluding any confidential material change report), financial statements, information circulars, annual information form, any reports filed with the Securities and Exchange Commission, or other document of the Company which has been publicly filed by, or on behalf of, the Company pursuant to Applicable Securities Laws or as required by the rules of the Securities and Exchange Commission on or after April 1, 2014;

"**Compensation Options**" has the meaning ascribed thereto on the second page of this Agreement;

"**Compensation Option Unit**" has the meaning ascribed thereto on the second page of this Agreement;

"**Compensation Option Share**" has the meaning ascribed thereto on the second page of this Agreement;

"**Compensation Option Warrant**" has the meaning ascribed thereto on the second page of this Agreement;

"**Compensation Option Warrant Share**" has the meaning ascribed thereto on the second page of this Agreement;

"**Compensation Option Certificates**" means the certificates representing the Compensation Options;

"**Compensation Securities**" has the meaning ascribed thereto on the second page of this Agreement;

"**Corporations Act**" means the *Wyoming Business Corporation Act*;

"**CSE**" means the Canadian Securities Exchange;

"**Debt Instrument**" means any loan, bond, debenture, promissory note or other instrument evidencing indebtedness (demand or otherwise) for borrowed money, to which the Company or any of its Subsidiaries (as defined herein) is a party or by which any of their property or assets are bound;

"**Distribution Period**" means the period commencing on the date of this Agreement and ending on the date on which all of the Units (including for avoidance of doubt, Units distributed pursuant to the exercise of the Agent's Option) have been sold by the Agent to the public or the date on which the Agent has ceased distributing the Units;

"**Documents Incorporated by Reference**" means, in respect of either the Preliminary Prospectus, any Prospectus Amendment or the Final Prospectus, the financial statements, management's discussion and analysis, management information circulars, annual information form, material change reports, marketing materials or other documents issued by the Company, whether before or after the date of this Agreement, that are incorporated by reference, or deemed to be incorporated by reference, therein pursuant to NI 44-101, Applicable Securities Laws;

"**Eligible Issuer**" means an issuer which is qualified to file a short-form prospectus under NI 44-101;

"**Environmental Laws**" has the meaning ascribed thereto in Section 5.1(lll) of this Agreement;

"**Employee IP Agreements**" means agreements relating to proprietary information and assignment of inventions to the Company or any of the Subsidiaries, as applicable, by employees and consultants of the Company or any of the Subsidiaries, as applicable and as disclosed on Schedule "C" hereto;

"**Employee Plans**" has the meaning ascribed thereto in Section 5.1(yyy) of this Agreement;

"**Exchange**" means the Toronto Stock Exchange;

"**Final Prospectus**" means the (final) short form prospectus dated the date hereof, including all of the Documents Incorporated by Reference, that has been prepared and is to be filed by the Company, qualifying the distribution of the Units and Compensation Options in the Qualifying Provinces, and for which a Final Receipt will be issued;

"**Final Receipt**" means the final receipt to be issued by the BCSC in its capacity as principal regulator in accordance with the Passport System evidencing that a final receipt has been issued or deemed to be issued by the Securities Commissions in respect of the Final Prospectus;

"**Financial Statements**" has the meaning ascribed thereto in Section 5.1(dd) of this Agreement;

"**including**" means including without limitation;

"**Indemnified Party**" and "**Indemnified Parties**" has the meaning ascribed thereto in Section 8.1 of this Agreement;

"**Intellectual Property**" means any or all of the following (whether statutory or arising under common law or by contract or otherwise) and all proprietary intellectual property and other rights in, arising out of or associated with: (i) all patents and utility models and applications therefor and all rights of priority and all rights in provisionals, re-issuances, continuations, continuations-in-part, divisions, revisions, supplementary protection certificates, extensions and re-examinations thereof and all equivalent or similar rights anywhere in the world in inventions and discoveries including invention disclosures; (ii) all registered and unregistered trade-marks, service marks, trade names, trade dress, logos, business, corporate and product names and slogans and registrations, applications for registration and rights to file applications thereof; (iii) all copyrights in copyrightable works, and all other rights of authorship and all industrial designs and design patents, worldwide, and all applications, registrations and renewals in connection therewith; (iv) all maskworks, maskwork registrations and applications therefor, integrated circuit topographies and registrations and applications therefore and any equivalent or similar rights in semiconductor masks, layouts, architectures or topologies, and (v) all World Wide Web addresses, domain names and sites and applications and registrations therefor;

"**limited-use version**" has the meaning ascribed to such term in NI 41-101;

"**Licensed IP**" means the Intellectual Property owned by any person other than the Company or any of the Subsidiaries and which the Company and/or any of the Subsidiaries use, the whole as described in Schedule "C" hereto;

"**Listing Application**" means the listing application filed with the Exchange with respect to the listing on the Exchange of the Common Shares currently listed for trading on the CSE, the Unit Shares and Warrant Shares;

"**Marketing Documents**" means, collectively, all (i) standard term sheets, and (ii) marketing materials (including any template version, revised template version or limited-use version thereof), in either case provided to a potential investor in connection with the distribution of Units;

"**marketing materials**" has the meaning ascribed to such term in NI 41-101;

"**Material Adverse Effect**" means any materially adverse change in or effect on the business, assets or properties, affairs, liabilities (contingent or otherwise), prospects, results of operations, capital or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole;

"**Material Agreement**" means any contract, commitment, agreement (written or oral), joint venture instrument, lease or other document, including a license agreement, joint operating agreement, distributorship agreement, supply agreement, farm-out agreement, operating agreement, option agreement or cooperation agreement to which the Company or any of its Subsidiaries is a party or by which any of their property or assets are bound pursuant to which the Company and any of its Subsidiaries, taken as a whole, will be or may reasonably be expected to result in a requirement to expend more than an aggregate of $50,000 or be entitled to receive revenue of more than $50,000, in either case in the next 12 months;

"**material fact**" has the meaning ascribed thereto in the *Securities Act* (British Columbia);

"**MI 11-102**" means Multilateral Instrument 11-102 – Passport System;

"**misrepresentation**" has the meaning ascribed thereto in the *Securities Act* (British Columbia);

"**NI 41-101**" means National Instrument 41-101 – General Prospectus Requirements;

"**NI 44-101**" means National Instrument 44-101 – Short Form Prospectus Distributions;

"**NP 11-202**" means National Policy 11-202 – Process for Prospectus Reviews in Multiple Jurisdictions;

"**OFAC**" has the meaning ascribed thereto in Section 5.1(kk);

"**Offered Securities**" means collectively the Unit Shares, Warrants and the Warrant Shares;

"**Offering**" means the Minimum Offering, the Maximum Offering and includes the Agent's Option Units and Agent's Option Warrants hereunder;

"**Offering Documents**" means, collectively, the Preliminary Prospectus, the Final Prospectus, any Supplementary Material, and the marketing materials contemplated by Section 4(a)(i) and any standard term sheets;

"**Owned IP"** has the meaning ascribed thereto in Section 5.1(ooo) and as more fully described in Schedule "C";

"**Passport System**" means the system for review of prospectus filings set out in MI 11-102 and NP 11-202;

"**person**" includes any individual, corporation, limited partnership, general partnership, joint stock company or association, joint venture association, company, trust, bank, trust company, land trust, investment trust, society or other entity, organization, syndicate, whether incorporated or not, trustee, executor or other legal personal representative, and governments and agencies and political subdivisions thereof;

"**Preliminary Prospectus**" means the preliminary short form prospectus dated January 13, 2016, including all of the Documents Incorporated by Reference therein, prepared and filed by the Company, qualifying the distribution of the Units and Compensation Options in the Qualifying Provinces, and for which a Preliminary Receipt has been issued;

"**Preliminary Receipt**" means the receipt dated January 13, 2016 issued by the BCSC in its capacity as principal regulator in accordance with the Passport System evidencing that a preliminary receipt has been issued or deemed to be issued by the Securities Commissions in respect of the Preliminary Prospectus;

"**Prospectus**" means, collectively, the Preliminary Prospectus, the Final Prospectus and any Prospectus Amendment;

"**Prospectus Amendment**" means any amendment to the Preliminary Prospectus or the Final Prospectus, as applicable, required to be prepared and filed by the Company pursuant to Applicable Securities Laws in the Qualifying Provinces;

"**provide**", in the context of sending or making available Marketing Documents to a potential investor of Units, has the meaning ascribed to such term under Applicable Securities Laws;

"**Purchasers**" means, collectively, each of the purchasers of Units pursuant to the Offering;

"**Qualifying Provinces**" means each of the provinces of Canada other than Québec;

"**Regulation D**" means Regulation D adopted by the SEC under the *U.S. Securities Act*;

"**Regulation S**" means Regulation S adopted by the SEC under the *U.S. Securities Act*;

"**Securities Commissions**" means the applicable securities commission or securities regulatory authority in each of the Qualifying Provinces;

"**Selling Group**" means, collectively, those registered dealers registered in the applicable categories under Applicable Securities Laws and appointed by the Agent, including any U.S. Affiliate, to assist in the Offering as contemplated in this Agreement;

"**Selling Jurisdictions**" means, collectively, each of the Qualifying Provinces and such other jurisdictions as the Agent and the Company may agree;

"**standard term sheet**" has the meaning ascribed to such term in NI 41-101;

"**Stock Option Plan**" means the stock option plan of the Company dated June 18, 2014;

"**subsidiary**" has the meaning ascribed thereto in the *Securities Act* (British Columbia);

"**Subsidiaries**" means, collectively, the corporations listed on Schedule "B" hereto;

"**Supplementary Material**" means, collectively, any Prospectus Amendment, any supplemental prospectus or ancillary material required to be filed with any of the Securities Commissions in connection with the distribution of the Units and Compensation Options;

"**Survival Limitation Date**" means the later of:

(i) the second anniversary of the Closing Date; and

(ii) the latest date under Applicable Securities Laws that a Purchaser may be entitled to commence an action or exercise a right of rescission, with respect to a misrepresentation contained in the Final Prospectus or, if applicable, any Supplementary Material;

"**Taxes**" has the meaning ascribed thereto in Section 5.1(oo) of this Agreement;

"**Technology**" means any or all of the following and all intellectual property and other rights in, arising out of or associated with: (i) works of authorship including computer programs, source code and executable code, whether embodied in software, firmware or otherwise, documentation, designs, methods, techniques, processes, files, industrial models, industrial designs, schematics, specifications, net lists, build lists, records and data; (ii) inventions (whether or not patentable), improvements and enhancements; (iii) proprietary and confidential business and technical information, including technical data, trade secrets, ideas, research and development and know how; and (iv) databases, data compilations and collections and technical data;

"**template version**" has the meaning ascribed to such term in NI 41-101 and includes any revised template version of marketing materials as contemplated by NI 41-101;

"**Transfer Agent**" means Computershare Investor Services Inc.;

"**Units**" has the meaning ascribed thereto in the first paragraph of this Agreement;

"**Unit Shares**" has the meaning ascribed to such term in the first paragraph of this Agreement;

"**United States**" or "**U.S.**" means the "United States", as such term is defined in Regulation S;

"**U.S. Accredited Investor**" means an "accredited investor" that satisfies one or more of the criteria set forth in Rule 501(a) of Regulation D under the *U.S. Securities Act*;

"**U.S. Affiliate**" means the United States registered broker-dealer affiliate of the Agent;

"**U.S. Person**" means a "U.S. person", as such term is defined in Regulation S;

"**U.S. Purchaser**" means any Purchaser of Base Units that is (a) a U.S. Person, (b) a person purchasing Base Units on behalf of, or for the account or benefit of, any U.S. Person or any person in the United States, (c) a person who receives or received an offer to acquire the Base Units while in the United States, and (d) a person who was in the United States at the time such person's buy order was made or the subscription agreement was executed or delivered;

"***U.S. Securities Act***" means the *United States Securities Act* of 1933, as amended;

"**Warrants**" has the meaning ascribed thereto on the first page of this Agreement;

"**Warrant Agent**" means Computershare Trust Company of Canada;

"**Warrant Indenture**" means the warrant indenture to be entered into on the Closing Date between the Warrant Agent and the Company in relation to the Warrants, as amended from time to time; and

"**Warrant Shares**" has the meaning ascribed thereto on the first page of this Agreement.

1.2 **Division and Headings**: The division of this Agreement into sections, subsections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to sections, subsections, paragraphs and other subdivisions are to sections, subsections, paragraphs and other subdivisions of this Agreement.

1.3 **Governing Law**: This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and the parties hereto irrevocably attorn to the exclusive jurisdiction of the courts of the Province of British Columbia.

1.4 **Currency**: Except as otherwise indicated, all amounts expressed herein in terms of money refer to lawful currency of Canada and all payments to be made hereunder shall be made in such currency.

1.5 **Schedules**: The following are the schedules attached to this Agreement, which schedules are deemed to be a part hereof and are hereby incorporated by reference herein:

Schedule “A” - Opinion of the Company’s Legal Counsel;

Schedule “B” - Subsidiaries;

Schedule “C” - Intellectual Property;

Schedule “D” - Form of Lock-Up Agreement;

Schedule “E” - Compliance with United States Securities Laws; and

Schedule “F” – Canadian Purchaser Questionnaire.

2. Nature of Transaction

2.1 Each Purchaser resident in a Qualifying Province shall purchase the Units pursuant to the Final Prospectus. The Company and the Agent hereby agree to comply with all Applicable Securities Laws on a timely basis in connection with the distribution of the Units.

3. Covenants and Representations of the Agent

3.1 The Agent covenants with the Company, and acknowledges that the Company is relying on same in entering into this Agreement, that:

(a) it will conduct activities in connection with arranging for the sale and distribution of the Units in compliance with the Prospectus, the provisions of this Agreement and all Applicable Securities Laws;

(b) it will not, directly or indirectly, sell or solicit offers to purchase the Units or distribute or publish any offering circular, prospectus, form of application, advertisement or other offering materials in any country or jurisdiction so as to require registration of the Units, filing of a prospectus or similar document with respect thereto or compliance by the Company with regulatory requirements (including any continuous disclosure obligations or similar reporting obligations) under the laws of any jurisdiction (other than the filing of the Preliminary Prospectus, the Final Prospectus or any Supplementary Material in the Qualifying Provinces and the Agent shall be entitled to assume that the Units have been qualified in the Qualifying Provinces to the extent a Final Receipt has been issued);

(c) it will, provided it is otherwise satisfied, acting reasonably, execute and deliver to the Company, the certificate required to be executed by the Agent under Applicable Securities Laws in connection with the Final Prospectus and any Supplementary Material;

(d) it will deliver such further certificates and other documentation as may be contemplated in this Agreement or as the Company or its counsel may reasonably require in connection with the Offering;

(e) it understands and acknowledges that none of the Units have been or will be registered under the *U.S. Securities Act* or the securities laws of any state of the United States;

(f) the representations, warranties, covenants and agreements of the Agent in Schedule "E" hereto and all offers and sales of Base Units in the United States or to, or for the account or benefit of, U.S. Persons by the Agent, acting through its U.S. Affiliate have been and shall be made in compliance with the Agent's representations, warranties, covenants and agreements contained in Schedule "E" hereto, which forms a part of this Agreement; and

(g) it understands that the Compensation Securities have not been and will not be registered under the *U.S. Securities Act* or any state securities laws of the United States, and that the Compensation Options and Compensation Option Warrants may not be exercised in the United States or by or on behalf of a U.S. Person unless an exemption from registration is available. Accordingly, the Agent represents and warrants that it is not in the United States or a U.S. Person and is not acquiring the Compensation Securities and will not exercise the Compensation Securities, where applicable for the account or benefit of or for transfer to any person in the United States or a U.S. Person.

3.2 The Agent shall notify the Company when, in its reasonable opinion, the Agent and Selling Group have ceased distribution of the Units and, if required for regulatory compliance purposes, provide a breakdown of the number of Units distributed and proceeds received in each of the Qualifying Provinces.

3.3 The Agent represents and warrants to, and covenants with, the Company that it is duly registered as an investment dealer under the Applicable Securities Laws in each of the Qualifying Provinces.

4. Marketing

(a) during the Distribution Period and subject to Applicable Securities Laws:

(i) the Company shall prepare, in consultation with the Agent, and approve in writing, prior to such time any marketing materials provided to potential investors in the Units, a template version of any marketing materials reasonably requested to be provided by the Agent to any such potential investor, such marketing materials to comply with Applicable Securities Laws and to be acceptable in form and substance to the Agent and its counsel, acting reasonably;

(ii) the Agent shall approve a template version of any such marketing materials in writing prior to the time such marketing materials are provided to potential investors in Units;

(iii) the Company shall file a template version of any such marketing materials on SEDAR as soon as reasonably practical after such marketing materials are so approved in writing by the Company and the Agent, and in any event, on or before the day the marketing materials are first provided to any potential investor in Units, and any comparables (as defined in NI 41-101) shall be removed from the template version in accordance with NI 44-101 prior to filing such on SEDAR (provided that if any such comparables are removed, the Company shall deliver a complete template version of any such marketing materials to the Securities Commissions), and the Company shall provide a copy of such filed template version to the Agent, as soon as practicable following such filing;

(b) following the approvals and filings set forth in Sections 4(a)(i) to 4(a)(iii) above, the Agent may provide a limited use version of such marketing materials to potential investors under the Offering in accordance with Applicable Securities Laws;

(c) the Company shall prepare and file on SEDAR with the Securities Commissions a revised template version of any marketing materials provided to potential investors under the Offering where required under Applicable Securities Laws;

(d) the Company and the Agent, on a several basis, covenant and agree that during the Distribution Period:

(i) they will not provide any potential investor under the Offering with any marketing materials unless a template version of such materials has been filed by the Company with the Securities Commissions on or before the day such marketing materials are first provided to any potential investor under the Offering;

(ii) they will not provide any potential investor with any materials or information in relation to the distribution of the Units or the Company, other than: (A) such marketing materials that have been approved and filed in accordance with Section 4(a); (B) the Prospectus; and (C) any standard term sheets approved in writing by the Company and the Agent; and

(iii) any marketing materials approved and filed in accordance with Section 4(a), and any standard term sheets approved in writing by the Company and the Agent, shall only be provided to potential investors in the Qualifying Provinces.

5. Representations, Warranties and Covenants of the Company

5.1 The Company hereby represents, warrants and covenants to and with the Agent, and acknowledges that the Agent is relying on same in entering into this Agreement, that:

(a) the Company (i) is duly existing under the *Corporations Act* and is and will at the Closing Time be up-to-date in all material corporate filings and in good standing under the *Corporations Act*; (ii) has all requisite corporate power and capacity to carry on its business as now conducted and to own, lease and operate its properties and assets; and (iii) has all requisite corporate power and authority to issue and sell the Offered Securities, issue the Compensation Securities and enter into this Agreement, the Warrant Indenture and the Compensation Option Certificates, and to carry out its obligations hereunder and thereunder;

(b) the Subsidiaries listed on Schedule "B" are the only subsidiaries of the Company and all of the securities of such Subsidiaries are held directly or indirectly by the Company free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances, claims and demands whatsoever and the Company is entitled to the full beneficial ownership of all such shares in the Subsidiaries. All of such shares in the capital of the Subsidiaries have been duly authorized and validly issued and are outstanding as fully paid shares and no person, other than the Company or a Subsidiary has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming a right, agreement or option, for the purchase from the Company of any interest in any of such shares or for the issue or allotment of any unissued shares in the capital of the Subsidiaries or any other security convertible into or exchangeable for any such shares;

(c) each of the Subsidiaries: (i) has been duly incorporated in its jurisdiction of incorporation and is and will at the Closing Time and any Agent's Option Closing Time, be up-to-date in all material corporate filings and in good standing under the laws of its jurisdiction; and (ii) has all requisite corporate power and authority to carry on its business as now conducted and to own, lease and operate its properties and assets;

(d) each of the Company and the Subsidiaries is, in all material respects, conducting its business in compliance with Applicable Securities Laws and all applicable laws, rules and regulations of each jurisdiction in which its business is carried on and each is licensed, registered or qualified in all jurisdictions in which it is required to be licensed, registered or qualified and all such licenses, registrations and qualifications are, and will at the Closing Time and any Agent's Option Closing Time, be, valid, subsisting and in good standing and it has not received a notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non- compliance with any such laws, regulations, licenses, registrations and qualifications which could have a Material Adverse Effect;

(e) no proceedings have been taken, instituted or, to the knowledge of the Company, are pending for the dissolution or liquidation of the Company or any of the Subsidiaries and neither the Company nor the Subsidiaries have committed an act of bankruptcy or sought protection from the creditors thereof before any court or pursuant to any legislation, proposed or taken any proceedings with respect to a compromise or arrangement to the creditors thereof generally, or taken any proceedings to be declared bankrupt or wound up, or to have a receiver appointed over any of the assets thereof;

(f) other than as disclosed in the Offering Documents, there are no material actions, proceedings or investigations (whether or not by or on behalf of the Company or the Subsidiaries) or to the knowledge of the Company threatened or pending, against or affecting the Company or the Subsidiaries at law or in equity (whether in any court, arbitration or similar tribunal) or before or by any federal, provincial, state, municipal or other governmental department, commission, board or agency, domestic or foreign;

(g) the Company is not aware of any legislation, or proposed legislation, which it anticipates will have a Material Adverse Effect;

(h) neither the Company nor the Subsidiaries have approved or entered into any agreement which remains in force in respect of, or received any written notice with respect to: (i) the purchase of any material property or assets or any interest therein or the sale, transfer or other disposition of any material property or assets or any interest therein currently owned, directly or indirectly, by the Company or the Subsidiaries whether by asset sale, transfer of shares or otherwise; (ii) the change of control of the Company or any Subsidiary (whether by sale or transfer of shares or sale of all or substantially all of the property or assets of the Company or any Subsidiary or otherwise); or (iii) to the knowledge of the Company, a proposed or planned disposition of Common Shares by any shareholder who owns, directly or indirectly, 10% or more of the outstanding Common Shares;

(i) neither the Company nor the Subsidiaries is in default or in breach in any material respect of the constating documents, by-laws or resolutions of its directors or shareholders or any Debt Instrument, Material Agreement, or any judgment, decree, order, statute, rule or regulation applicable to any of them;

(j) the execution and delivery of this Agreement, the Warrant Indenture and the Compensation Option Certificates and the performance by the Company of its obligations hereunder and thereunder and the transactions contemplated hereby and thereby, including the issuance of the Offered Securities and the issuance of the Compensation Securities have been duly authorized by all necessary corporate action of the Company and each of this Agreement which has been executed and delivered by the Company and the Compensation Option Certificates when executed and delivered by the Company, constitute and will constitute at the Closing Time and any Agent's Option Closing Time, a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, provided that enforcement thereof may be limited by laws affecting creditors' rights generally, that specific performance and other equitable remedies may only be granted in the discretion of a court of competent jurisdiction, that the provisions relating to indemnity, contribution and waiver of contribution may be unenforceable;

(k) the execution and delivery of this Agreement, the Warrant Indenture and the Compensation Option Certificates and the fulfillment of the terms hereof and thereof by the Company, the issuance, sale and delivery of the Offered Securities and the issuance of the Compensation Securities, do not and will not require the consent, approval, authorization, registration or qualification of or with any governmental authority, stock exchange, quotation system, Securities Commission or other third party, except: (i) such as have been obtained; or (ii) such as may be required and will be obtained by the Closing Time or Agent's Option Closing Time, as applicable, or within the applicable time frames following the Closing Time or Agent's Option Closing Time, as applicable, as permitted by Applicable Securities Laws or the rules of the Exchange, subject to such customary conditions as applicable to each such obligations;

(l) the execution and delivery of this Agreement, the Warrant Indenture and the Compensation Option Certificates and the fulfillment of the terms hereof and thereof by the Company, the issuance, sale and delivery of the Offered Securities and the issuance of the Compensation Securities do not and will not result in a breach of or constitute a default under, and do not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or constitute a default under, and do not and will not conflict with the terms or provisions of (i) the constating documents of the Company or its Subsidiaries or any resolutions of the shareholders or directors of the Company or its Subsidiaries, (ii) any Debt Instrument or Material Agreement, or (iii) any judgment, decree, order, statute, rule or regulation applicable to the Company or the Subsidiaries, which breach or default would have a Material Adverse Effect;

(m) all necessary corporate action has been taken or will have been taken prior to the Closing Time or Agent's Option Closing Time, as applicable, by the Company so as to validly: (i) issue and sell the Unit Shares as fully paid and non-assessable Common Shares; (ii) validly create and issue the Warrants and Compensation Option Warrants; and (iii) validly create and reserve for issuance the Warrant Shares and Compensation Securities;

(n) the Unit Shares have been, or prior to the Closing Time or Agent's Option Closing Time, as applicable, will be, duly and validly authorized and reserved for issuance and when certificates representing the Unit Shares have been issued (or other electronic delivery thereof has been effected), delivered and paid for, the Unit Shares will be validly issued as fully paid and non- assessable Common Shares and all statements made in this Agreement and in the Offering Documents describing the Unit Shares (including their attributes) are, and will be, as applicable, accurate in all material respects;

(o) the Warrants have been, or prior to the Closing Time or Agent's Option Closing Time, as applicable, will be duly and validly authorized and created and, upon receipt by the Company of the aggregate consideration and when certificates for the Warrants have been countersigned by the Warrant Agent (or other electronic delivery thereof has been effected) and delivered by the Company, will be validly issued and all statements made in the Offering Documents describing the Warrants will be accurate in all material respects;

(p) the Warrant Shares have been, or prior to the Closing Time or Agent's Option Closing Time, as applicable, will be, duly and validly authorized and reserved for issuance and, upon exercise of the Warrants in accordance with their terms and when certificates representing the Warrant Shares have been countersigned by the Transfer Agent (or other electronic delivery thereof has been effected), issued, delivered and paid for, the Warrant Shares will be validly issued as fully paid and non-assessable Common Shares, and all statements made in the Offering Documents describing the Warrant Shares will be accurate in all material respects;

(q) the Compensation Options to be issued to the Agent (or as directed by the Agent in accordance with the terms of this Agreement) as contemplated in this Agreement have been, or prior to the Closing Time or the Agent's Option Closing Time, as the case may be, will be, duly and validly authorized and created and when the Compensation Option Certificates have been signed, issued and delivered by the Company, the Compensation Options will be validly issued and all statements made in this Agreement and in the Offering Documents describing the Compensation Options (including their attributes) are accurate in all material respects;

(r) the Compensation Securities have been, or prior to the Closing Time or the Agent's Option Closing Time, as the case may be, will be, duly and validly authorized and reserved for issuance and, upon exercise of the Compensation Options in accordance with their terms and when the Compensation Securities have been issued, delivered and paid for, the Compensation Option Shares will be validly issued as fully paid and non- assessable Common Shares and all statements made in this Agreement and in the Offering Documents describing the Compensation Securities (including their attributes) are accurate in all material respects;

(s) the authorized capital of the Company consists of an unlimited number of Common Shares, of which 72,193,209 Common Shares of the Company are issued and outstanding as fully paid and non-assessable shares of the Company;

(t) except for 6,675,360 options issued pursuant to the Stock Option Plan to purchase Common Shares of the Company and 12,958,609 warrants issued and outstanding as at the date hereof, no person has any agreement or option or right or privilege (whether at law, pre-emptive or contractual) capable of becoming an agreement for the purchase, subscription or issuance of, or conversion into, any unissued shares, securities, warrants or convertible obligations of any nature of the Company;

(u) to the knowledge of the Company, no agreement is in force or effect which in any manner affects the voting or control of any of the securities of the Company or any Subsidiary;

(v) the Transfer Agent at its principal offices in the City of Vancouver has been appointed as the registrar and transfer agent for the Common Shares;

(w) prior to the Closing Time, the Warrant Agent at its principal offices in the City of Vancouver will be appointed as the Warrant Agent;

(x) the currently issued and outstanding Common Shares of the Company are listed and posted for trading on the CSE and no order ceasing or suspending trading in any securities of the Company or prohibiting the sale of the Offered Securities has been issued and no proceedings for such purpose are, to the best of the Company's knowledge, information and belief, threatened or pending;

(y) the Company is in compliance in all material respects with the rules and regulations of the CSE;

(z) the Company is a "reporting issuer", not included in a list of defaulting reporting issuers maintained by the Securities Commission of each of the provinces of Alberta, British Columbia and Ontario, and in particular, without limiting the foregoing, the Company has at all relevant times complied with its obligations to make timely disclosure of all material changes relating to it, no such disclosure has been made on a confidential basis that is still maintained on a confidential basis, and there is no material change relating to the Company which has occurred and with respect to which the requisite material change report has not been filed with the Securities Commissions in the Qualifying Provinces, except to the extent that the Offering constitutes a material change;

(aa) the Company will use its commercially reasonable efforts to maintain its status as a "reporting issuer" (or the equivalent thereof) not in default of the requirements of the Applicable Securities Laws of each of the Qualifying Provinces, for a period of three years following the Closing Date, provided that this covenant shall not prevent the Company from completing any transaction which would result in the Company ceasing to be a "reporting issuer" so long as the holders of Common Shares receive securities (or cash or any combination thereof as the case may be) of a successor entity pursuant to a transaction in compliance with applicable corporate laws and Applicable Securities Laws, or the Company's shareholders approve the transaction;

(bb) the Company will use commercially reasonable efforts to maintain a listing of its Common Shares on the Exchange for a period of three years from the Closing Date, provided that this covenant shall not prevent the Company from completing any transaction which would result in the Common Shares ceasing to be listed so long as the holders of Common Shares receive securities (or cash or any combination thereof as the case may be) of a successor entity pursuant to a transaction in compliance with applicable corporate laws and Applicable Securities Laws, or the Company's shareholders approve the transaction;

(cc) Since March 31, 2015, except as disclosed in the Offering Documents:

(i) there has not been any material change in the assets, liabilities, obligations (absolute, accrued, contingent or otherwise), business, condition (financial or otherwise) or results of operations of the Company and the Subsidiaries, on a consolidated basis;

(ii) there has not been any material change in the capital stock or long-term debt of the Company and the Subsidiaries, on a consolidated basis; and

(iii) the Company and the Subsidiaries have carried on their respective businesses in the ordinary course;

(dd) the restated audited annual financial statements of the Company for the years ended March 31, 2015 and 2014 and the restated unaudited interim consolidated financial statements of the Company for the three-month period ended June 30, 2015, the six- month period ended September 30, 2015 and the nine-month period ended December 31, 2015 (the "**Financial Statements**"), contained in the Prospectus have been prepared in accordance with U.S. generally accepted accounting principles ("**GAAP**") and present fairly, in all material respects, the financial condition of the Company and the Subsidiaries, on a consolidated basis, as at the respective dates thereof;

(ee) there are no material off-balance sheet transactions, arrangements or obligations (including contingent obligations) of the Company or any of its Subsidiaries with unconsolidated entities or other persons that, to the best of the Company's knowledge, could reasonably be expected to have a Material Adverse Effect;

(ff) neither the Company nor the Subsidiaries has any liabilities, direct or indirect, contingent or otherwise, not disclosed in the Financial Statements which, to the best of the Company's knowledge, has or would reasonably be expected to have a Material Adverse Effect;

(gg) except as disclosed in the Offering Documents, the Company and each of the Subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences;

(hh) the auditors of the Company who audited the consolidated financial statements of the Company for the years ended March 31, 2015 and 2014 are independent public accountants as required by the Applicable Securities Laws of Canada;

(ii) there has not been any "reportable event" (within the meaning of National Instrument 51- 102) with the present or any former auditor of the Company;

(jj) to the best of the Company's knowledge, the Company, its affiliates, and its directors, officers, supervisors, managers, agents, and employees, and any persons acting on behalf of any such persons, have conducted at all times, are conducting, and will continue to conduct, its operations in full compliance with the Anti-Corruption Rules of all applicable jurisdictions and no action, suit, investigation or proceeding by or before any governmental authority or any arbitrator involving the Company or any of its directors, officers, supervisors, managers, agents, employees, or affiliates, or any persons acting on behalf of any such persons, with respect to a violation or potential violation of Anti-Corruption Rules is pending or threatened;

(kk) to the best of the Company's knowledge, neither the Company nor any of its directors, officers, agents, employees, or affiliates, or any persons acting on behalf of any such persons, is a "listed entity", "designated person" or "listed person" under Part II.1 of the *Criminal Code* (Canada) or an order or regulation issued under the *United Nations Act* (Canada) or the *Special Economic Measures Act* (Canada) (collectively, "**Canadian Sanctions Laws**") or is the subject of any sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**"); and the Company will not, directly or indirectly, use the proceeds of the Offering, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person or entity that is listed or designated under Canadian Sanctions Laws or is, to the knowledge of the Company, the subject of any sanctions administered by OFAC;

(ll) the Company, the activities and operations of the Company and to the Company's knowledge, all of its respective directors, officers, agents, employees, affiliates or persons acting on behalf of any such persons, are, have been and will continue to be conducted at all times in compliance with the anti-money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency to which they are subject (collectively, the "**Anti-Money Laundering Laws**") and no action, suit or proceeding by or before any governmental authority or any arbitrator involving the Company with respect to the Anti- Money Laundering Laws is, to the best of the knowledge, information and belief of the Company, pending or threatened;

(mm) neither the Company nor the Subsidiaries, nor to the best of the Company's knowledge, information and belief, any other person, is in default in any material respect in the observance or performance of any term, covenant or obligation to be performed by the Company or the Subsidiaries or such other person, as applicable, under any Debt Instrument or Material Agreement which could have a Material Adverse Effect, and all such Debt Instruments and Material Agreements are in good standing in all material respects, and no event has occurred which with notice or lapse of time or both would constitute a material default thereunder by the Company, the Subsidiaries or, to the best of the Company's knowledge, information and belief, any other party;

(nn) except where it could not reasonably be expected to be a Material Adverse Effect, the Company has filed or delivered all reports, filings, disclosures, releases and other materials required to be filed with or delivered to any securities regulatory authority having jurisdiction under applicable laws (including, without limitation, periodic timely disclosure filings and other materials required to be filed by a "reporting issuer" under Applicable Securities Laws in the Qualifying Provinces) and all such reports, filings, disclosures, releases or other materials were prepared in compliance with applicable laws (including Applicable Securities Laws) and, as of the date of the filing or delivery thereof, none of such reports, filings, disclosures, releases or other materials contained any misrepresentation;

(oo) except as disclosed in the Financial Statements or where it would not reasonably be expected to have a Material Adverse Effect, all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, "**Taxes**") due and payable by the Company or any of its Subsidiaries have been paid. All tax returns, declarations, elections, payments, withholdings, remittances and filings of any kind required by applicable laws to be filed or made by the Company or any of its Subsidiaries have been filed or made within the applicable statutory periods with all appropriate governmental authorities and all such returns, declarations, elections, payments, withholdings, remittances and filings are complete and materially accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. To the best of the knowledge of the Company and the Subsidiaries no examination by any governmental authority of any tax return of the Company or any of its Subsidiaries or audit of any Taxes is currently in progress except in the ordinary course and there are no issues or disputes outstanding with any governmental authority respecting any Taxes that have been paid, or may be payable, by the Company and any of its Subsidiaries;

(pp) the Company will use the net proceeds of the Offering as described in the Final Prospectus;

(qq) other than the Agent (and members of the Selling Group) pursuant to this Agreement, there is no person acting or purporting to act at the request of the Company who is entitled to any brokerage, agency or other fiscal advisory or similar fee in connection with the Offering;

(rr) neither the Company nor the Subsidiaries is party to any material Debt Instrument or has any material loans or other indebtedness outstanding with any of its shareholders, officers, directors or employees, past or present, or any person not dealing at arm's length with the Company or any Subsidiary other than as disclosed in the Company's Information Record;

(ss) other than with the prior written consent of the Agent, such consent not to be unreasonably withheld, the Company will not, offer or issue, or enter into an agreement to offer or issue, or announce any intention to offer or issue, any of its securities (other than (i) stock option issuances pursuant to the Company's Stock Option Plan; (ii) the exercise of stock options granted pursuant to the Company's Stock Option Plan; (iii) securities issuable upon the exercise of the currently outstanding stock options or convertible securities; (iv) in connection with a bona fide acquisition or licensing transaction by the Company of the shares or assets of other corporations or entities; (vi) pursuant to the Offering; or (vii) pursuant to the exercise of stock options and warrants outstanding as of the date of this Agreement) for a period of 90 days following the filing of the Final Prospectus;

(tt) the Company will obtain any necessary regulatory consents and approvals from the Exchange and other applicable regulatory authorities, stock exchanges, the CSE (if applicable) and quotation systems in connection with the Offering on such conditions as are acceptable to the Agent and the Company, acting reasonably;

(uu) the Company will arrange for the listing of the Unit Shares, Warrant Shares, the Compensation Option Shares and the Compensation Option Warrant Shares on the Exchange effective as of the Closing Date and the Agent's Option Closing Date;

(vv) to the knowledge of the Company, none of the directors or officers of the Company, any known holder of more than 10% of any class of shares of the Company, or any known associate or affiliate of any of the foregoing persons or companies has had any material interest, direct or indirect, in any material transaction within the previous two years or any proposed material transaction which, as the case may be, materially affected, is material to or will materially affect the Company and the Subsidiaries on a consolidated basis other than as described in the Company's Information Record;

(ww) the assets of the Company and the Subsidiaries and their business and operations are insured against loss or damage with insurers on a basis consistent with insurance obtained by comparable businesses, and in such amounts that are customary in the business in which it is engaged and the current stage of its development and operation, and such coverage is in full force and effect;

(xx) the Company's Information Record and all other information which has been prepared by the Company relating to the Company or the Subsidiaries and their respective businesses, property and liabilities and either publicly disclosed or provided to the Agent, are, as of the date of such information, true and correct in all material respects and does not contain a misrepresentation, and no material fact or facts have been omitted therefrom which would make such information materially misleading and the Company is not aware of any circumstances presently existing under which liability is or would reasonably be expected to be incurred under the secondary market liability disclosure provisions of the *Securities Act* (British Columbia) or analogous secondary market liability disclosure provisions under Applicable Securities Laws in the other Qualifying Provinces;

(yy) the Company agrees that during the period from the date of this Agreement to the completion of the Distribution Period, the Company will promptly provide to the Agent drafts of any press releases of the Company for review by the Agent and the Agent's counsel prior to issuance and it shall obtain prior approval of the Agent as to the content and form of any press release relating to the Offering, such approval not to be unreasonably withheld (provided that these provisions shall not prohibit the Company from complying with its continuous disclosure requirements under Applicable Securities Law);

(zz) the Company is an Eligible Issuer;

(aaa) the Company represents and warrants to the Agent with respect to the Offering Documents that:

(i) all of the information and statements contained in each of the Offering Documents are true and correct in all material respects and contain no misrepresentation and constitute full, true and plain disclosure of all material facts relating to each of the Offering, the Company and the Subsidiaries on a consolidated basis and the Offered Securities;

(ii) no material fact or information has been omitted from any of the Offering Documents which is required to be stated in such disclosure or is necessary to make the statements or information contained in such disclosure not misleading in light of the circumstances under which they were made (provided that this representation and warranty is not intended to extend to information and statements provided by the Agent in writing specifically for use therein); and

(iii) the Offering Documents, in all material respects, contain the disclosure required by and conform to all requirements of Applicable Securities Laws;

(bbb) the Company shall cause to be delivered to the Agent, concurrently with the filing of the Final Prospectus and any Supplementary Material thereto, a comfort letter dated the date of the Final Prospectus from the auditors of the Company, and any other auditors who have audited any of the financial statements included or incorporated by reference in the Final Prospectus, and in each case addressed to the Agent and to the directors of the Company, in form and substance satisfactory to the Agent, acting reasonably, relating to the verification of the financial information and accounting data and other numerical data of a financial nature contained therein and matters involving changes or developments since the respective dates as of which specified financial information is given therein, which comfort letter shall be based on the applicable auditor's review having a cut-off date of not more than two Business Days prior to the date of the Final Prospectus;

(ccc) during and prior to completion of the Distribution Period, the Company will use its best efforts to otherwise take or cause to be taken all steps and proceedings that may be required under the Applicable Securities Laws of the Qualifying Provinces to qualify the Units for sale and issuance to the public through registrants registered under the Applicable Securities Laws of the Qualifying Provinces who have complied with the relevant provisions thereof and to qualify the issuance of the Compensation Securities to the Agent (or as directed by the Agent in accordance with the terms of this Agreement);

(ddd) at all times until the completion of the Distribution Period the Company will, to the satisfaction of counsel to the Agent, acting reasonably, promptly take or cause to be taken all additional steps and proceedings that may be required from time to time under the Applicable Securities Laws of the Qualifying Provinces to continue to so qualify the Units and the Compensation Securities or, in the event that they have, for any reason, ceased to so qualify, to again so qualify them;

(eee) if, after the execution of this Agreement and prior to the completion of the Distribution Period, it is necessary to amend or supplement the Final Prospectus to comply with Applicable Securities Laws, the Company will promptly notify the Agent and forthwith prepare and file with the Securities Commissions in accordance with Applicable Securities Laws, such Supplementary Material as may be necessary so that the Final Prospectus, as so amended or supplemented, will comply with Applicable Securities Law;

(fff) if during the Distribution Period there shall be any change in Applicable Securities Laws which, in the opinion of the Agent, acting reasonably, requires the filing of any Supplementary Material, upon written notice from the Agent, the Company shall, to the satisfaction of the Agent and Agent's counsel, acting reasonably, promptly prepare and file any such Supplementary Material with the appropriate Securities Commissions where such filing is required;

(ggg) prior to the completion of the Distribution Period, the Company will allow the Agent to conduct all due diligence which it may reasonably require to conduct and participate fully in the preparation of the Final Prospectus and any Supplementary Material in order to fulfill its obligations and in order to enable it to responsibly execute the certificates required to be executed by it at the end of each of the Final Prospectus and any applicable Supplementary Material; and without limiting the scope of the due diligence inquiries the Agent may conduct, the Company will make available its senior management, directors, auditors and legal counsel, and such other parties as the Agent may reasonably require, to answer the reasonable questions of the Agent in due diligence meetings to be conducted prior to the filing of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material, and the Closing Date and Agent's Option Closing Date and shall cause its auditors to deliver the comfort letter as contemplated by Section 5.1(bbb) hereof;

(hhh) upon becoming aware, the Company will promptly notify the Agent in writing if, prior to completion of the Distribution Period, there shall occur any material change or change in a material fact (in either case, whether actual, anticipated, contemplated or threatened and other than a change or change in fact relating solely to the Agent) or any event or development involving a prospective material change or a change in a material fact or any other material change concerning the Company and the Subsidiaries on a consolidated basis or any other change which is of such a nature as to result in, or could be considered reasonably likely to result in, a misrepresentation in the Offering Documents, as they exist immediately prior to such change, or could render the foregoing, as they exist immediately prior to such change, to not be in compliance with any Applicable Securities Laws;

(iii) during the Distribution Period, the Company will promptly notify the Agent in writing with full particulars of any such actual, anticipated, contemplated, threatened or prospective material change referred to in the preceding paragraph and the Company shall, to the satisfaction of the Agent, acting reasonably, provided the Agent has taken all action required by it hereunder to permit the Company to do so, file promptly and, in any event, within all applicable time limitation periods with the Securities Commissions in the Qualifying Provinces a Prospectus Amendment or Supplementary Material, as the case may be, or material change report as may be required under Applicable Securities Laws and shall comply with all other applicable filing and other requirements under the Applicable Securities Laws including any requirements necessary to qualify the distribution of the Units and the issue of the Compensation Securities. The Company will not file any such Prospectus Amendment or Supplementary Material without first obtaining the written approval of the form and content thereof by the Agent, which approval shall not be unreasonably withheld or delayed;

(jjj) during the Distribution Period, the Company will discuss with the Agent as promptly as possible any circumstance or event which is of such a nature that there is or ought to be consideration given as to whether there may be a material change or change in a material fact or other change described in the preceding two paragraphs;

(kkk) the minute books and records of the Company and Subsidiaries which the Company has made or will make available to the Agent and their counsel in connection with their due diligence investigation of the Company and the Subsidiaries are all of the minute books of the Company and the Subsidiaries for such periods and contain copies of all constating documents and all proceedings of holders of Common Shares and directors, including any committee of directors, and are complete in all material respects. There have been no other material meetings, resolutions or proceedings of the holders of Common Shares, board of directors or committees thereof of the Company or the Subsidiaries during the periods requested that are not reflected in such minute books and other records;

(lll) except to the extent that any violation does not have a Material Adverse Effect, neither the Company nor its Subsidiaries are in violation of any applicable federal, provincial, state, municipal or local laws, regulations, orders, government decrees or ordinances with respect to environmental, health or safety matters (collectively, "**Environmental Laws**");

(mmm) except as disclosed in the Offering Documents, there have been no past unresolved, and, to the Company's knowledge, there are no pending or threatened, claims, complaints, notices or requests for information received by the Company or the Subsidiaries with respect to any alleged material violation of any law, statute, order, regulation, ordinance or decree and no conditions exist at, on or under any properties now or previously owned, operated or leased by the Company or the Subsidiaries which, with the passage of time, or the giving of notice or both, would give rise to liability under any law, statute, order, regulation, ordinance or decree that, in either case has, or may reasonably be expected to have, a Material Adverse Effect;

(nnn) all filings by the Company, pursuant to which the Company has received or is entitled to receive government incentives, have been made in accordance, in all material respects, with all applicable legislation and contain no misrepresentations of material fact or omit to state any material fact which could reasonably be expected to cause any amount previously paid to the Company, or previously accrued on the accounts thereof, to be recovered or disallowed;

(ooo) Schedule "C" contains a complete and accurate reference of all material Intellectual Property and Technology that the Company and each of the Subsidiaries currently owns, uses or has the right to use or otherwise exploit in the conduct of its business ("**Owned IP**");

(ppp) the Business IP constitutes all of the Intellectual Property and Technology necessary to conduct fully the business of each of the Company and each of the Subsidiaries as it is currently conducted and as currently proposed to be conducted. The Company has sufficient rights to use and otherwise exploit the Business IP in connection with the operation of the business of the Company and the consummation of the transactions contemplated by this Agreement will not constitute or result in a breach or violation of, a default, termination or right of termination under, the creation or acceleration of any obligations under, of the creation of any lien, hypothec or encumbrance on the Business IP;

(qqq) except as disclosed in the Offering Documents, the Company or one of the Subsidiaries owns all right, title and interest in and to the Owned IP free and clear of any encumbrances other than encumbrances in the process of being discharged, which are disclosed on Schedule "C", and has sole and exclusive rights (and is not contractually obligated to pay any compensation to any other person in respect thereof except for those instances disclosed on Schedule "C", which are also disclosed in the Company's Information Record) to the use thereof or the material covered thereby. The Owned IP does not contain or embody, or require for its full and proper operation, any Intellectual Property or Technology owned by any other person;

(rrr) except as disclosed in the Offering Documents, each Material Agreement, entered into in connection with the Licensed IP is valid and subsisting as at the date hereof, except as would not have a Material Adverse Effect. The Company and each of the Subsidiaries has the right to use the Licensed IP that it uses or otherwise exploits or that is currently incorporated in or distributed with, or that the Company and each of the Subsidiaries has contemplated incorporating in or distributing with, the Company's and each of the Subsidiaries' products to distributors, resellers and end-users of such products, except as would not have a Material Adverse Effect;

(sss) except as disclosed in the Offering Documents, to the knowledge of the Company, none of the Business IP nor any service rendered by the Corporation or any of the Subsidiaries, nor any product currently or proposed to be developed, manufactured, produced or used by the Company or any of the Subsidiaries infringes upon any of the Intellectual Property or Technology owned or held by any other person. Except as disclosed in the Offering Documents, neither the Corporation nor any of the Subsidiaries nor, to the Corporation's knowledge any of their respective directors, officers or employees ever received any charge, complaint, claim, demand or notice alleging any interference, infringement, misappropriation or violation with respect to any Business IP (including any claim that the Company, any of the Subsidiaries and/or such persons must license or refrain from using any Intellectual Property or Technology of a third party), nor to the knowledge of the Company are there any valid grounds for any bona fide claims, except as would not have a Material Adverse Effect;

(ttt) to the knowledge of the Company, there is no and has not been any unauthorized use, infringement or misappropriation of any Owned IP by any other person. Neither the Company nor any of the Subsidiaries has covenanted or agreed with any person not to sue or otherwise enforce any legal rights with respect to any Business IP;

(uuu) except as disclosed in the Offering Documents, neither the Company nor any of the Subsidiaries has since the date of its incorporation authorized any person (other than its employees and independent contractors in the ordinary course of business) to use, or granted any person any option to acquire any rights to or licences to use, sell, assign or otherwise transfer, any of the Business IP;

(vvv) the Company and each of the Subsidiaries has taken all commercially reasonable steps (including measures to protect secrecy and confidentiality) to protect the Corporation's and each of the Subsidiaries' right, title and interest in and to all Business IP. All potential customers, customers, agents and representatives of the Corporation and each of the Subsidiaries who have or have had access to confidential Business IP and any confidential or proprietary information of the Company and each of the Subsidiaries have a legal obligation of confidentiality to the Company and each of the Subsidiaries with respect to such information;

(www) all of the current and past executive officers of the Company and each of the Subsidiaries and all of the current and past employees and contractors of the Company and each of the Subsidiaries employed or engaged in research and development activities duly executed and delivered Employee IP Agreements on or before the date of commencement of their respective employment with the Company and each of the Subsidiaries, which Employee IP Agreements effect the assignment, without additional consideration, to the Company or one of the Subsidiaries of all Intellectual Property created, invented, conceived or reduced to practice during the course of their employment or engagement with the Corporation or one of the Subsidiaries. Such Employee IP Agreements provide that the employees and consultants, as the case may be, have waived all of their non-assignable rights (including moral rights) in such Intellectual Property. The Company is not aware of any breach of any of the Employee IP Agreements;

(xxx) any disclosure by the Company or any of the Subsidiaries or their respective employees or agents of Owned IP whose validity, enforceability, value or benefit to the Company or any of the Subsidiaries depends on its confidentiality has been made pursuant to a valid, binding and enforceable non-disclosure agreement. No disclosure of the Owned IP has been made by the Company, any of the Subsidiaries or any of their respective employees in a manner that would prevent the Company, any of the Subsidiaries or any of their successors in interest, if any, from obtaining a patent in respect of any Owned IP that would otherwise be eligible to patent, except as would not have a Material Adverse Effect;

(yyy) each material plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to or required to be contributed to, by the Company and the Subsidiaries for the benefit of any current or former director, officer, employee or consultant of the Company or the Subsidiaries (the "**Employee Plans**") has been maintained in material compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations that are applicable to such Employee Plans, in each case in all material respects and has been publicly disclosed to the extent required by Applicable Securities Laws;

(zzz) there has never been, there is not currently and the Company does not anticipate any material labour disruption with respect to the employees or consultants of the Company which would have a Material Adverse Effect on the plans of the Company or the Subsidiaries or the carrying on of the business of the Company or the Subsidiaries;

(aaaa) except as disclosed in the Offering Documents, the Company (or parties under contractual obligation to the Company) holds all licenses, certificates, approvals and permits from all provincial, federal, state, United States, foreign and other regulatory authorities, including but not limited to the United States Food and Drug Administration (the "**FDA**"), Health Canada ("**HC**"), the European Medicines Agency (the "**EMA**") and any foreign regulatory authorities performing functions similar to those performed by the FDA, HC and the EMA, that are material to the conduct of the business of the Company as such business is now conducted or proposed to be conducted as described in the Prospectus, all of which are valid and in full force and effect and there is no proceeding pending or, to the knowledge of the Company, threatened which may cause any such license, certificate, approval or permit to be withdrawn, cancelled, suspended or not renewed. Nothing has come to the attention of the Company that has caused the Company to believe that the completed studies, tests, preclinical studies and clinical trials conducted by or on behalf of the Company that are described in the Prospectus were not conducted, in all material respects, in accordance with experimental protocols, procedures and controls pursuant to, where applicable, accepted professional and scientific standards for products or product candidates comparable to those being developed by the Company. No filing or submission to the FDA, HC, the EMA or any other regulatory body, that was or is intended to be the basis for any approval of the Company's products or product candidates, to the knowledge of the Company, contains any material omission or material false information. The Company is not in violation of any material law, order, rule, regulation, writ, injunction or decree of any court or governmental agency or body, applicable to the investigation of new devices, including, but not limited to, those promulgated by the FDA, HC or the EMA; and

(bbbb) the Company and its Subsidiaries are in material compliance with all applicable laws, regulations and policies respecting employment and employment practices, terms and conditions of employment, occupational health and safety, pay equity and wages.

6. Conditions to Agent's Obligation on Closing

6.1 The obligations of the Agent hereunder are subject to the following conditions, which conditions are for the sole benefit of the Agent and may be waived by the Agent in whole or in part at the Agent's sole discretion:

(a) the Company will have made and/or obtained the necessary filings, approvals, consents and acceptances to or from, as the case may be, the Securities Commissions and the Exchange and any other applicable securities regulatory authorities, stock exchanges and quotation systems required to be made or obtained by the Company in connection with the Offering, on terms which are acceptable to the Company and the Agent, acting reasonably, prior to the Closing Date, it being understood that the Agent will do all that is reasonably required to assist the Company to fulfill this condition;

(b) The Company will have received a final approval letter from the Exchange and a bulletin will have been issued by the Exchange permitting the listing on the Exchange of the Common Shares (currently listed for trading on the CSE), Unit Shares, Warrant Shares, the Compensation Option Shares and the Compensation Option Warrant Shares;

(c) the Company's board of directors will have authorized and approved this Agreement, the Listing Application, the Warrant Indenture, the Compensation Option Certificates, the sale and issuance of the Offered Securities and the issuance of the Compensation Securities and all necessary matters relating to the foregoing;

(d) the Company will deliver a certificate of the Company signed on behalf of the Company, but without personal liability, by the Chief Executive Officer of the Company and the Chief Financial Officer of the Company or such other senior officers of the Company as may be acceptable to the Agent, acting reasonably, addressed to the Agent and its counsel and dated the Closing Date, in form and content satisfactory to the Agent, acting reasonably, certifying that:

(i) no order ceasing or suspending trading in any securities of the Company or prohibiting the sale of the Units or any of the Company's issued securities (including the Common Shares) has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of such officers are threatened, pending or contemplated by any regulatory authority;

(ii) there has been no adverse material change (actual, proposed or prospective, whether financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of the Company and the Subsidiaries on a consolidated basis since the date hereof which has not been disclosed;

(iii) on the date thereof, no material change relating to the Company and the Subsidiaries on a consolidated basis, except for the Offering, has occurred with respect to which the requisite material change report has not been filed and no such disclosure has been made on a confidential basis;

(iv) the representations and warranties of the Company contained in this Agreement and the contents of the Listing Application are true and correct in all material respects at the Closing Time, with the same force and effect as if made by the Company as at the Closing Time after giving effect to the transactions contemplated hereby (other than any representations and warranties with respect to issued and outstanding share capital); and

(v) the Company has complied with all material covenants and satisfied all material terms and conditions of this Agreement on its part to be complied with or satisfied, other than conditions which have been waived by the Agent, at or prior to the Closing Time;

(e) the Agent shall have received at the Closing Time certificates dated the Closing Date, signed by appropriate officers of the Company addressed to the Agent and their counsel, with respect to the articles and notice of articles of the Company, all resolutions of the Company's board of directors relating to this Agreement, Listing Application, the Warrant Indenture, the Compensation Option Certificates and the transactions contemplated hereby, the incumbency and specimen signatures of signing officers and authorized signatories in the form of a certificate of incumbency and such other matters as the Agent may reasonably request;

(f) the Company will have caused its Transfer Agent to deliver a certificate as to the issued and outstanding Common Shares of the Company;

(g) the Company will deliver certificates of good standing, status and/or compliance or equivalent, where issuable under applicable law, for the Company and the Subsidiaries, each dated within two (2) Business Days (or such earlier or later date as the Agent may accept) of the Closing Date;

(h) the Company will have caused favourable legal opinions to be delivered by its legal counsel, Holland & Hart LLP and Blakes, Cassels & Graydon LLP, addressed to the Agent, in form and substance satisfactory to the Agent, acting reasonably, including in respect of those matters identified in Schedule "A" hereto, subject to the usual and customary assumptions, limitations and qualifications. In giving such opinions, counsel to the Company shall be entitled to rely, to the extent appropriate in the circumstances, upon local counsel or to arrange, to the extent appropriate, for separate opinions of local counsel and shall be entitled as to matters of fact to rely upon a certificate of fact from responsible persons in a position to have knowledge of such facts and their accuracy;

(i) if any Base Units are sold in the United States or to, or for the account or benefit of, U.S. Persons, the Agent shall have received an opinion, dated the Closing Date and subject to customary assumptions, qualifications and limitations, of Holland & Hart LLP, addressed to the Agent in form and content acceptable to the Agent, acting reasonably, to the effect that the offer and sale of the Base Units (and the Base Unit Shares and Base Warrants) and the exercise of the Base Warrants are exempt from the registration requirements of the U.S. Securities Act.

(j) the Company will have caused its auditors to deliver an update of the letter referred to in Section 5.1(bbb) above with such changes thereon as may be necessary to bring the information in such letter forward to within two business days of the Closing Date, which changes shall be acceptable to the Agent, acting reasonably;

(k) the Agent is satisfied, in their sole discretion, with the results of its due diligence review and investigation completed in connection with the Offering;

(l) Prior to the Closing Time, any material change (actual, anticipated, contemplated or, to the knowledge of the Company, threatened, whether financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of the Company that has not otherwise been disclosed in the Offering Documents, shall have been disclosed to the Agent in writing;

(m) the Agent will have received at the Closing Time, in form and substance satisfactory to the Agent, acting reasonably, an executed copy of the Warrant Indenture;

(n) the Agent will have received from Advanced NeuroRehabilitation, LLC and MPJ Healthcare LLC an executed lock-up agreement in the form attached as Schedule "D" to this Agreement;

(o) the Company will deliver such further certificates and other documentation as may be contemplated in this Agreement or as the Agent or its counsel may reasonably request; and

(p) If the Agent exercises the Agent's Option, the obligations of the Agent in respect of the Agent's Option Units are subject to the conditions as set forth this Section 6.1; provided, however, that references to the Closing Date and Closing Time shall be read as the Agent's Option Closing Date and Agent's Option Closing Time, respectively, and all certificates, opinions, documents or instruments otherwise required to be delivered to the Agent pursuant to this Section 6.1 (other than pursuant to Section 6.1(m) and Section 6.1(n)) will be delivered to the Agent at the Agent's Option Closing Time and will be dated the Agent's Option Closing Date.

6.2 As soon as practicable after the Closing Date, but in any event, no later than ten (10) business days after the Company receives all required filing information from the Agent (the "**Filing Date**"), the Company shall prepare and file with the SEC a registration statement on Form S-1, or such other applicable form (the "**Registration Statement**"), covering the offer and resale of the Unit Shares and the Warrant Shares (the "**Registrable Securities**"). In addition, the Company shall use commercially reasonably efforts to cause such Registration Statement to be declared effective by the SEC as promptly as possible after the filing thereof, but in any event no later than: (x) 30 days (if the SEC does not review the Registration Statement) or 75 days (if the SEC does review the Registration Statement), in each case, from the filing date of the Registration Statement, and shall keep the Registration Statement continuously effective under the U.S. Securities Act until such time as the Registrable Securities have been sold pursuant to the Registration Statement or are eligible to be sold pursuant to Rule 144(b)(1) of the U.S. Securities Act, without being subject to amount, time or manner of sale limitations under Rule 144 of the U.S. Securities Act. During the period during which the Company is required to keep the Registration Statement effective (the "**Effectiveness Period**"), the Company shall (i) prepare and file with the SEC such amendments, including post-effective amendments, to the Registration Statement and the prospectus used in connection therewith as may be necessary to keep the Registration Statement continuously effective as to the applicable Registrable Securities for the Effectiveness Period, (ii) cause the related prospectus to be amended or supplemented by any required prospectus supplement, and as so supplemented or amended to be filed pursuant to Rule 424 of the U.S. Securities Act; and (iii) respond to any comments received from the SEC with respect to the Registration Statement or any amendment thereto.

6.3 To the extent permitted by law, the Company shall, and it hereby agrees to, indemnify and hold harmless each holder, and each person who participates as a placement or sales agent or as an underwriter in any offering or sale of the Registrable Securities, against any losses, claims, damages or liabilities to which the holder or such agent or underwriter may become subject, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) (collectively, "**Claims**") arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, or any preliminary or final prospectus contained therein, or any amendment or supplement thereto, or any document incorporated by reference therein, or arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and the Company shall, and it hereby agrees to, promptly reimburse each holder or any such agent or underwriter for any legal or other out-of-pocket expenses reasonably incurred by them in connection with investigating or defending any such Claims; *provided*, *however*, that the Company shall not be liable to any such person in any such case to the extent that any such Claims arise out of or are based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such Registration Statement, or preliminary or final prospectus, or amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Company by the holders or any agent, underwriter or representative of the holders, or by the holders' failure to furnish the Company, upon request, with the information with respect to the holders, or any agent, underwriter or representative of the holders, or the holders' intended method of distribution, that is the subject of the untrue statement or omission. If the indemnification provided for in this Section 6.2 is held by a court of competent jurisdiction to be unavailable under applicable law in respect of any losses, then the Company shall contribute to the amount paid or payable by the holder as a result of the losses in the proportion as is appropriate to reflect the relative fault of the Company in connection with the statements or omissions which resulted in losses, as well as any other equitable considerations including the relative benefits to the Company.

7. Closing

7.1 The closing of the purchase and sale of the Units and/or Agent's Option Warrants, as applicable, will be completed at the Closing Time, in the case of the Base Units, or at the Agent's Option Closing Time, in the case of the Agent's Option Units and/or Agent's Option Warrants at the offices of Blake, Cassels & Graydon LLP and/or by electronic exchange of documents or such other place, date or time as may be mutually agreed to between the Company and the Agent, but for greater certainty, the Closing Time will occur in conjunction with the trading date as outlined in the Exchange bulletin.

7.2 At the Closing Time, or the Agent's Option Closing Time, as the case may be, the Company shall deliver to the Agent the (i) Unit Shares and Warrants, (ii) the Compensation Option Certificates, and (iii) the documents set out in Section 6.1, against payment to Blake, Cassels & Graydon LLP of the aggregate proceeds of the Offering, net of the Agent's Fee and Agent's expenses incurred up to the Closing Date, or the Agent's Option Closing Date, as the case may be, for which the Company is responsible pursuant to Section 9.1 hereto. Any Agent's Fee and Agent's expenses for which the Company is responsible pursuant to Section 9.1 hereto, and not paid at the Closing Time or Agent's Option Closing Time, as the case may be, shall be paid by the Company forthwith upon invoices being provided therefor.

7.3 The Agent may exercise the Agent's Option, in whole or in part, at any time up to 5:00 p.m. (Toronto time) on the date which is thirty (30) days from the Closing Date, by delivery of a written notice (an "**Agent's Option Notice**") to the Company specifying the number of Agent's Option Units and/or Agent's Option Warrants in respect of which the Agent's Option is being exercised and the date for delivery of the Agent's Option Units and/or Agent's Option Warrants (the "**Agent's Option Closing Date**"); provided, however, that the Agent's Option Closing Date shall not be earlier than the later of (i) the Closing Date or (ii) three Business Days after the date on which the Agent's Option Notice is delivered to the Company, and shall not be later than thirty (30) days from the Closing Date.

7.4 Base Unit Shares, Base Warrants and Base Warrant Shares, if sold pursuant to Regulation D under the *U.S. Securities Act*, shall be issued in definitive form and registered in the name of the purchasers thereof or their nominees, and for greater certainty, no such Base Unit Shares, Base Warrants or Base Warrant Shares shall be registered in the name of CDS Clearing and Depositary Services Inc.

Termination of Purchase Obligation

7.5 Without limiting any of the other provisions of this Agreement, the Agent will be entitled, at its sole discretion, to terminate and cancel, without any liability on its part, its obligations (and those of any Purchasers arranged by it) under this Agreement by giving written notice to the Company at any time through to the Closing Time if:

(a) material change - there shall be any material adverse change in the affairs of the Company or its Subsidiaries, taken as a whole, or there should be discovered any previously undisclosed material adverse fact which, in the reasonable opinion of the Agent, has or would be expected to have a material adverse effect on the market price or value of the Units or other securities of the Company (including the Common Shares);

(b) due diligence out - the due diligence investigations performed by the Agent and/or their representatives reveals any material information or material fact not generally known to the public which would be expected to, in the reasonable opinion of the Agent, adversely affect the market price of the securities of the Company or marketability of the Offering;

(c) disaster out - there should develop, occur or come into effect or existence any event, action, state, accident, condition, or major financial occurrence of national or international consequence or any new or change in any law or regulation which in the reasonable opinion of the Agent, seriously adversely affects, or will seriously adversely affect, the financial markets or the business, operations or affairs of the Company and its Subsidiaries on a consolidated basis or the market price or value of the Common Shares (including the Units) ;

(d) market out - the state of the financial markets in Canada or elsewhere is such that, in the reasonable opinion of the Agent, the Units cannot be marketed profitably;

(e) regulatory out - any inquiry, action, suit, proceeding or investigation (whether formal or informal) is commenced, announced or threatened in relation to the Company, its Subsidiaries or any one of their officers or directors or principal shareholders or any order is made by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality including, without limitation, the Exchange or any securities regulatory authority, or any law or regulation is enacted or changed which in the reasonable opinion of the Agent, operates to prevent, cease or restrict the trading of the securities of the Company (including the Units), or has or adversely affects or will adversely affect the market price or value of the securities of the Company (including the Units); or

(f) breach of this Agreement – the Agent determines, acting reasonably, that the Company is in breach of any material term, condition or covenant of this Agreement or any material representation or warranty given by the Company in this Agreement is or becomes false and such breach or false representation or warranty remains uncured by the Closing Time.

The occurrence or non-occurrence of any of the foregoing events or circumstances is to be determined in the discretion of the Agent, acting reasonably.

The Agent's rights of termination contained in this section are in addition to any other rights or remedies it may have in respect of any default, act or failure to act or non-compliance by the Company in respect of any of the matters contemplated by this Agreement.

7.6 If the obligations of the Agent are terminated under this Agreement pursuant to the termination rights provided for in Section 7.5, the Company's liabilities to the Agent shall be limited to the Company's obligations under the indemnity, contribution and expense provisions of this Agreement.

7.7 If the Company does not proceed with the Offering for any reason(s) solely within the scope of its control, and within 12 months of the date hereof the Company enters into a binding agreement in respect of an Alternative Transaction, or a series of related Alternative Transactions, the Company agrees to pay to the Agent a cash commission (the "**Alternative Transaction Commission**") equal to 6.0% of the value of such Alternative Transaction. Such Alternative Transaction Commission shall be payable immediately following the completion of such Alternative Transaction. For greater certainty, an "**Alternative Transaction**" means any equity or debt financing (or a combination thereof) or other type of financing by the Company. This Section 7.7 shall terminate and no longer be applicable once the Company has issued a press release or material change report pursuant to applicable Securities Laws in relation to the completion of the pivotal phase III study launched on August 11, 2015 (ClinicalTrials.gov ID: NCT02429167) relating to the PoNs device for cranial nerve non-invasive neuromodulation training in subjects with a chronic balance deficit.

8. Indemnity

8.1 The Company shall indemnify and save harmless the Agent, its affiliates and their respective directors, officers, employees, partners, agents and advisors (collectively, the "**Indemnified Parties**" and individually, an "**Indemnified Party**") from and against any and all losses (except loss of profit), claims, actions, suits, proceedings, damages, liabilities or expenses of whatsoever nature or kind, including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees, expenses, disbursements and taxes of their counsel in connection with any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party or in enforcing this indemnity (collectively, the "**Claims**") to which an Indemnified Party may become subject or otherwise involved in any capacity insofar as the Claims relate to, are caused by, result from, arise out of or are based upon, directly or indirectly, the performance of professional services rendered to the Company by an Indemnified Party hereunder or otherwise in connection with the matters referred to in this Agreement (including, for certainty, any Claim relating to the Offering), but excluding any Claims arising from the Indemnified Party's breach of this Agreement, or the negligence, wilful misconduct, fraud or dishonesty of such Indemnified Party), whether performed before or after the Company's execution of this Agreement and to immediately reimburse each Indemnified Party forthwith, upon demand, for any legal or other expenses reasonably incurred by such Indemnified Party in connection with any Claim.

The Company agrees that no Indemnified Party shall have any liability (either direct or indirect, in contract or tort or otherwise) to the Company or any person asserting claims on the Company's behalf or in right for or in connection with the performance of professional services rendered to the Company by an Indemnified Party hereunder or otherwise in connection with the matters referred to in this Agreement, whether performed before or after the Company's execution of the Agreement, except to the extent that any losses, expenses, Claims, actions, damages or liabilities incurred by the Company are determined by a court of competent jurisdiction in a final judgement that has become non-appealable to have resulted from the Indemnified Party's breach of this Agreement, or the negligence, wilful misconduct, fraud or dishonesty of such Indemnified Party.

In the event and to the extent that a court of competent jurisdiction in a final judgement that has become non-appealable determines that an Indemnified Party breached this Agreement, or was negligent or guilty of wilful misconduct, fraud or dishonesty in connection with a Claim in respect of which the Company has advanced funds to the Indemnified Party pursuant to this indemnity, such Indemnified Party shall immediately reimburse such funds to the Company and thereafter this indemnity shall not apply to such Indemnified Party in respect of such Claim.

The Company agrees to waive any right the Company might have of first requiring the Indemnified Party to proceed against or enforce any other right, power, remedy or security or claim payment from any other person before claiming under this indemnity.

In case any Claim is brought against an Indemnified Party, or an Indemnified Party has received notice of the commencement of any investigation in respect of which indemnity may be sought against the Company, the Indemnified Party will give the Company prompt written notice of any such Claim or investigation of which the Indemnified Party has knowledge and the Company may, at its election, undertake the investigation and defence thereof on behalf of the Indemnified Party, including the prompt employment of counsel acceptable to the Indemnified Parties affected and the payment of all expenses. Failure by the Indemnified Party to so notify shall not relieve the Company of its obligation of indemnification hereunder unless (and only to the extent that) such failure results in the forfeiture by the Company of substantive rights or defences, or materially increases the liability of the Company under this indemnity.

No admission of liability and no settlement, compromise or termination of any Claim or investigation shall be made without the Company's consent and the consent of the Indemnified Parties affected, such consents not to be unreasonably withheld.

Notwithstanding that the Company may undertake the investigation and defence of any Claim, an Indemnified Party will have the right to employ separate counsel with respect to any Claim and participate in the defence thereof, but the fees and expenses of such counsel will be at the expense of the Indemnified Party unless:

(a) the employment of such counsel has been authorized in writing by the Company;

(b) the Company has not assumed the defence and employed counsel therefor within a reasonable period of time after receiving notice of such Claim;

(c) the named parties to any such Claim include both the Company and the Indemnified Party, and the Indemnified Party shall have been advised by counsel there may be a conflict of interest between the Company and the Indemnified Party; or

(d) there are one or more defences available to the Indemnified Party which are different from or in addition to those available to the Company, which makes representation by the same counsel inappropriate;

provided that the Company shall not be responsible for the fees or expenses of more than one legal firm in any single jurisdiction for all of the Indemnified Parties.

The rights accorded to the Indemnified Parties hereunder shall be in addition to any rights an Indemnified Party may have at common law or otherwise.

If for any reason the foregoing indemnification is unavailable (other than in accordance with the terms hereof) to the Indemnified Parties (or any of them) or insufficient to hold them harmless, then the Company shall contribute to the amount paid or payable by the Indemnified Parties as a result of such Claim in such proportion as is appropriate to reflect not only the relative benefits received by the Company on the one hand and the Indemnified Parties on the other hand, but also the relative fault of the Company and the Indemnified Parties, as well as any other equitable considerations which may be relevant. Notwithstanding the forgoing, the Company will, in any event, contribute to the amount paid or payable by the Indemnified Parties as a result of such Claim, any excess of such amount over the amount of the fees actually received by the Indemnified Parties hereunder.

The Company hereby acknowledges the Agent as trustee for each of the other Indemnified Parties of the Company's covenants under this indemnity with respect to such persons and the Agent agrees to accept such trust and to hold and enforce such covenants on behalf of such persons.

The Company agrees to immediately reimburse the Agent monthly for the time spent by an Indemnified Party in connection with any Claim at their reasonable per diem rates. The Company also agrees that if any Claim shall be brought against, or an investigation has been commenced in respect of the Company or the Company and the Indemnified Parties shall be required to testify, participate or respond in respect of or in connection with the performance of professional services rendered to the Company by an Indemnified Party hereunder or otherwise in connection with the matters referred to in this Agreement, the Agent shall have the right to employ its own counsel in connection therewith and the Company will immediately reimburse the Agent monthly for the time spent by an Indemnified Party in connection therewith at their reasonable per diem rates together with such reasonable fees and disbursements and reasonable out-of-pocket expenses as may be incurred, including reasonable fees and disbursements of the Agent's counsel.

9. Expenses

9.1 Whether or not the Offering is completed, the Company agrees to pay (i) the reasonable out-of- pocket documented expenses in connection with the Offering incurred by the Agent, including, but not limited to due diligence expenses, meals, hotels, economy class airfare, ancillary out-of- pocket expenses up to a maximum of CAD$20,000; and (ii) the reasonable out-of-pocket fees and disbursements of one (1) legal counsel to the Agent in Canada (up to a maximum of CAD$120,000, including all applicable taxes thereon) and one (1) legal counsel to the Agent in the United States (up to a maximum US$15,000, including all applicable taxes thereon). Any out of pocket expenses in excess of CAD$25,000 shall require the prior written approval of the Company, such approval not to be unreasonably withheld, delayed or conditioned.

10. Right of First Refusal

10.1 If during the 18 month period following the Closing Date, the Company wishes to conduct an offering of equity or quasi-equity securities in Canada, the Agent is hereby granted a right of first refusal to act as lead manager or lead underwriter (and, if such financing is conducted primarily in Canada, as sole book runner) for any such offering, provided, that such services shall be provided by the Agent on terms no less favorable to the Company than the terms provided herein.

11. Survival of Warranties, Representations, Covenants and Agreements

11.1 All warranties, representations, covenants and agreements of the Company and the Agent herein contained or contained in documents delivered or required to be delivered pursuant to this Agreement shall survive the sale by the Company of the Units and shall continue in full force and effect for the benefit of the Agent and the Company regardless of the Closing and regardless of any investigation which may be carried on by the Agent or the Company or on their behalf until the Survival Limitation Date. Provided however that the provisions contained in this Agreement in any way related to the indemnification of the Agent by the Company or the contribution obligations of the Agent or those of the Company shall survive and continue in full force and effect for the benefit of the Agent regardless of the Closing and regardless of any investigation which may be carried on by the Agent or on their behalf without regard to the Survival Limitation Date.

12. Market Stabilization

12.1 In compliance with Applicable Securities Laws and in connection with the Offering, the Agent may effect transactions that maintain the market price of the Common Shares at levels other than those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

13. General Contract Provisions

13.1 Any notice or other communication to be given hereunder shall be in writing and shall be given by delivery or by facsimile or email, as applicable, as follows:

if to the Company:

Helius Medical Technologies, Inc.
41 University Drive, Suite 400
Newtown, PA 18940
Attention: Joyce LaViscount, Chief Financial Officer and Chief Operating Officer
Fax No.: 778 329-9361
Email: jlaviscount@heliusmedical.com

with a copy to:

Blakes, Cassels & Graydon LLP

Attention: Michelle Audet
Fax No.: 604-631-3309
Email: Michelle.Audet@blakes.com

and:

Proskauer Rose LLP

Attention: Ori Solomon
Fax No.: 617-526-9899
Email: Osolomon@proskauer.com

or if to the Agent:

Mackie Research Capital Corporation

Attention: Michael Berry, Managing Director Investment Banking
Fax No.: n/a
Email: mberry@mackieresearch.com

with a copy to:

with a copy to (not to constitute notice to the Agent):

Dentons Canada LLP

Attention: Andrew Elbaz
Fax No.:: 416-863-4592
Email: andrew.elbaz@dentons.com

and if so given, shall be deemed to have been given and received upon receipt by the addressee or a responsible officer of the addressee if delivered, or four hours after being faxed and receipt confirmed or emailed during normal business hours, as the case may be. Any party may, at any time, give notice in writing to the others in the manner provided for above of any change of address or facsimile number or email.

13.2 This Agreement and the other documents herein referred to constitute the entire Agreement between the Agent and the Company relating to the subject matter hereof and supersedes all prior Agreements between the Agent and the Company with respect to their respective rights and obligations in respect of the Offering, including the engagement letter between the Agent and the Company dated November 26, 2015.

13.3 The invalidity or unenforceability of any particular provision of this Agreement shall not affect or limit the validity or enforceability of the remaining provisions of this Agreement.

13.4 The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Company and the Agent and their respective executors, heirs, successors and permitted assigns; provided that, except as provided herein, this Agreement shall not be assignable by any party without the written consent of the others.

13.5 Each of the parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Agreement.

13.6 Time shall be of the essence for all provisions of this Agreement.

13.7 This Agreement may be executed by electronic means and in one or more counterparts which, together, shall constitute an original copy hereof as of the date first noted above.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

If this Agreement accurately reflects the terms of the transaction which we are to enter into and if such terms are agreed to by the Company, please communicate your acceptance by executing where indicated below.

Yours very truly,

MACKIE RESEARCH CAPITAL CORPORATION

Per: *(signed) "Michael Berry"*
Name: Michael Berry
Title: Managing Director, Capital Markets

The foregoing accurately reflects the terms of the transaction which we are to enter into and such terms are agreed to with effect as of the date provided at the top of the first page of this Agreement.

HELIUS MEDICAL TECHNOLOGIES, INC.

Per: *(signed) "Joyce LaViscount"*
Name: Joyce LaViscount
Title: Chief Financial Officer and Chief Operating Officer

SCHEDULE "A"

OPINION OF THE COMPANY'S LEGAL COUNSEL

As used in this Schedule "A", capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Agency Agreement to which this Schedule is annexed.

The opinion Holland & Hart LLP counsel shall be in respect of the following matters:

1. as to the incorporation and subsistence of the Company and the Subsidiaries under the laws of their respective jurisdiction and as to the Company and the Subsidiaries having all requisite corporate power and authority to carry on their respective businesses as now conducted and to own, lease and operate their properties and assets;

2. as to the authorized and issued and outstanding capital of the Company;

3. as to the authorized and issued and outstanding capital of NeuroHabilitation Corporation and the holder of the issued and outstanding shares thereof;

4. the Company has all necessary corporate power and authority to execute and deliver this Agreement, the Subscription Agreement, the Warrant Indenture and the Compensation Option Certificates and to perform its obligations hereunder and thereunder and to issue and sell the Offered Securities and issue the Compensation Securities;

5. all necessary corporate action has been taken by the Company to authorize the execution and delivery of this Agreement, the Subscription Agreement, the Warrant Indenture and the Compensation Option Certificates and the filing and certification of the Prospectus and the performance of its obligations hereunder and thereunder and this Agreement, the Warrant Indenture and the Compensation Option Certificates have been duly executed and delivered by the Company and constitute legal, valid and binding obligation of the Company enforceable against it in accordance with their respective terms;

6. the execution and delivery of this Agreement, the Subscription Agreement, the Warrant Indenture and the Compensation Option Certificates and the fulfilment of the terms hereof and thereof by the Company and the issuance and delivery of the Offered Securities and the issue of the Compensation Securities do not and will not (a) conflict with, result in a breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or result in or permit the termination or modification of, a Material Agreement that would result in a Material Adverse Effect, (b) conflict with or result in any breach or violation of or constitute a default under any order, writ, judgment or decree known to us to which the Company is a party or is subject that would result in a Material Adverse Effect, or (c) to our knowledge, result in the creation or imposition of any lien, claim or encumbrance on any of the assets or properties of the Company that would result in a Material Adverse Effect.

7. all necessary corporate action has been taken by the Company to authorize the execution and delivery of each of the Preliminary Prospectus and the Final Prospectus (and any Supplementary Material, if applicable) and the filing thereof with the Securities Commissions;

8. the Unit Shares have been validly issued as fully paid and non-assessable Common Shares;

9. the Warrants have been duly and validly created and issued and such Warrants will be legally valid and binding obligations of the Company, enforceable against the Company in accordance with their terms and the Warrant Shares have been reserved and authorized and allotted for issuance and upon the payment therefor and the issue thereof upon exercise of the Warrants, the Warrant Shares will have been validly issued as fully paid and non-assessable Common Shares

10. the Compensation Option Warrants have been duly and validly created and issued and such Compensation Option Warrants will be legally valid and binding obligations of the Company, enforceable against the Company in accordance with their terms and the Compensation Option Warrant Shares have been reserved, authorized and allotted for issuance, and upon the due and proper exercise of the Compensation Option Warrants in accordance with the terms of the Compensation Option Certificates, including payment therefor, the Compensation Option Warrant Shares will have been validly issued as fully paid and non- assessable Common Shares;

11. Computershare Investor Services Inc. has been duly appointed as transfer agent and registrar for the Common Shares of the Company; and

12. Computershare Trust Company of Canada has been duly appointed as the warrant agent for the Warrants.

The opinion of Blake, Cassels & Graydon LLP counsel shall be in respect of the following matters:

1. as to the authorized and issued and outstanding capital of Helius Medical Technologies (Canada), Inc. and the holder of the issued and outstanding shares thereof;

2. the Company is a “reporting issuer”, or its equivalent, in each of the Qualifying Provinces and it is not listed as in default of any requirement of the Applicable Securities Laws in any of the Qualifying Provinces;

3. all necessary documents have been filed, all requisite proceedings have been taken and all approvals, permits and consents of the appropriate regulatory authority in each of the Qualifying Provinces have been obtained by the Company to qualify the distribution to the public of the Offered Securities in each of the Qualifying Provinces, through persons who are registered under Applicable Securities Laws in Canada and who have complied with the relevant provisions of such applicable legislation and to qualify the issue of the Compensation Option Warrants to the Agent (or as directed by the Agent in accordance with the terms of this Agreement);

4. the issuance by the Company of the Warrant Shares and the Compensation Option Warrant Shares upon due exercise of the Warrants and the Compensation Option Warrants, respectively, is exempt from, or is not subject to, the prospectus and registration requirements of the Applicable Securities Laws and no prospectus or other documents are required to be filed, proceedings taken, or approvals, permits, consents or authorizations obtained under Applicable Securities Laws in connection therewith;

5. the first trade in, or resale of the Warrant Shares and the Compensation Option Warrant Shares is exempt from, or is not subject to, the prospectus requirements of the Applicable Securities Laws and no prospectus or other documents are required to be filed, proceedings taken, or approvals, permits, consents or authorizations obtained under Applicable Securities Laws in connection therewith, provided that the trade is not a “control distribution” (as defined in National Instrument 45-102 – Resale of Securities) and the Company is a reporting issuer at the time of the trade;

6. subject only to the standard listing conditions set out in the conditional approval letter from the Exchange, the Unit Shares, Warrant Shares, the Compensation Option Shares and the Compensation Option Warrant Shares have been conditionally listed on the Exchange; and

7. the statements set forth in the Final Prospectus under the headings (for certainty, including all subheadings under such headings) “Eligibility For Investment” and “Canadian Federal Income Tax Considerations” insofar as they purport to describe the provisions of the laws referred to therein, are fair and adequate summaries of the matters discussed therein, subject to the qualifications, assumptions and limitations set out under such headings.

SCHEDULE "B"

SUBSIDIARIES

Reference is made to Exhibit 21.1 on the Company's Annual Report on Form 10-K for the year ended March 31, 2015.

SCHEDULE "C"

INTELLECTUAL PROPERTY

Reference is made to the Prospectus, the Offering Documents, the Documents Incorporated by Reference and the Company's Information Record.

SCHEDULE "D"

LOCK-UP AGREEMENT

SCHEDULE "E"

COMPLIANCE WITH UNITED STATES SECURITIES LAWS

As used in this Schedule "E", capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the agency agreement between Helius Technologies, Inc. (the "**Company**") and Mackie Research Capital Corporation, dated as of March 23, 2016 (the "**Agency Agreement**"), to which this Schedule "E" is annexed and the following terms shall have the meanings indicated (other defined terms shall have the meanings indicated in the Agency Agreement):

"**Directed Selling Efforts**" means "directed selling efforts" as that term is defined in Rule 902(c) of Regulation S. Without limiting the foregoing, but for greater clarity in this Schedule "E", it means, subject to the exclusions from the definition of directed selling efforts contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Securities and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the offering of the Securities;

"**General Solicitation**" or "**General Advertising**" means "general solicitation" or "general advertising", as those terms are used under Rule 502(c) of Regulation D. Without limiting the foregoing, but for greater clarity, general solicitation or general advertising includes, but is not limited to, any advertisements, articles, notices or other communications published in any newspaper, magazine or similar media, or on the internet, or broadcast over radio, television or the internet, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising;

"**Offshore Transaction**" means an "offshore transaction" as that term is defined in Rule 902(h) of Regulation S;

"**SEC**" means the United States Securities and Exchange Commission;

"**Securities**" means the Base Units, Base Unit Shares, Base Warrants and Base Warrant Shares;

"**U.S. Exchange Act**" means the *United States Securities Exchange Act of 1934*, as amended, including the rules and regulations adopted by the SEC thereunder.

Representations, Warranties and Covenants of the Agent

The Agent acknowledge that the Securities have not been and will not be registered under the *U.S. Securities Act* or the securities laws of any state of the United States, and the Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons, except in accordance with an applicable exemption from the registration requirements of the *U.S. Securities Act* and applicable state securities laws.

The Agent on behalf of itself and its U.S. Affiliate, represents, warrants, covenants and agrees to and with the Company severally, but not jointly, that:

1. It has not offered or sold, and will not offer or sell, at any time any of the Securities except (a) in Offshore Transactions to persons who are not acting for the account or benefit of a U.S. Person in compliance with Rule 903 of Regulation S, including that each purchaser of the Securities who is not a U.S. Person has completed and signed the Canadian Purchaser Questionnaire, substantially in the form attached hereto as Schedule "F", or (b) in the case of the Agent and its U.S. Affiliate, to or for the account or benefit of, U.S. Persons or persons in the United States pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act as provided herein. Accordingly, none of the Agent, its affiliates (including the U.S. Affiliate) or any person acting on any of their behalf, has made or will make (except as permitted herein): (i) any offer to sell, or any solicitation of an offer to buy, any of the Securities to, or for the account or benefit of, any U.S. Person or person in the United States, (ii) any sale of the Securities to any Purchaser unless, at the time the buy order was or will have been originated, the Purchaser was not a U.S. Person and was outside the United States and not acting for the account or benefit of a U.S. Person, or the Agent, its affiliates (including the U.S. Affiliate) or any person acting on any of their behalf, reasonably believed that such Purchaser was not a U.S. Person and was outside the United States and not acting for the account or benefit of a U.S. Person, or (iii) any Directed Selling Efforts.

2. It has not made and will not make any offers or sales of the Securities in the United States or to, of or the account or benefit of, U.S. Persons in connection with the Offering, except as permitted herein and pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act.

3. It has not entered and will not enter into any contractual arrangement with respect to the offer and sale of the Securities except with the U.S. Affiliate, any Selling Group members or with the prior written consent of the Company. The Agent shall require the U.S. Affiliate to agree, and each Selling Group member to agree, for the benefit of the Company, to comply with, and shall use its commercially reasonable efforts to ensure that the U.S. Affiliate and each Selling Group member complies with, the same provisions of this Schedule "E" as apply to the Agent as if such provisions applied to the U.S. Affiliate and such Selling Group member.

4. The Agent represents and warrants that all offers and sales of the Securities that have been or will be made by it in the United States or to, or for the account or benefit of U.S. Persons, have been or will be made through the U.S. Affiliate in compliance with all applicable U.S. federal and state broker-dealer requirements. The U.S. Affiliate is duly registered as a broker-dealer pursuant to Section 15(b) of the *U.S. Exchange Act* and under the securities laws of each state in which such offers and sales were or will be made (unless exempted from the respective state's broker- dealer registration requirements), and a member in good standing with the Financial Industry Regulatory Authority, Inc.

5. None of it, its affiliates (including the U.S. Affiliate), or any person acting on any of their behalf has utilized, and none of such persons will utilize, any form of General Solicitation or General Advertising in connection with the offer and sale of the Securities in the United States or to, or for the account or benefit of, U.S. Persons, or has offered or will offer any of the Securities in any manner involving a public offering in the United States within the meaning of Section 4(a)(2) of the *U.S. Securities Act*.

6. The Agent has and will, through the U.S. Affiliate, only offered and will offer the Securities to offerees in the United States and to, or for the account or benefit of, U.S. Persons, with respect to which it has a pre-existing relationship and has or had reasonable grounds to believe and does and did believe that, immediately prior to soliciting any such offeree and at the time of the completion of any sale to a U.S. Purchaser, each such offeree and each U.S. Purchaser of the Securities is a U.S. Accredited Investor, in compliance with Rule 506 of Regulation D.

7. All offerees of the Securities in the United States or who are acting for the account or benefit of a U. S. Person, solicited by it shall be informed that the Securities have not been and will not be registered under the *U.S. Securities Act* or the securities laws of any state of the United States and that the Securities are being offered and sold to such U.S. Purchasers in reliance on the exemption from the registration requirements of the *U.S. Securities Act* provided by Rule 506 of Regulation D thereunder, and similar exemptions under applicable state securities laws.

8. No written material will be used in connection with the offer or sale of the Securities in the United States or to, or for the account or benefit of, U.S. Persons.

9. Prior to completion of any sale of the Securities in the United States or to, or for the account or benefit of, U.S. Persons, each such purchaser thereof that is a U.S. Accredited Investor purchasing the Securities pursuant to Rule 506 of Regulation D will be required to provide to the Agent, or the U.S. Affiliate offering and selling the Securities in the United States or to, or for the account or benefit of, U.S. Persons , an executed U.S. subscription agreement, and shall provide the Company with copies of all such completed and executed subscription agreements for acceptance by the Company.

10. At least two Business Days prior to the Closing Date, it will provide the Company and the transfer Agent with a list of all U.S. Purchasers solicited by the Agent.

11. At the Closing, the Agent will, together with the U.S. Affiliate, provide a certificate, substantially in the form of Exhibit 1 to this Schedule "E", relating to the manner of the offer and sale of the Securities in the United States (if any of the Securities are sold in the United States).

12. None of it, any of its affiliates (including, the U.S. Affiliate) or any person acting on any of their behalf has taken or will take, directly or indirectly, any action in violation of Regulation M under the *U.S. Exchange Act* in connection with the offer and sale of the Base Units.

13. The Agent represents and warrants that with respect to the Securities to be sold in reliance on Rule 506 of Regulation D, none of it, the U.S. Affiliate, or any of its or the U.S. Affiliate's directors, executive officers, general partners, managing members or other officers participating in the Offering, or any other person associated with the Agent who will receive, directly or indirectly, remuneration for solicitation of Purchasers of the Base Units pursuant to Rule 506 of Regulation D (each, a "**Dealer Covered Person**" and, together, "**Dealer Covered Persons**"), is subject to any Disqualification Event (as defined below) except for a Disqualification Event (i) covered by Rule 506(d)(2)(i) of Regulation D and (ii) a description of which has been furnished in writing to the Company prior to the date hereof or, in the case of a Disqualification Event occurring after the date hereof, prior to the Closing Date.

14. The Agent represents that it is not aware of any person other than a Dealer Covered Person that has been or will be paid (directly or indirectly) remuneration for solicitation of Purchasers in connection with the sale of any of the Securities pursuant to Rule 506 of Regulation D. It will notify the Company, prior to the Closing Date of any agreement entered into between it and any such person in connection with such sale.

15. The Agent will notify the Company, in writing, prior to the Closing Date, of (i) any Disqualification Event relating to any Dealer Covered Person not previously disclosed to the Company in accordance with Section 13, and (ii) any event that would, with the passage of time, become a Disqualification Event relating to any Dealer Covered Person.

Representations, Warranties and Covenants of the Company

The Company represents, warrants, covenants and agrees that:

16. The Company is not, and following the application of the proceeds from the sale of the Base Units will not be, registered or required to be registered as an "investment company" under the *United States Investment Company Act of 1940*, as amended.

17. The offering of the Securities in the United States by the Agent is not prohibited pursuant to a court order issued pursuant to Section 12(j) of the *U.S. Exchange Act* and any rules or regulations promulgated thereunder.

18. Except with respect to sales to U.S. Accredited Investors solicited by the Agent in reliance upon the exemption from registration available under Rule 506 of Regulation D, none of the Company, its affiliates, or any person acting on any of their behalf (other than the Agent, the U.S. Affiliate, their respective affiliates or any person acting on any of their behalf, in respect of which no representation, warranty, covenant or agreement is made), has made or will make: (a) any offer to sell, or any solicitation of an offer to buy, any of the Securities to a person in the United States or to, or for the account or benefit of, a U.S. Person; or (b) any sale of the Securities unless, at the time the buy order was or will have been originated, (i) the Purchaser is outside the United States and not acting for the account or benefit of a U.S. Person or (ii) the Company, its affiliates, and any person acting on any of their behalf reasonably believe that the Purchaser is outside the United States and not acting for the account or benefit of a U.S. Person.

19. During the period in which the Securities are offered for sale, none of the Company, its affiliates, or any person acting on any of their behalf (other than the Agent, the U.S. Affiliate, their respective affiliates or any person acting on its or their behalf, in respect of which no representation, warranty, covenant or agreement is made) has engaged in or will engage in any Directed Selling Efforts or has taken or will take any action that would cause the exemption afforded by Rule 506 of Regulation D or the exclusion from registration afforded by Rule 903 of Regulation S to be unavailable for offers and sales of the Securities in accordance with the Agency Agreement, including this Schedule "E".

20. None of the Company, its affiliates or any person acting on any of their behalf (other than the Agent, the U.S. Affiliate, their respective affiliates or any person acting on its or their behalf, in respect of which no representation, warranty, covenant or agreement is made) has offered or will offer to sell, or has solicited or will solicit offers to buy, the Securities in the United States by means of any form of General Solicitation or General Advertising or has taken or will take any action that would constitute a public offering of the Securities in the United States within the meaning of Section 4(a)(2) of the *U.S. Securities Act*.

21. None of the Company or any of its affiliates or any persons acting on any of their behalf (other than the Agent, the U.S. Affiliate, their respective affiliates, or any person acting on any of their behalf, in respect of which no representation, warranty, covenant or agreement is made) has offered or sold, or will offer or sell, (i) any of the Securities in the United States or to, or for the account or benefit of, U.S. Persons, except for offers and sales made through the Agent and the U.S. Affiliate in reliance on the exemption from registration under the *U.S. Securities Act* provided by Rule 506 of Regulation D; or (ii) any of the Securities outside the United States to, or for the account or benefit of, non-U.S. Persons, except for offers and sale made in Offshore Transactions in accordance with Rule 903 of Regulation S.

22. The Company has not offered or sold, for a period of six months prior to the commencement of the Offering, and will not offer or sell, any securities in a manner that would be integrated with the offer and sale of the Securities and would cause the exemption from registration provided by Rule 506 of Regulation D or the exclusion from registration afforded by Rule 903 of Regulation S to be unavailable for offers and sales of Base Units in accordance with the Agency Agreement, including this Schedule "E".

23. None of the Company, any of its affiliates or any person acting on any of their behalf (other than the Agent, the U.S. Affiliate, their respective affiliates, or any person acting on of its or their behalf, in respect of which no representation, warranty, covenant or agreement is made) has taken or will take, directly or indirectly, any action in violation of Regulation M under the *U.S. Exchange Act* in connection with the offer and sale of the Base Units.

24. None of the Company or any of its predecessors or affiliates has been subject to any order, judgment or decree of any court of competent jurisdiction temporarily, preliminarily or permanently enjoining such person for failure to comply with Rule 503 of Regulation D.

25. The Company will complete and file with the SEC a Notice on Form D within 15 days after the first sale of the Securities pursuant to Rule 506 of Regulation D, and will make such filings with any applicable state securities commission as may be required by state law.

26. With respect to the Securities to be offered and sold in reliance on Rule 506 of Regulation D, none of the Company, any of its predecessors, any affiliated issuer, any director, executive officer, other officer of the Company participating in the Offering, any beneficial owner of 20% or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, nor any promoter (as that term is defined in Rule 405 under the *U.S. Securities Act*) connected with the Company in any capacity at the time of sale (each, an "**Issuer Covered Person**" and, together, "**Issuer Covered Persons**") is subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) of Regulation D (a "Disqualification Event"), except for a Disqualification Event covered by Rule 506(d)(2) or (d)(3) of Regulation D. The Company has exercised reasonable care to determine whether any Issuer Covered Person is subject to a Disqualification Event, and the Company shall deliver a certificate to such effect at the Closing Time. The Company has complied, to the extent applicable, with its disclosure obligations under Rule 506(e) of Regulation D, and has furnished to the Agent a copy of any disclosures provided thereunder.

27. The Company is not aware of any person (other than any Issuer Covered Person or Dealer Covered Person) that has been or will be paid (directly or indirectly) remuneration for solicitation of Purchasers in connection with the sale of any of the Securities pursuant to Rule 506 of Regulation D.

28. Prior to the Closing, the Company will notify the Agent, in writing, of any Disqualification Event relating to any Issuer Covered Person.

EXHIBIT 1 TO SCHEDULE "E"

AGENT'S CERTIFICATE

In connection with the private placement in the United States of Units (the "**Base Units**") of Helius Medical Technologies, Inc. (the "**Company**") pursuant to the agency agreement dated as of March 23, 2016 between the Company and the Agent named therein (the "**Agency Agreement**"), the undersigned Agent and _____, its U.S. broker-dealer affiliate (the "**U.S. Affiliate**"), do hereby certify as follows:

(a) the Base Units have been offered and sold by us in the United States only by the U.S. Affiliate which was on the dates of such offers and sales, and is on the date hereof, duly registered as a broker-dealer pursuant to Section 15(b) of the *United States Securities Exchange Act of 1934*, as amended, and under the securities laws of each state in which such offers and sales were made (unless exempted from the respective state's broker- dealer registration requirements) and was and is a member in good standing with the Financial Industry Regulatory Authority, Inc.;

(b) immediately prior to transmitting any information or making any offers to offerees in the United States, we had reasonable grounds to believe and did believe that each such person was a U.S. Accredited Investor, and we continue to believe that each U.S. Purchaser of Base Units that we have arranged is a U.S. Accredited Investor on the date hereof;

(c) all offers and sales of the Base Units by us in the United States have been effected in accordance with all applicable U.S. federal and state broker-dealer requirements;

(d) no form of "General Solicitation" or "General Advertising" was used by us in connection with the offer and sale of the Base Units in the United States and to, or for the account or benefit of, U.S. Persons;

(e) prior to any sale of Base Units to a U.S. Purchaser, we caused such U.S. Purchaser to complete and execute a subscription agreement;

(f) neither we, nor our affiliates or any person acting on any of our behalf have taken or will take, directly or indirectly, any action in violation of Regulation M under the *U.S. Exchange Act* in connection with the offer and sale of the Base Units; and

(g) the offering of the Base Units has been conducted by us in accordance with the terms of the Agency Agreement, including Schedule "E" attached thereto.

Terms used in this certificate have the meanings given to them in the Agency Agreement (including Schedule "E" attached thereto) unless otherwise defined herein.

DATED this _____ day of _____, 2016.

[Name] By:_____	**[Name**] By:_____

QUALITY ASSURANCE SURVEILLANCE PLAN

For the Development and U.S. Food and Drug Administration (FDA) Clearance of the
Portable Neuromodulation Stimulator (PoNS^{TM}) Device
Contract Number: W81XWH-15-C-0096
Contractor Name: NeuroHabilitation Corporation

1. PURPOSE.

This Quality Assurance Surveillance Plan (QASP) provides a systematic method to evaluate performance for the stated contract. This QASP explains the following:

- What will be monitored?
- How monitoring will take place?
- Who will conduct the monitoring?
- How monitoring efforts and results will be documented?

This QASP does not detail how the contractor accomplishes the work. Rather, the QASP is created with the premise that the contractor is responsible for management and quality control actions to meet the terms of the contract. It is the Government's responsibility to be objective, fair, and consistent in evaluating performance. In addition, the QASP should recognize that unforeseen and uncontrollable situations may occur.

This QASP is a "living document" and the Government may review and revise it on a regular basis. However, the Government shall coordinate changes with the contractor. Updates shall ensure that the QASP remains a valid, useful, and enforceable document. Copies of the original QASP and revisions shall be provided to the contractor and Government officials implementing surveillance activities.

2. GOVERNMENT ROLES AND RESPONSIBILITIES.

The following personnel shall oversee and coordinate surveillance activities.

a. Contracting Officer (KO) - The KO shall ensure performance of all necessary actions for effective contracting, ensure compliance with the contract terms, and shall safeguard the interests of the United States in the contractual relationship. The KO shall also assure that the contractor receives impartial, fair, and equitable treatment under this contract. The KO is ultimately responsible for the final determination of the adequacy of the contractor's performance.

Assigned KO:
Organization or Agency: US Army Medical Research Acquisition Activity
Telephone: Phone:
Email:

b. Contracting Officer's Representative (COR) – The COR is located at the U.S. Army Medical Materiel Agency (USAMMA) Office at. The COR will be responsible for technical administration of this contract, and shall assure proper Government surveillance of the contractor's performance with the assistance of two (2) Contracting Officer's Technical Representatives (COTRs). The COR shall keep a quality assurance file. At the conclusion of the contract or when requested by the KO, the COR shall provide documentation to the KO. A COR is not empowered to make any contractual commitments or to authorize any contractual changes on the Government's behalf. The contractor shall refer any changes they deem may affect contract price, terms, or conditions to the KO for action.

Assigned COR:
Title: Assistant Project Manager, USAMMA
Telephone:
Email:

3. CONTRACTOR REPRESENTATIVES:

The following employees of the contractor serve as the contractor's Program Managers for this contract.

Assigned Program Manager: Philippe Deschamps
Title: President, CEO, Helius Medical Technologies
Telephone:
Email:

4. PERFORMANCE STANDARDS.

Performance standards define desired services. The Government performs surveillance to determine if the contractor exceeds, meets or does not meet these standards.

The Performance Requirements Summary Matrix, shown in Table 1 below and contained in the Performance Work Statement (PWS) for this contract in Section C, includes performance standards. The Government shall use these standards to determine contractor performance and shall compare contractor performance to the Acceptable Quality Level (AQL).

Table 1. Performance Requirements

Number	Deliverable	Performance Standards	Acceptable Quality Level	Methods Used & Frequency	Paragraph Number	Compliance Level Data
1	Reports (CDRL A011 & A012)	Contractor's plans, updates, and reports that describe progress made within the period and inform the Government of existing or potential issues and problem areas and risk mitigation plans	100% of project issues identified	COR reviews reports as provided and any subsequent modifications	3.1.1, 3.1.2, 3.1.3, 3.1.4, 3.2.1, 3.3.1, 3.3.3, 3.5.1, 3.5.2, 3.5.3, 3.5.4, and 3.5.5	Reports received as specified in PWS

Number	Deliverable	Performance Standards	Acceptable Quality Level	Methods Used & Frequency	Paragraph Number	Compliance Level Data
2	IRB Approved Clinical Protocols (CDRL A003)	Contractor's Clinical Study Protocol and informed consent form including Statistical Analysis Plan, Clinical Monitoring Plan, Data Management Plan, Proposed Clinical Data Management System, sample Case Report Form, End User Guidelines (training and technical support), and Recruitment and Retention Plan for each site.	Suitable for submission to FDA in support of device clearance	COR reviews documents as provided	3.1.3	Within 3 months of contract award
3	IRB Approvals (CDRL A004)	Documentation of appropriate IRB approvals from each study site, institution, and the Army, as required	Suitable for submission to FDA in support of device clearance	COR reviews documents as provided	3.1.4	Within 3 months of contract award and prior to the start of the clinical study
4	Representative Test Articles (CDRL A005)	Final development and manufacturing of representative test articles for use in the clinical trial; report completion and delivery to clinical test sites; contingency plan	120 (and/or a proportionate amount consistent with FDA guidance) representative test articles (PoNS^{TM}, version 4.0) in support of the clinical trial	COR reviews as provided	3.1.5	Prior to start of clinical trial

Number	Deliverable	Performance Standards	Acceptable Quality Level	Methods Used & Frequency	Paragraph Number	Compliance Level Data
5	Conduct Clinical Study (CDRL A006)	Conduct clinical study in accordance with study protocol and governing regulations	Study conducted to meet FDA submission and Army requirements at a minimum of 3 study sites and 120 subjects (and/or a proportionate amount consistent with FDA guidance)	COR reviews documents as provided (monthly/quarterly/annual reports, IMF update, etc.)	3.2.1	Study is completed within period of performance
6	Interim Data Analysis (CDRL A007)	Conduct an interim data analysis and provide Interim Clinical Study Report and Mitigation Plan	Verification study is adequately powered and mitigation plan for issues identified during analysis	COR reviews documents as provided	3.2.2	Within 30 days after completion of 60 subjects (and/or a proportionat e amount consistent with FDA guidance)
7	FDA *de novo*/510(k) Submission with Supporting Documentation and Pre-Clinical Study Results Summary (CDRL A008, A009 & A013)	Complete, final report all studies, papers, pre-clinical studies, and other documentation that will support the *de novo*/510(k) submission packet	100% complete to support all claims and data used for the submission to FDA in support of device clearance	COR reviews documents as provided	3.3.1, 3.3.2 & 3.5.4	Concurrently with FDA submission
8	Technical Data Package (CDRL A010)	Provide copies of TDP content, which includes the Design History File, Device Master Record, and Device History File.	All necessary documentation and data required to continue the development or production of the product	COR reviews documents as provided	3.3.4	Within seven (7) business days of the Government ’s request and/or at contract expiration.

Number	Deliverable	Performance Standards	Acceptable Quality Level	Methods Used & Frequency	Paragraph Number	Compliance Level Data
9	Delivery of 2 FDA cleared PoNS^{TM} Devices	Delivery of 2 FDA cleared PoNS^{TM} devices with the indication as an aid to therapy for chronic balance deficits resulting from mild to moderate TBI and all accessories, product inserts, and supporting manuals/literature (e.g. including user, technical, and maintenance manuals) as applicable.	100% complete FDA cleared medical devices	COR reviews as provided	3.4.1	Within 10 business days of FDA clearance
10	For Contract Requiring Performance or Delivery in a Foreign Country.	IAW PWS Section 4.1.3.2.	100%	COR Verification	2.5	Within 60 calendar days of foreign travel.

5. METHODS OF QA SURVEILLANCE.

Various methods exist to monitor performance. The COR shall use the surveillance methods listed below in the administration of this QASP.

- Feedback from Oversight Board
- Feedback from Government Users
- Feedback from Property Book Officers
- Direct Observation
- 100% Inspection
- Review of Quarterly Reports (various)
- Review of Monthly Reports (various)

Regardless of the surveillance method, the COR shall always contact the contractor's task manager or on-site representative when a defect is identified and inform the manager of the specifics of the problem. The COR shall be responsible for monitoring the contractor’s performance in meeting a specific performance standard/AQL.

- DIRECT OBSERVATION. (Can be performed periodically or through 100% surveillance.)

- MANAGEMENT INFORMATION SYSTEMS (MIS). (Evaluates outputs through the use of management information reports. Best used for general surveillance and may need to be supplemented by periodic inspections.)

- PERIODIC INSPECTION. Uses a comprehensive evaluation of selected outputs. Inspections may be scheduled as required.

    - Analysis of contractor's progress reports. (Evaluate cost, schedule, etc.)
    - Performance reporting.

Surveillance results may be used as the basis for actions (to include payment deductions) against the contractor. In such cases, the Inspection of Services clause and the Inspection of Supplies clause in the Contract becomes the basis for the KO's actions.

6. RATINGS.

Metrics and methods are designed to determine if performance exceeds, meets, or does not meet a given standard and acceptable quality level. A rating scale shall be used to determine a positive, neutral, or negative outcome. The following ratings shall be used:

Example 1:

EXCEPTIONAL:	Performance significantly exceeds contract requirements to the Government's benefit.
SATISFACTORY:	Performance meets contractual requirements.
UNSATISFACTORY:	Performance does not meet contractual requirements.

7. DOCUMENTING PERFORMANCE.

a. ACCEPTABLE PERFORMANCE.

The Government shall document positive performance. A report template is attached. Any report may become a part of the supporting documentation for fixed fee payments, award fee payments, or other actions.

b. UNACCEPTABLE PERFORMANCE.

When unacceptable performance occurs, the COR shall inform the contractor. This will normally be in writing unless circumstances necessitate verbal communication. In any case the COR shall document the discussion and place it in the COR file.

When the COR determines formal written communication is required, the COR shall prepare a Contract Discrepancy Report (CDR), and present it to the contractor's task manager or on-site representative. A CDR template is attached to this QASP.

The contractor shall acknowledge receipt of the CDR in writing. The CDR will specify if the contractor is required to prepare a corrective action plan to document how the contractor shall correct the unacceptable performance and avoid a recurrence. The CDR will also state how long after receipt the contractor has to present this corrective action plan to the COR. The Government shall review the contractor's corrective action plan to determine acceptability.

Any CDRs may become a part of the supporting documentation for contract payment deductions, fixed fee deductions, award fee nonpayment, or other actions deemed necessary by the KO.

8. FREQUENCY OF MEASUREMENT.

a. Frequency of Measurement.

During contract/order performance, the COR shall take periodic measurements, quarterly as specified in the AQL column of the Performance Standards Summary Matrix, and shall analyze whether the negotiated frequency of measurement is appropriate for the work being performed.

b. Frequency of Performance Assessment Meetings.

The COR shall meet with the contractor quarterly to assess performance and shall provide a written assessment.

PERFORMANCE REPORT

1. CONTRACT NUMBER: TBD

2. Prepared by: COR NAME ENTERED AT TIME OF AWARD

3. Date and time of observation:

4. Observation:

<Examples of items to include in a report are:
- Method of surveillance.
- How frequently you conducted surveillance.
- Surveillance results.
- Number of observations.>

Prepared by: COR

Signature – Contracting Officer's Representative Date

CONTRACT DISCREPANCY REPORT (CDR)

1. Contract Number: TBD

2. TO: (Contractor Task Manager or on-site representative) Philippe Deschamps

3. FROM: TBD

4. Date and time observed discrepancy:

5. DISCREPANCY OR PROBLEM:

<Describe in detail. Identify any attachments.>

6. Corrective action plan:

A written corrective action plan < is / is not > required.

< If a written corrective action plan is required include the following. > The written Corrective Action Plan will be provided to the undersigned not later than < # days after receipt of this CDR. >

Prepared by: COR

Signature – Contracting Officer's Representative Date

Received by:

Signature - Contractor Task Manager or on-site representative Date

The COR may initiate a CDR at any time, including whenever the number of monthly recorded defects for a performance standard exceeds the allowable number of defects; anytime unacceptable performance is determined critical in nature and requires formal corrective action; and whenever an unfavorable trend is detected in contractor performance.

SOLICITATION, OFFER AND AWARD

1. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 700)	RATING	PAGE 1 OF PAGES 41

2. CONTRACT NO	3. SOLICITATION NO	4. TYPE OF SOLICITATION	5. DATE ISSUED	6. REQUISITION/PURCHASE NO
W81XWH-15-C-0096	W81XWH-15-R-0023	( ) SEALED BID (SFB) (X) NEGOTIATED (RFP)	27 Mar 2015	SEE SCHEDULE

7. ISSUED BY	CODE	W81XWH	8. ADDRESS OFFER TO (If other than Item 7)	CODE
USAMRAA RESEARCH ACQ ACTIVITY TEL: FAX:			See Item 7 TEL: FAX:	

NOTE: In sealed bid solicitations "offer" and "offeror" means "bid" and "bidder"

SOLICITATION

9. Sealed offers in original and _____ copies for furnishing the supplies or services in the Schedule will be received at the place specified in Item 8, or if handcarried, in the depository located in _____ until _____ (Hour) local time _____ (Date)

CAUTION - LATE Submissions, Modifications, and Withdrawals: See Section L, Provision No. 52.214-7 or 52.215-1. All offers are subject to all terms and conditions contained in this solicitation.

10. FOR INFORMATION CALL:	A. NAME	B. TELEPHONE (Include area code) (NO COLLECT CALLS)	C. E-MAIL ADDRESS

11. TABLE OF CONTENTS

(X)	SEC.	DESCRIPTION	PAGE(S)	(X)	SEC.	DESCRIPTION	PAGE(S)
		PART I - THE SCHEDULE				**PART II - CONTRACT CLAUSES**	
X	A	SOLICITATION/ CONTRACT FORM	1 - 2	X	I	CONTRACT CLAUSES	23 - 40
X	B	SUPPLIES OR SERVICES AND PRICES/ COSTS	3 - 4			**PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACHMENTS**	
X	C	DESCRIPTION/ SPECS./ WORK STATEMENT	5 - 13	X	J	LIST OF ATTACHMENTS	41
	D	PACKAGING AND MARKING				**PART IV - REPRESENTATIONS AND INSTRUCTIONS**	
X	E	INSPECTION AND ACCEPTANCE	14		K	REPRESENTATIONS, CERTIFICATIONS AND OTHER STATEMENTS OF OFFERORS	
X	F	DELIVERIES OR PERFORMANCE	15				
X	G	CONTRACT ADMINISTRATION DATA	16 - 18		L	INSTRS., CONDS., AND NOTICES TO OFFERORS	
X	H	SPECIAL CONTRACT REQUIREMENTS	19 - 22		M	EVALUATION FACTORS FOR AWARD	

OFFER (Must be fully completed by offeror)

NOTE: Item 12 does not apply if the solicitation includes the provisions at 52.214-16, Minimum Bid Acceptance Period.

12. In compliance with the above, the undersigned agrees, if this offer is accepted within _____ calendar days (60 calendar days unless a different period is inserted by the offeror) from the date for receipt of offers specified above, to furnish any or all items upon which prices are offered at the price set opposite each item, delivered at the designated point(s), within the time specified in the schedule.

13. DISCOUNT FOR PROMPT PAYMENT (See Section I, Clause No. 52.232-8)

14. ACKNOWLEDGMENT OF AMENDMENTS (The offeror acknowledges receipt of amendments to the SOLICITATION for offerors and related documents numbered and dated):	AMENDMENT NO.	DATE	AMENDMENT NO.	DATE

15A. NAME AND ADDRESS OF OFFEROR	CODE 7BGE0	FACILITY	16. NAME AND TITLE OF PERSON AUTHORIZED TO SIGN OFFER (Type or print)
	NEUROREHABILITATION CORPORATION 41 UNIVERSITY DR STE 400 NEWTOWN PA 18940-1873		

15B. TELEPHONE NO (Include area code)	15C. CHECK IF REMITTANCE ADDRESS IS DIFFERENT FROM ABOVE - ENTER SUCH ADDRESS IN SCHEDULE	17. SIGNATURE	18. OFFER DATE
	☐		

AWARD (To be completed by Government)

19. ACCEPTED AS TO ITEMS NUMBERED	20. AMOUNT	21. ACCOUNTING AND APPROPRIATION
	$2,996,244.00	See Schedule

22. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION:	23. SUBMIT INVOICES TO ADDRESS SHOWN IN (4 copies unless otherwise specified) 1	ITEM
☐ 10 U.S.C. 2304(c)( ) ☐ 41 U.S.C. 253(c)( )		Section G

24. ADMINISTERED BY (If other than Item 7)	CODE	25. PAYMENT WILL BE MADE BY	CODE	HQ0490
See Item 7				

26. NAME OF CONTRACTING OFFICER (Type or print)	27. UNITED STATES OF AMERICA	28. AWARD DATE
		01-Jul-2015

IMPORTANT - Award will be made on this Form, or on Standard Form 26, or by other authorized official written notice.

Section A - Solicitation/Contract Form

ADDITIONAL INFORMATION
ADDITIONAL INFORMATION

PROJECT TITLE: Development and U.S. Food and Drug Administration (FDA) Clearance of the Portable Neuromodulation Stimulator (PoNS) Device.

The requirement is an R&D contract.

GOVERNMENT POINTS OF CONTACT

The Contract Specialist for this contract is

The Contracting Officer for this contract is

The Contracting Officer’s Representative for this contract is

Section B - Supplies or Services and Prices

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001		1	Job		$217,975.21
	Labor - Sponsor COST Labor - Sponsor, Development and FDA Clearance of the PoNS device. FOB: Destination PURCHASE REQUEST NUMBER: 0010553630-0003				
				ESTIMATED COST	$217,975.21NTE
	ACRN AA CIN: GFEBS001055363000001				$217,975.21

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0002		1	Job		$2,763,289.24
	ODC - Subcontractor Expenses COST Other Direct Costs (ODCs) - Subcontractor expenses to include; Clinical Research Organization, Regulatory, Contract Manufacturing, and Consultant. FOB: Destination PURCHASE REQUEST NUMBER: 0010553630-0002				
				ESTIMATED COST	$2,763,289.24NTE
	ACRN AA CIN: GFEBS001055363000002				$2,763,289.24

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0003		1	Job		$14,979.55
	ODC - Travel COST Other Direct Costs (ODCs) - Travel FOB: Destination PURCHASE REQUEST NUMBER: 0010553630-0002				
				ESTIMATED COST	$14,979.55NTE
	ACRN AA CIN: GFEBS001055363000003				$14,979.55

Section C - Descriptions and Specifications

PERFORMANCE WORK STATEMENT

PERFORMANCE WORK STATEMENT (PWS)

Development and U.S. Food and Drug Administration (FDA) Clearance of the Portable Neuromodulation Stimulator (PoNS™) Device

1. Introduction:

The U.S. Amy Medical Materiel Agency (USAMMA) and its parent organization the U.S. Army Medical Research and Materiel Command (USAMRMC) are located at Fort Detrick, in Frederick, Maryland. USAMMA serves as the strategic level, medical logistics generating force, and medical lifecycle management command in support of Army Medicine, the Army Campaign Plan, Military Health System, and Combatant Commands. The agency provides optimal medical acquisition and logistics support and solutions across the full spectrum of military health care missions worldwide. USAMMA has operational oversight of medical materiel acquisition programs and serves as the Army Medical Department's (AMEDD's) command for fielding new medical materiel for the Army's operational forces.

1.1. Background and Purpose:

The U.S. Army is supporting an effort to develop NeuroHabilitation Corporation's (NHC) Portable Neuromodulation Stimulator (PoNS™) as an aid to therapy for chronic balance deficits resulting from a mild to moderate traumatic brain injury (TBI). On 1 February 2013, USAMMA, the U.S. Army Medical Materiel Development Activity (USAMMDA), and NHC established a collaborative relationship, via a Cooperative Research and Development Agreement (CRADA) under 15 USC §3710a, to develop an investigational medical device that employs non-invasive brain stimulation. The PoNS™ device, developed partially under the CRADA, works by applying principles of neuroplasticity that enables the brain to process information in new ways for rehabilitation after injury. The goal of this contract is to take the PoNS™ from an investigational medical device to an FDA-cleared device, obtaining clearance for the following indication: as an aid to therapy for chronic balance deficits resulting from mild to moderate traumatic brain injury (TBI).

The Contractor will be the regulatory sponsor and overall project coordinator for the PoNS™ version 4.0 device. The critical components of this PWS to obtain FDA regulatory clearance include the following steps: (1) write the clinical study protocols, (2) execute the clinical studies, (3) manage the clinical research sites, (4) submit the *de novo*/510(k) or other application to FDA, and (5) gain FDA clearance of the PoNS^{TM} version 4.0 device for a mild-to-moderate TBI indication.

1.2. Scope:

This is a Research and Development (R&D) contract. The objective of this contract is to execute the clinical studies and regulatory responsibilities necessary to obtain FDA clearance for the PoNS™ 4.0 device and provide two FDA-cleared devices to the DoD (specifically USAMMA).

The Contractor shall complete the tasks noted in paragraph 3.1 to support the *de novo*/510(k) clearance application in accordance with (IAW) all noted applicable State, Federal, DoD, and U.S. Army regulations. The Contractor shall oversee and execute the clinical study. The Contractor shall support and perform services with DoD civilians, military and other Contractor personnel. The Contractor shall travel to Fort Detrick, Maryland at the Government's request for an annual In Progress Review (IPR).

1.2.1. The Contractor shall perform the services set forth in this PWS, pursuant to the award of a R&D contract. The Contractor shall furnish all management, personnel, services, and other items necessary to successfully deliver the required services. The Contractor shall possess knowledge and skills in PoNS^{TM} use/training/therapy, and regulatory requirements necessary to obtain 510(k) clearance.

1.2.2. This contract supports the Project Management Office, Medical Devices, and USAMMA. The Government shall not exercise any supervision or control over the Contractor's employees performing services under this contract. Contractor employees shall be accountable solely to the Contractor who, in turn is responsible to the Government.

1.2.3. The Contractor shall provide all personnel, equipment, supplies, facilities, transportation, tools, materials, supervision, and other items necessary to achieve the tasks as defined in this PWS.

1.2.4. Assumptions of the Parties:

1.2.4.1. A *de novo/*510 (k) petition shall be required for FDA to clear the PoNS™ 4.0 device.

1.2.4.2. The clinical trial using PoNS™ is considered to be of non-significant risk and, therefore, shall not require an Investigational Device Exemption submission.

1.2.4.3. QSR-produced PoNS™ 4.0 devices shall be available in/around April 2015 for use in the study. The devices shall be provided to the clinical trial sites by the Sponsor/Contractor.

1.2.4.4. The study shall take approximately 9-12 months to complete.

1.3. Period of Performance. The period of performance shall be for one (1) eighteen (18) month Base Period. The Period of Performance breakdown reads as follows:

Base Period	01 July 2015 – 31 December 2016

2. General Requirements:

2.1. Business Relations:

The Contractor shall successfully integrate and coordinate all activity needed to execute the requirement. The Contractor shall manage the timeliness, completeness, and quality of problem identification. The Contractor shall provide corrective action plans, proposal submittals, timely identification of issues, and effective management of subcontractors. The Contractor shall seek to ensure customer satisfaction and professional and ethical behavior of all Contractor personnel.

2.2. Contract Administration and Management:

This PWS provides distinct activities and functions. These activities are described in the following subsections, which specify requirements for contract management, contract administration, and personnel administration.

2.2.1. Contract Management:

The Contractor shall establish clear organizational lines of authority and responsibility to ensure effective management of the resources assigned to the requirement.

2.2.1.1. Management Activities. The Contractor shall identify a single point of contact as the Project Manager (PM). The Contractor PM shall ensure that the task is performed efficiently, accurately, timely, and in compliance with this PWS. The Contractor PM shall coordinate, as necessary with the Contracting Officer Representative (COR), to ensure the services are managed consistently with overall contract requirements. The Contractor PM shall submit all invoices within 30 days from completion of tasks at the end of each month.

2.2.2. Contract Administration. The Contractor shall establish processes and assign appropriate resources to effectively administer this contract. The Contractor shall respond to Government requests for contractual actions within one (1) day. The Contractor shall have a single point of contact between the Government and Contractor employee assigned to support the contract.

2.3. Subcontract Management. The Contractor shall:

2.3.1. Manage any subcontract management necessary to integrate services to meet the overall requirements of this contract.

2.3.2. Be responsible and accountable for subcontractor performance on this requirement.

2.3.3. Manage work distribution to ensure there are no Organizational Conflict of Interest (OCI) considerations.

2.3.4. Add subcontractors to their team, as needed, after notification to the KO or COR. The Government may or may not permit cross-teaming (See paragraph 7.1.12 for definition).

2.4. Travel. The COR is designated, in writing, as the Contractor's travel order approval authority by the contracting officer. Travel to government facilities or other locations that are **requested by the Government** for the annual IPR may be required. Only travel requirements specifically **requested by the Government** (including plans, agenda, itinerary, or dates) shall be pre-approved by the COR and is on a strictly cost-reimbursable basis. Costs for travel shall be billed IAW the regulatory implementation of Public Law 99-234 and FAR 31.205 -46 *Travel Costs*.

2.5. Anti-terrorism / Operation Security. For Contract Requiring Performance or Delivery in a Foreign Country. DFARS Clause 252.225 -7043, *Antiterrorism/Force Protection for Defense Contractors Outside the United States.* The clause shall be used in solicitations and contracts that require performance or delivery in a foreign country. This clause applies to both contingencies and non-contingency support. The key AT requirement is for nonlocal national contractor personnel to comply with theater clearance requirements and allows the combatant commander to exercise oversight to ensure the contractor's compliance with combatant commander and subordinate task force commander policies and directives.

3. Specific Tasks and Performance Objectives

The Contractor shall complete development of the PoNS^{TM} device from its current state as an investigational device to a FDA cleared/approved medical device for the following indication: an aid to therapy for chronic balance deficits resulting from mild to moderate TBI. The Contractor shall be the FDA regulatory sponsor, in accordance with Section 21, Code of Federal Regulations. The Contractor shall deliver two complete FDA cleared/approved devices to the government. The Contractor shall accomplish all required tasks and services IAW this PWS that include, but are not limited to the following Specific Tasks and Performance Objectives for the contract.

3.1. Contract Tasks and Performance Objectives Required Before Start of Clinical Trial

3.1.1. Project Management Plan. The Contractor shall provide a draft Project Management Plan, including an initial Integrated Master Schedule (IMS) and Risk Management Plan that encompasses the entire scope of the contract, with the Contractor's proposal. The final Project Management Plan shall be submitted within 30 days of contract award. The IMS documents the critical path (including futility point), major milestones, tasks/activities, deliverables, duration, lead/lag/slack time and schedule relationships, and is directly traceable to the PWS. The IMS will contain all major project management tasks and associated milestones and/or deliverables to assist the Government in its monitoring of Contractor performance. The IMS shall be updated quarterly to track progress (CDRL A001 / QASP #1).

3.1.2. Quality Control Plan (QCP). The Contractor shall provide a draft QCP with the Contractor's proposal. The Contractor shall prepare and implement a final QCP to ensure that all activities of the project are managed in a sound, reasonable way in conformance to the Government's requirements within 30 days of contract award. The Contractor shall ensure that all deliverables produced are acceptable prior to delivery to the Government. Under this QCP, the Contractor shall provide for the Government or its designee to audit the Contractor and/or its Subcontractors for regulatory compliance and quality assurance purposes. At a minimum, the QCP shall include a self-inspection plan, an internal staffing plan, and an outline of the procedures that the Contractor shall use to maintain quality, timeliness, responsiveness and customer satisfaction. The QCP shall be updated as needed and reviewed at least quarterly (CDRL A002 / QASP #1).

3.1.3. Institutional Review Board Approved Clinical Protocols. The Contractor shall provide a copy of the IRB-approved clinical study protocol and informed consent form for each study site within 3 months of contract award. The Contractor shall also provide the COR supporting documentation that shall include at minimum a Statistical Analysis Plan, Clinical Monitoring Plan, Data Management Plan, Proposed Clinical Data Management System, Sample Case Report Forms, End User Guidelines (Training and Technical Support), and a Recruitment and Retention Plan for each site (CDRL A003 / QASP #2).

3.1.4. Institutional Review Board Approvals. The Contractor shall provide the COR with documentation of appropriate IRB approvals from each study site, institute, and Army, as required within 3 months of contract award and prior to the start of the clinical study. The Contractor shall maintain and update files of all applicable regulatory documentation for all appropriate IRBs (CDRL A004 / QASP #3).

3.1.5. Representative Test Articles. The Contractor shall provide final development and manufacturing of sufficient representative test articles (PoNS^{TM} version 4.0 device) for use in the clinical trial for a minimum of 120 subjects (and/or a proportionate amount consistent with FDA guidance), including a contingency plan for replacement of defective and/or test articles that may be lost or damaged during the clinical trial. The devices shall be manufactured in a Title 21 CFR §820 *Quality Systems Regulation (QSR)*-compliant manufacturing facility and process that has successfully completed design verification testing and human factors testing (CDRL A005 / QASP #4).

3.2. Contract Tasks and Performance Objectives Required During Clinical Trial:

3.2.1. Conduct Clinical Trial. The Contractor shall conduct a clinical study to evaluate the treatment effect on balance using the PoNS^{TM} version 4.0 devices at a minimum of three (3) study sites for a total of 120 subjects (and/or a proportionate amount consistent with FDA guidance). The Contractor shall conduct the clinical study in accordance with the study protocol and governing FDA Regulations. The Contractor shall provide a copy of their agreement with each study site that shall be responsible for executing the clinical trial in a manner that successfully supports an FDA submission and provide the COR with monthly status reports (CDRL A011 / QASP Item #1 and #5).

3.2.2. Interim Data Analysis. The Contractor shall conduct interim data analysis after 60 subjects (and/or a proportionate amount consistent with FDA guidance) to evaluate the observed treatment effect in order to determine if the study is adequately powered. The Contractor shall provide an Interim Clinical Study Report that includes the raw data and statistical analysis on the results within 30 day after completion of the 60 (or proportionate amount) subject testing , the futility point, and a mitigation plan for issues identified during the analysis (CDRL A007 / QASP #6).

3.3. Contract Tasks and Performance Objectives Required After Conclusion of Clinical Trial:

3.3.1. Final Clinical Study Report. The Contractor shall provide a complete Final Clinical Study Report that includes raw data and statistical analysis 75 days after completion of the study (CDRL 008 / QASP #1).

3.3.2. FDA Submission Packet. The Contractor shall provide data as deemed necessary by the FDA to support a clinical trial, and a copy of the *de novo*/510(k) application submission packet with copies of all supporting documentation, including but not limited to, the Pre-clinical Study results summary. This documentation shall be provided concurrent with FDA submission (CDRL A009 / QASP #7).

3.3.3. Final Report. The Contractor shall provide a Final Report that is formatted using best practices and consolidate (summarize) all data, costs, results, final status on all deliverables, and work activities performed during the contract period within 30 days after the end of the contract (CDRL A011 / QASP #1).

3.3.4. Technical Data Packet. The Contractor shall provide the COR with a complete technical data packet (TDP) upon request by the Government within seven (7) business days. The Contractor shall prepare and maintain currency of a TDP that includes all necessary documentation and technical data and reports collected and prepared during the development effort funded by the Government. The TDP shall include all necessary documentation and data for the Government, or its designee, to continue the development or production of the product, including but not limited to the Design History File, Device Master Record, and Device History File. The Contractor shall assist in the technical transfer as directed by the Government. The Contractor shall provide copies of TDP content as requested by Government and at contract expiration (CDRL A010 / QASP #8).

3.4. Contract Tasks and Performance Objectives Required After FDA Clearance/Approval:

3.4.1. FDA Cleared Devices. The Contractor shall provide two (2) FDA cleared the PoNS^{TM} devices with an indication as an aid to therapy for chronic balance deficits resulting from mild to moderate TBI, and all accessories, product inserts, and supporting manuals/literature (e.g., including user, technical, and maintenance manuals), as applicable, to the COR within 10 business days of FDA clearance (QASP #9). Any minor deviation of the above indication required by FDA guidance, must be approved by the Government and will be considered in scope of this contract.

3.5. Contract Tasks and Performance Objectives Required During Duration of Contract:

3.5.1. Progress, Status, and Management Reports. The Contractor shall provide annual, quarterly, and monthly Progress, Status, and Management Reports that describe progress made within the period, status of milestones and deliverables, cost expenditures against proposed costs (resource utilization), and inform the Government of existing or potential issues and problem areas and risk mitigation plans. The Contractor shall periodically provide an oral or email status report as the task proceeds to support the integrated product team needs for presentations and other tasks as needed to support the product effort. The reports shall include an updated IMS that shows the percent complete of each scheduled task item. Percent complete is defined as the cumulative amount of work actually performed through the end of the reporting month expressed as a percentage of the total amount of work to be performed. Monthly reports shall be provided to the COR the 10th day of each month, quarterly reports shall be provided the 15th day of each quarter, and annual reports shall be provided the 15th day after the end of each year (CDRL A011 / QASP #1).

3.5.2. Production or Delivery Problem Reports. Any significant positive or negative deviation to the schedule or scope of a task shall be explained and documented by the Contractor in its annual, quarterly, and monthly progress, and Status and Management Report shall be reported to the Government within 2 weeks of identification as a Production or Delivery Problem Report (CDRL A011 / QASP #1).

3.5.3. Annual Program Reviews. The Contractor shall formally present the prior year's progress as part of an annual program review (for example, the IPR). The content of the briefing shall include but not be limited to the following: completed tasks within the year, highlights of completed tasks, summary of results from in-process studies, schedule updates, summary of results from completed studies, risks/issues, and funding execution. The annual program reviews shall be held at Fort Detrick, MD and may be held in conjunction with the integrated product team (IPT) meetings with senior leadership. Additional requests for travel to Fort Detrick, MD may be requested by the Government as needed (CDRL A011 / QASP #1).

3.5.4. FDA Communication and Study Reports. The Contractor shall provide the COR with FDA Communication and Study Reports. Regulatory documents including informal emails sent to the FDA are sent concurrently to the Government. Meeting notes shall be sent to the Government if efforts to attend verbal meetings (such as phone calls or meetings at the FDA) are not possible. Copies of informal and formal regulatory communications received from the FDA shall be sent within three (3) business days of receipt. Copies of Clinical Monitoring Reports should be sent within 30 business days of receipt (CDRL A013 / QASP #7).

3.5.5. Trip Reports. The Contractor shall provide Trip Reports within five (5) business days for trips that have been requested by the Government. The report should describe the purpose, results of the trip, and actual costs (CDRL A001 / QASP #1).

3.5.6. The Contractor shall assist in Kick-Off, coordination, progress update, and informational meetings.

3.5.7. The Contractor shall provide guidance and consult with Principal Investigator, senior staff, and clinical personnel during formal training and to review data from pilot trial. The Contractor shall provide recommendations for modifications to interventions when used with the PoNS^{TM} device, measurement tools and procedures.

3.5.8. The Contractor shall consult on data interpretation and collaborate on publications and presentations.

4. Deliverables:

The Contractor shall provide deliverables as described in the below chart.

Deliverable Table

Item	PWS Ref	Title	Distribution	E	Initial & Subsequent
1	2.2.1.1.	Program Manager Point of Contact	COR	1	Upon award of contract
2	3.1.1.	Final Project Management Plan (A001)	COR	1	Within 30 Calendar days after contract award; update quarterly
3	3.1.1.	Final Integrated Master Schedule (CDRL A001)	COR	1	Within 30 Calendar days after contract award; update quarterly
4	3.1.1.	Risk Management Plan (CDRL A001)	COR	1	Within 30 Calendar days after contract award; updated quarterly
5	3.1.2.	Quality Control Plan (CDRL A002)	COR	1	Within 30 Calendar days after contract award; update as needed; review quarterly
6	3.1.3.	IRB-approved Clinical Protocol for each Study Site (CDRL A003)	COR	1	Within 3 months of award of contract
7	3.1.3.	Statistical Analysis Plan (CDRL A003)	COR	1	Within 3 months of award of contract
8	3.1.3.	Clinical Monitoring Plan (CDRL A003)	COR	1	Within 3 months of award of contract
9	3.1.3.	Data Management Plan (CDRL A003)	COR	1	Within 3 months of award of contract
10	3.1.3.	Proposed Clinical Data Management System (CDRL A003)	COR	1	Within 3 months of award of contract
11	3.1.3.	Sample Case Report Forms (CDRL A003)	COR	1	Within 3 months of award of contract
12	3.1.3.	End User Guidelines (CDRL A003)	COR	1	Within 3 months of award of contract
13	3.1.3.	Recruitment and Retention Plan for each Clinical Site(CDRL A003)	COR	1	Within 3 months of award of contract

Item	PWS Ref	Title	Distribution	E	Initial & Subsequent
14	3.1.4.	IRB Approvals (CDRL A004)	COR	1	Within 3 months of award of contract and prior to start of clinical trial
15	3.1.5.	Representative Test Articles (sent to study sites) (CDRL A005)	COR	1	Prior to start of clinical trial
16	3.1.5.	Contingency Manufacturing Plan (CDRL A005)	COR	1	Prior to start of clinical trial
17	3.2.1.	Conduct Clinical Trial (CDRL A006)	COR	1	Copy of agreement with each study site prior to the start of the trial; monthly status report
18	3.2.2.	Interim Clinical Study Report & Mitigation Plan (CDRL A007)	COR		Within 30 days of completion of n = 60 subjects (and/or a proportionate amount consistent with FDA guidance)
19	3.3.1.	Final Clinical Study Report (CDRL A008)	COR	1	Within 75 days after completion of study
20	3.3.2.	FDA Submission Packet (CDRL A009)	COR	1	Concurrently with FDA submission
21	3.3.3.	Final Report	COR	1	Within 30 days after end of contract
22	3.3.4.	Technical Data Packet (CDRL A010)	COR	1	Seven (7) business days upon request and final TDP at end of contract
23	3.4.1.	FDA cleared PoNS^{TM} Devices	COR	N A	Within 10 business days of FDA clearance (2 devices)
24	3.5.1.	Monthly Progress, Status, and Management Reports (CDRL A011)	COR	1	Monthly reports due the 10th day of each month.
25	3.5.1.	Quarterly Progress, Status, and Management Reports (CDRL A011)	COR	1	Quarterly reports due the 15th day after end of each quarter.
26	3.5.1.	Annual Progress, Status, and Management Reports (CDRL A011)	COR		Annual reports due the 15th day after end of each year
27	3.5.2.	Production or Delivery Problem Reports (CDRL A012)	COR	1	Within 2 weeks of identification of deviation to schedule or scope of any task as needed
28	3.5.3.	Annual Program Reviews	IPT	N A	Annually In Process Review at Fort Detrick, MD
29	3.5.4.	FDA Communication and Study Reports (CDRL A013)	COR	1	Concurrently and/or 3 business days as applicable (see PWS 3.1.18.)

Item	PWS Ref	Title	Distribution	E	Initial & Subsequent
30	3.5.5.	Trip Reports	COR	1	Within 5 business days for Government requested travel

5. List of Acronyms:

AMEDD	Army Medical Department
CFR	Code of Federal Regulations
CONUS	Continental United States (excludes Alaska and Hawaii)
COR	Contracting Officer Representative
CRO	Clinical Research Organization
DD250	Department of Defense Form 250 (Receiving Report)
DD254	Department of Defense Contract Security Requirement List
DFARS	Defense Federal Acquisition Regulation Supplement
DoD	Department of Defense
FAR	Federal Acquisition Regulation
FDA	United States Food and Drug Administration
HIPAA	Health Insurance Portability and Accountability Act of 1996
IAW	In Accordance With
IMS	Integrated Master Schedule
IRB	Institutional Review Board
KO	Contracting Officer
n	Number of Research Subjects
NA	Not Applicable
NDA	Non-disclosure Agreement
NHC	NeuroHabilitation Corporation
OCI	Organizational Conflict of Interest
OCONUS	Outside Continental United States (includes Alaska and Hawaii)
ODC	Other Direct Costs
PM	Project Manager
PoNS™	Portable Neuromodulation Stimulator
PWS	Performance Work Statement
QA	Quality Assurance
QAP	Quality Assurance Program
QASP	Quality QAP Assurance Surveillance Plan
QC	Quality Control
QCP	Quality Control Plan
QSR	Quality Systems Regulations
TDP	Technical Data Packet
TBI	Traumatic Brain Injury
USAMMA	United States Army Medical Materiel Agency
USAMRMC	United States Medical Research and Materiel Command

CONTRACTOR MANPOWER REPORTING

Contractor Manpower Reporting (CMR) for the Base Period. Input for Contract Services information in the web site operated and maintained by the Assistant Secretary of the Army (Manpower & Reserve Affairs). See the "Contractor Manpower Reporting" clause for specific reporting information. Reporting period will be the period of performance not to exceed 12 months ending 30 September of each Government fiscal year and must be reported by 31 October of each calendar year. The Contract SHALL provide evidence of compliance with the CMR requirement to the Contracting Officer's Representative (COR), Contract Specialist, and Contracting Officer no later than 15 November of each calendar year.

The contractor does not propose any additional costs related to Contractor Manpower Reporting.

CLAUSES INCORPORATED BY FULL TEXT

CONTRACTOR MANPOWER REPORTING (CMR) - (ACCOUNTING FOR CONTRACT SERVICES) (APR 2011) (USAMRAA)

The Office of the Assistant Secretary of the Army (Manpower & Reserve Affairs) operates and maintains a secure Army data collection site where the contractor will report ALL contractor manpower (including sub-contractor manpower) required for performance of this contract. The contractor is required to completely fill in all the information in the format using the following web address: https://cmra.army.mil. The required information includes: (l) Contract Number; (2) Delivery Order Number (If applicable); (3) Task Order Number (If applicable); (4) Requiring Activity Unit Identification Code (UIC); (5) Command; (6) Contractor Contact Information; (7) Federal Service Code (FSC); (8) Direct Labor Hours; (9) Direct Labor Dollars; and, (10) Location. In the event the Contracting Officer's Representative (COR)/Contracting Officer's Technical Representative (COTR) has not entered their data requirements first, the contractor must also enter the COR/COTR required data with the exception of fund cite, obligations, and disbursement data. The CMRA help desk can be reach at any technical questions. The help desk can also be contacted via email: As part of its quote or offer, the contractor will also provide the estimated total cost (if any) incurred to comply with this reporting requirement. The reporting period will be the period of performance not to exceed 12 months ending 30 September of each government fiscal year and must be reported by 31 October of each calendar year.

Section E - Inspection and Acceptance

INSPECTION AND ACCEPTANCE TERMS

Supplies/services will be inspected/accepted at:

CLIN	INSPECT AT	INSPECT BY	ACCEPT AT	ACCEPT BY
0001	Destination	Government	Destination	Government
0002	Destination	Government	Destination	Government
0003	Destination	Government	Destination	Government

CLAUSES INCORPORATED BY REFERENCE

52.246-5	Inspection Of Services Cost-Reimbursement	APR 1984
52.246-8	Inspection Of Research And Development Cost Reimbursement	MAY 2001

Section F - Deliveries or Performance

DELIVERY INFORMATION

CLIN	DELIVERY DATE	QUANTITY	SHIP TO ADDRESS	DODAAC
0001	POP 01-JUL-2015 TO 31-DEC-2016	N/A	US ARMY MEDICAL MATERIEL AGENCY US ARMY MEDICAL MATERIEL AGENCY FOB: Destination	W25MWY
0002	POP 01-JUL-2015 TO 30-DEC-2016	N/A	(SAME AS PREVIOUS LOCATION) FOB: Destination	W25MWY
0003	POP 01-JUL-2015 TO 30-DEC-2016	N/A	(SAME AS PREVIOUS LOCATION) FOB: Destination	W25MWY

CLAUSES INCORPORATED BY REFERENCE

52.242-15	Stop-Work Order	AUG 1989

Section G - Contract Administration Data

ACCOUNTING AND APPROPRIATION DATA

AA: 097201420150130000018N10337374255 R.0011882.4.11 6100.9000021001
COST CODE: A7466
AMOUNT: $2,996,244.00
CIN GFEBS001055363000001: $217,975.21
CIN GFEBS001055363000002: $2,763,289.24
CIN GFEBS001055363000003: $14,979.55

CLAUSES INCORPORATED BY REFERENCE

252.201-7000	Contracting Officer's Representative	DEC 1991

CLAUSES INCORPORATED BY FULL TEXT

52.004-4002 Contractor Performance Assessment Reporting System (CPARS) (USAMRAA) (September 2009)

The Contractor Performance Assessment Reporting System (CPARS) has been adopted electronically to capture assessment data and manage the evaluation process. CPARS is used to assess a contractor's performance and provide a record, both positive and negative, on a given contract during a specific period of time. The CPARS Automated Information System (AIS) collection tool and other CPARS information can be accessed at https://www.cpars.csd.disa.mil. CPARS collects contractor performance information and passes it to the Federal Past Performance Information Retrieval System (PPIRS) where it can be retrieved by Federal Government Agencies including the DoD Services. The CPARS process is designed with a series of checks and balances to facilitate the objective and consistent evaluation of contractor performance. Both government and contractor program management perspectives are captured on the CPAR form and together make a complete CPAR. The Contractor shall assign and provide to the Contracting Officer's Representative (COR), within 10 calendar days after award, the name, title, email address and phone number of the designated Contractor Representative (CR) within their firm who will be responsible for CPAR information and reviewing the Government's proposed assessment for the period of performance. A User ID and Password for the CPARS will be provided to the designated CR for this purpose of accessing the CPARS. The CR has the authority to: Receive the Government evaluation; Review/comment/return the evaluation to the Government within 30 calendar days after the Government's evaluation is completed; Request a meeting to discuss the CPAR. This meeting must be requested, in writing, no later than seven calendar days from the receipt of the CPAR and must be held during the contractor’s 30-day review period. The CR must either concur or nonconcur to each CPAR.

CLAUSES INCORPORATED BY FULL TEXT

252.232 -7006 WIDE AREA WORKFLOW PAYMENT INSTRUCTIONS (MAY 2013)

(a) Definitions. As used in this clause--

Department of Defense Activity Address Code (DoDAAC) is a six position code that uniquely identifies a unit, activity, or organization.

Document type means the type of payment request or receiving report available for creation in Wide Area WorkFlow (WAWF).

Local processing office (LPO) is the office responsible for payment certification when payment certification is done external to the entitlement system.

(b) Electronic invoicing. The WAWF system is the method to electronically process vendor payment requests and receiving reports, as authorized by DFARS 252.232 -7003, Electronic Submission of Payment Requests and Receiving Reports.

(c) WAWF access. To access WAWF, the Contractor shall--

(1) Have a designated electronic business point of contact in the System for Award Management at https://www.acquisition.gov; and

(2) Be registered to use WAWF at https://wawf.eb.mil/ following the step-by-step procedures for self-registration available at this Web site.

(d) WAWF training. The Contractor should follow the training instructions of the WAWF Web-Based Training Course and use the Practice Training Site before submitting payment requests through WAWF. Both can be accessed by selecting the “Web Based Training” link on the WAWF home page at https://wawf.eb.mil/.

(e) WAWF methods of document submission. Document submissions may be via Web entry, Electronic Data Interchange, or File Transfer Protocol.

(f) WAWF payment instructions. The Contractor must use the following information when submitting payment requests and receiving reports in WAWF for this contract/order:

(1) Document type. The Contractor shall use the following document type(s).

Invoice 2-in-1 Services (Services Only)

(Contracting Officer: Insert applicable document type(s). Note: If a “Combo” document type is identified but not supportable by the Contractor's business systems, an “Invoice” (stand-alone) and “Receiving Report” (stand-alone) document type may be used instead.)

(2) Inspection/acceptance location. The Contractor shall select the following inspection/acceptance location(s) in WAWF, as specified by the contracting officer.

Not Applicable

(Contracting Officer: Insert inspection and acceptance locations or “Not applicable”.)

(3) Document routing. The Contractor shall use the information in the Routing Data Table below only to fill in applicable fields in WAWF when creating payment requests and receiving reports in the system.

Routing Data Table*

Field Name in WAWF	Data to be entered in WAWF
Pay Official DoDAAC	HQ0490
Issue By DoDAAC	W81XWH
Admin DoDAAC	W81XWH
Inspect By DoDAAC	W25MWY
Ship To Code	W25MWY
Ship From Code	___
Mark For Code	___
Service Approver (DoDAAC)	HAA391
Service Acceptor (DoDAAC)	W25MWY
Accept at Other DoDAAC	N/A
LPO DoDAAC	N/A
DCAA Auditor DoDAAC	HAA391
Other DoDAAC(s)	N/A

(*Contracting Officer: Insert applicable DoDAAC information or “See schedule” if multiple ship to/acceptance locations apply, or “Not applicable.”)

(4) Payment request and supporting documentation. The Contractor shall ensure a payment request includes appropriate contract line item and subline item descriptions of the work performed or supplies delivered, unit price/cost per unit, fee (if applicable), and all relevant back-up documentation, as defined in DFARS Appendix F, (e.g. timesheets) in support of each payment request.

(5) WAWF email notifications. The Contractor shall enter the email address identified below in the “Send Additional Email Notifications” field of WAWF once a document is submitted in the system.

(Contracting Officer: Insert applicable email addresses or “Not applicable.”)

(g) WAWF point of contact. (1) The Contractor may obtain clarification regarding invoicing in WAWF from the following contracting activity's WAWF point of contact.

Not Applicable

(Contracting Officer: Insert applicable information or “Not applicable.”)

(2) For technical WAWF help, contact the WAWF helpdesk at

(End of clause)

Section H - Special Contract Requirements

CLAUSES INCORPORATED BY FULL TEXT

ORGANIZATIONAL AND CONSULTANT CONFLICTS OF INTEREST (MAR 1999) (USAMRAA)

a. It is recognized by the parties hereto that the effort performed by the contractor under this contract is of a nature that it creates a potential organizational conflict of interest as is contemplated under the FAR Subpart 9.5.

b. In the performance of this contract, the contractor may have access to data which is procurement sensitive or is proprietary to other companies, Government consultants or advisors, or the Government. The contractor agrees that he will not utilize such procurement sensitive or proprietary data in performance of future competitive contracts, for studies in the same field, procured either through sealed bids or competitive negotiations. The contractor further agrees not to act as a subcontractor or consultant to any other prime contractor or subcontractor seeking to utilize such data.

c. The contractor will include the provisions of paragraphs a and b in every first tier subcontract for performance of any portion of this requirement.

d. This clause shall have effect from 01 July 2015 to 31 December 2016.

CLAUSES INCORPORATED BY FULL TEXT

GOOD LABORATORY PRACTICES (DEC 2006) (USAMRAA)

The conduct of studies on investigational new drugs or devices shall comply with the GOOD LABORATORY PRACTICE (GLP) FOR NONCLINICAL LABORATORY STUDIES regulations 21 CFR 58. The contractor shall notify the Administrative Contracting Officer by telephone immediately upon announcement by a representative of the Food and Drug Administration (FDA) of an inspection of studies performed under this contract. In addition to the FDA representative, the Contracting Officer's Representative (COR) shall have access to the contractor's records and specimens. With reference to paragraph 58.195(h) of the GLP regulations, the contractor shall notify the COR in writing in addition to the FDA, should the contractor go out of business and/or transfer the records during the periods prescribed in paragraph 58.195. On expiration or termination of the contract, the contractor shall notify the COR of any remaining unused test articles.

CLAUSES INCORPORATED BY FULL TEXT

INVESTIGATING AND REPORTING POSSIBLE SCIENTIFIC MISCONDUCT (MAR 1999) (USAMRAA)

a. "Misconduct" or "Misconduct in Science" is defined as fabrication, falsification, plagiarism, or other practices that seriously deviate from those that are commonly accepted within the scientific community for proposing, conducting or reporting research. It does not include honest error or honest differences in interpretations or judgments of data.

b. Contractors shall foster a research environment that prevents misconduct in all research and that deals forthrightly with possible misconduct associated with research for which U.S. Army Medical Research and Materiel Command funds have been provided or requested.

c. The contractor agrees to:
(1) Establish and keep current an administrative process to review, investigate, and report allegations of misconduct in science in connection with research conducted by the contractor;
(2) Comply with its own administrative process;
(3) Inform its scientific and administrative staff of the policies and procedures and the importance of compliance with those policies and procedures;
(4) Take immediate and appropriate action as soon as misconduct on the part of employees or persons within the organization's control is suspected or alleged; and
(5) Report to the Administrative Contracting Officer (ACO) a decision to initiate an investigation into possible scientific misconduct.

d. The contractor is responsible for notifying the ACO of appropriate action taken if at any stage of an inquiry or investigation any of the following conditions exist:
(1) An immediate health hazard is involved;
(2) There is an immediate need to protect Federal funds or equipment;
(3) A probability exists that the alleged incident will be reported publicly; or
(4) There is a reasonable indication of possible criminal violation.

PROHIBITION OF HUMAN RESEARCH (JUN 2013) (USAMRAA)

<u> PROHIBITION – READ FURTHER FOR DETAILS **</u>**

Research under this award involving the use of human subjects, to include the use of human anatomical substances or identifiable private information (human data), shall not begin until the USAMRMC's Office of Research Protections (ORP) provides authorization that the research may proceed. Written approval to begin research will be issued from the USAMRMC ORP, under separate notification to the contractor. Written approval from the USAMRMC ORP is also required for any subcontractor that will use funds from this award to conduct research involving human subjects.

Research involving human subjects shall be conducted in accordance with the protocol submitted to and approved by the USAMRMC ORP. Complete study records shall be maintained for each human research study and shall be made available for review by representatives of the USAMRMC. Research records shall be stored in a confidential manner so as to protect the confidentiality of subject information.

The contractor is required to adhere to the following reporting requirements:

Submission of major modifications to the protocol, continuing review documentation, and the final report are required as outlined in the USAMRMC ORP approval memorandum.

Unanticipated problems involving risks to subjects or others, subject deaths related to participation in the research, clinical holds (voluntary or involuntary), and suspension or termination of this research by the IRB, the institution, the Sponsor, or regulatory agencies, shall be promptly reported to the USAMRMC ORP and the USAMRAA Contracting Office.

The knowledge of any pending compliance inspection/visits by the FDA, ORP, or other government agency concerning this clinical investigation or research, the issuance of Inspection Reports, FDA Form 483, warning letters or actions taken by any Regulatory Agencies including legal or medical actions, and any instances of serious or continuing noncompliance with regulatory requirements that relate to this clinical investigation or research, shall be reported immediately to the USAMRMC ORP and the USAMRAA Contracting Office.

Non-compliance with these terms and conditions may result in withholding of funds and/or the termination of the award.

52.035 -4035 PROHIBITION OF USE OF LABORATORY ANIMALS (JUN 2013) (USAMRAA)

** PROHIBITION – READ FURTHER FOR DETAILS **

Notwithstanding any other terms and conditions contained in this award or incorporated by reference herein, the contractor is expressly forbidden to use or subcontract for the use of laboratory animals in any manner whatsoever without the express written approval of the USAMRMC, Animal Care and Use Review Office (ACURO). Written authorization to begin research under the applicable protocol(s) proposed for this award will be issued in the form of an approval letter from the USAMRMC ACURO to the contractor with a copy to the USAMRAA Contracting Office. Furthermore, modifications to already approved protocols require approval by ACURO prior to implementation. Once approved, notification must be given immediately to USAMRAA contracting. For each fiscal year, the contractor shall maintain, and upon request from ACURO, submit animal usage information. Non-compliance with any of these terms and conditions may result in withholding of funds and/or ther terminations of the award.

52.035 -4036 PROHIBITION OF USE OF HUMAN CADAVERS (JUN 2013) (USAMRAA)

**** PROHIBITION – READ FURTHER FOR DETAILS****

Research, development, testing and evaluation (RDT&E), education or training activities involving human cadavers under this award shall not begin until approval is granted in accordance with the Army Policy for Use of Human Cadavers for RDT&E, Education, or Training, 20 April 2012 (https://mrmc.amedd.army.mil/index.cfm?pageid=research_ protections.overview). The USAMRMC Office of Research Protections (ORP) is the Action Office for this policy. Approval must be obtained from the Head of the Army organization that is supporting/funding the activity involving cadavers as described in the Army Policy for Use of Human Cadavers. For certain activities involving cadavers, approval must also be obtained from ORP. Award contractors must coordinate with the supporting/funding Army organization to ensure that proper approvals are obtained. Written approvals to begin the activity will be issued under separate notification to the contractor. Non-compliance with these terms and conditions may result in withholding of funds and/or the termination of the award.

CONTRACTOR IDENTIFICATION (DEC 2005) (USAMRAA)

When contractor personnel perform the services required in this contract on a Government installation they are required to possess and wear an identification badge that displays his or her name and the name of the Company. The contractor shall ensure that contractor personnel identify themselves as contractors when attending meetings, answering Government telephones, providing any type of written correspondence, or working in situations where their actions could be construed as official Government acts.

While performing in a contractor capacity, contractor personnel shall refrain from using their retired or reserve component military rank or title in all written or verbal communications.

REPORTS, MANUSCRIPTS AND PUBLIC RELEASES (DEC 2006) (USAMRAA)

a. Contractors are encouraged to publish results of research supported by the US Army Medical Research and Materiel Command (USAMRMC) in appropriate media forum. Any publication, report or public release, which may create a statutory bar to the issuance of a patent on any subject invention, shall be coordinated with appropriate patent counsel.

b. Manuscripts intended for publication in any media shall be submitted to the Contracting Officer and Contracting Officer's Representative (COR), simultaneously with submission for publication. Review of such manuscripts is for comment to the Principal Investigator, not for approval or disapproval. Courtesy copies of the reprint shall be forwarded to the Contracting Officer and COR, even though publication may be subsequent to the expiration of the contract.

c. The Contractor shall notify the Contracting Officer of planned news releases, planned publicity, advertising material concerning contract work, and planned presentations to scientific meetings, prior to public release. This is not intended to restrict dissemination of research information but to allow USAMRMC advance notice in order to adequately respond to inquiries.

d. Manuscripts, reports, public releases and abstracts, which appear in professional journals, media and programs, shall include the following statements:

(l) "This work is supported by the US Army Medical Research and Materiel Command under Contract No. W81XWH-15-C-0096"

(2) "The views, opinions and/or findings contained in this report are those of the author(s) and should not be construed as an official Department of the Army position, policy or decision unless so designated by other documentation."

(3) As applicable, if the research involves the use of animals, the Contractor must include the following statement: "In conducting research using animals, the investigator(s) adhered to the Animal Welfare Act Regulations and other Federal statutes relating to animals and experiments involving animals and the principles set forth in the current version of the Guide for Care and Use of Laboratory Animals, National Research Council."

(4) As applicable, if the research involves human use, the Contractor must include the following statement: "In the conduct of research where humans are the subjects, the investigator(s) adhered to the policies regarding the protection of human subjects as prescribed by Code of Federal Regulations (CFR) Title 45, Volume 1, Part 46; Title 32, Chapter 1, Part 219; and Title 21, Chapter 1, Part 50 (Protection of Human Subjects)."

(5) As applicable, if the research involves the use of recombinant DNA, the Contractor must include the following statement: "In conducting work involving the use of recombinant DNA the investigator(s) adhered to the current version of the National Institutes of Health (NIH) Guidelines for Research Involving Recombinant DNA Molecules."

TRAVEL (JULY 2007) (USAMRAA)

a. Approval of Foreign Travel. The cost of foreign travel is allowable only when the specific written approval of the Contracting Officer is obtained prior to commencing the trip. Approval shall be requested at least 90 calendar days before the scheduled departure date in order that all necessary clearances may be processed. Each individual trip must be approved separately, even though it may have been included in a previously approved budget. Foreign travel under this contract is defined as any travel outside of the United States and its territories and possessions.

b. Costs incurred by contractor personnel on official company business, whether foreign travel and/or domestic/local travel, are allowable, subject to the limitations contained in the Federal Acquisition Regulation (FAR) clause at 52.216 -7, Allowable Cost and Payment, incorporated into this contract.

Section I - Contract Clauses

REGULATORY RIGHTS
REGULATORY RIGHTS IN EVENT OF PRODUCT DEVELOPMENT FAILURES

This contract includes research with an investigational drug, biologic or medical device that is regulated by the U.S. Food and Drug Administration (FDA) and requires FDA pre-market approval or clearance before commercial marketing may begin. It is expected that this contract will result in the FDA clearance and commercialization of the Portable Neuromodulation Stimulator (PoNS) device. The Contractor is the sponsor of the Regulatory Application (an investigational new drug application (IND), investigational device exemption (IDE), new drug application (NDA), biologics license application (BLA), premarket approval application (PMA), or 510(k) pre-market notification filing (510(k)) or another regulatory filing submitted to FDA) that controls the research under this contract. As the sponsor of the Regulatory Application to FDA (as the terms “sponsor” and “applicant” are defined or used in at 21 CFR §§3.2(c), 312.5, 600.3(t), 812.2(b), 812 Subpart C, or 814.20), the Contractor has certain standing before the FDA that entitles it to exclusive communications related to the Regulatory Application. This provision protects the return on research and development investment made by the U.S. Army Medical Research and Materiel Command (USAMRMC) in the event of certain regulatory product development failures related to the Technology.

The Contractor agrees to the following:

a. Contractor will, within three (3) business days of receipt, provide USAMRMC with all communications and summaries thereof, both formal and informal, to or from FDA regarding the Technology and ensure that USAMRMC representatives are given advance notice of and are invited to participate with at least two (2) representatives in any formal or informal sponsor meetings with FDA;

b. If contract is to be terminated or is about to expire prior to the time the Contractor obtains FDA approval or clearance ; or the Contractor fails to commercially market the regulated technology within three (3) years after the FDA issues approval or clearance, the Contractor, upon the request of the Government:

(i) shall transfer possession, ownership and sponsorship or holdership of any Regulatory Application (including any associated expedited review designation, priority review voucher, or marketing exclusivity eligibility or award), regulatory correspondence, and supporting regulatory information related to the Technology to USAMRMC or its designee;

(ii) shall inform FDA of the transfer of sponsorship or holdership of the Regulatory Application transferred under section (c)(i) above.

c. The terms of this provision and its derivative obligations:

(i) will be included in any license, sale or transfer by the Contractor to a third party of any intellectual property covered by section (b) above.

(ii) will survive the acquisition or merger of the Contractor by or with any third party.

(iii) will be included in any subcontracts relating to the development of the Technology.

(iv) will survive the expiration of this contract.

CLAUSES INCORPORATED BY REFERENCE

52.202-1 Definitions NOV 2013

52.203-3	Gratuities	APR 1984
52.203-5	Covenant Against Contingent Fees	MAY 2014
52.203-6	Restrictions On Subcontractor Sales To The Government	SEP 2006
52.203-7	Anti-Kickback Procedures	MAY 2014
52.203-12	Limitation On Payments To Influence Certain Federal Transactions	OCT 2010
52.203-17	Contractor Employee Whistleblower Rights and Requirement To Inform Employees of Whistleblower Rights	APR 2014
52.204-4	Printed or Copied Double-Sided on Postconsumer Fiber Content Paper	MAY 2011
52.204-9	Personal Identity Verification of Contractor Personnel	JAN 2011
52.204-10	Reporting Executive Compensation and First-Tier Subcontract Awards	JUL 2013
52.204-13	System for Award Management Maintenance	JUL 2013
52.209-6	Protecting the Government's Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment	AUG 2013
52.209-9	Updates of Publicly Available Information Regarding Responsibility Matters	JUL 2013
52.209-10	Prohibition on Contracting With Inverted Domestic Corporations	DEC 2014
52.215-8	Order of Precedence--Uniform Contract Format	OCT 1997
52.215-23	Limitations on Pass-Through Charges	OCT 2009
52.217-2	Cancellation Under Multiyear Contracts	OCT 1997
52.219-8	Utilization of Small Business Concerns	OCT 2014
52.222-1	Notice To The Government Of Labor Disputes	FEB 1997
52.222-3	Convict Labor	JUN 2003
52.222-50	Combating Trafficking in Persons	MAR 2015
52.223-6	Drug-Free Workplace	MAY 2001
52.223-17	Affirmative Procurement of EPA-Designated Items in Service and Construction Contracts	MAY 2008
52.223-18	Encouraging Contractor Policies To Ban Text Messaging While Driving	AUG 2011
52.224-1	Privacy Act Notification	APR 1984
52.224-2	Privacy Act	APR 1984
52.225-13	Restrictions on Certain Foreign Purchases	JUN 2008
52.227-1	Authorization and Consent	DEC 2007
52.227-1 Alt I	Authorization And Consent (Dec 2007) - Alternate I	APR 1984
52.227-2	Notice And Assistance Regarding Patent And Copyright Infringement	DEC 2007
52.228-7	Insurance--Liability To Third Persons	MAR 1996
52.232-23	Assignment Of Claims	MAY 2014
52.232-33	Payment by Electronic Funds Transfer--System for Award Management	JUL 2013
52.232-39	Unenforceability of Unauthorized Obligations	JUN 2013
52.232-40	Providing Accelerated Payments to Small Business Subcontractors	DEC 2013
52.233-1	Disputes	MAY 2014
52.233-3 Alt I	Protest After Award (Aug 1996) - Alternate I	JUN 1985
52.233-4	Applicable Law for Breach of Contract Claim	OCT 2004
52.239-1	Privacy or Security Safeguards	AUG 1996
52.242-1	Notice of Intent to Disallow Costs	APR 1984
52.242-2	Production Progress Reports	APR 1991
52.242-3	Penalties for Unallowable Costs	MAY 2014
52.242-4	Certification of Final Indirect Costs	JAN 1997

52.242-13	Bankruptcy	JUL 1995
52.242-13	Bankruptcy	JUL 1995
52.243-6	Change Order Accounting	APR 1984
52.244-5	Competition In Subcontracting	DEC 1996
52.244-6	Subcontracts for Commercial Items	OCT 2014
52.246-25	Limitation Of Liability--Services	FEB 1997
52.249-6	Termination (Cost Reimbursement)	MAY 2004
52.249-14	Excusable Delays	APR 1984
52.253-1	Computer Generated Forms	JAN 1991
252.203-7000	Requirements Relating to Compensation of Former DoD Officials	SEP 2011
252.203-7001	Prohibition On Persons Convicted of Fraud or Other Defense- Contract-Related Felonies	DEC 2008
252.204-7000	Disclosure Of Information	AUG 2013
252.204-7003	Control Of Government Personnel Work Product	APR 1992
252.204-7012	Safeguarding of Unclassified Controlled Technical Information	NOV 2013
252.209-7004	Subcontracting With Firms That Are Owned or Controlled By The Government of a Terrorist Country	DEC 2014
252.223-7004	Drug Free Work Force	SEP 1988
252.225-7993 (Dev)	Prohibition on Contracting with the Enemy (Deviation)	SEP 2014
252.227-7001	Release Of Past Infringement	AUG 1984
252.227-7010	License to Other Government Agencies	AUG 1984
252.227-7013	Rights in Technical Data--Noncommercial Items	FEB 2014
252.227-7014	Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation	FEB 2014
252.227-7016	Rights in Bid or Proposal Information	JAN 2011
252.227-7030	Technical Data--Withholding Of Payment	MAR 2000
252.227-7037	Validation of Restrictive Markings on Technical Data	JUN 2013
252.227-7039	Patents--Reporting Of Subject Inventions	APR 1990
252.232-7003	Electronic Submission of Payment Requests and Receiving Reports	JUN 2012
252.246-7001	Warranty Of Data	MAR 2014

CLAUSES INCORPORATED BY FULL TEXT

52.216 -7 ALLOWABLE COST AND PAYMENT (JUN 2013)

(a) Invoicing.

(1) The Government will make payments to the Contractor when requested as work progresses, but (except for small business concerns) not more often than once every 2 weeks, in amounts determined to be allowable by the Contracting Officer in accordance with Federal Acquisition Regulation (FAR) subpart 31.2 in effect on the date of this contract and the terms of this contract. The Contractor may submit to an authorized representative of the Contracting Officer, in such form and reasonable detail as the representative may require, an invoice or voucher supported by a statement of the claimed allowable cost for performing this contract.

(2) Contract financing payments are not subject to the interest penalty provisions of the Prompt Payment Act. Interim payments made prior to the final payment under the contract are contract financing payments, except interim payments if this contract contains Alternate I to the clause at 52.232 -25.

(3) The designated payment office will make interim payments for contract financing on the 30th day after the designated billing office receives a proper payment request.

In the event that the Government requires an audit or other review of a specific payment request to ensure compliance with the terms and conditions of the contract, the designated payment office is not compelled to make payment by the specified due date.

(b) Reimbursing costs. (1) For the purpose of reimbursing allowable costs (except as provided in subparagraph (b)(2) of the clause, with respect to pension, deferred profit sharing, and employee stock ownership plan contributions), the term "costs" includes only--

(i) Those recorded costs that, at the time of the request for reimbursement, the Contractor has paid by cash, check, or other form of actual payment for items or services purchased directly for the contract;

(ii) When the Contractor is not delinquent in paying costs of contract performance in the ordinary course of business, costs incurred, but not necessarily paid, for--

(A) Supplies and services purchased directly for the contract and associated financing payments to subcontractors, provided payments determined due will be made--

(1) In accordance with the terms and conditions of a subcontract or invoice; and

(2) Ordinarily within 30 days of the submission of the Contractor's payment request to the Government;

(B) Materials issued from the Contractor's inventory and placed in the production process for use on the contract;

(C) Direct labor;

(D) Direct travel;

(E) Other direct in-house costs; and

(F) Properly allocable and allowable indirect costs, as shown in the records maintained by the Contractor for purposes of obtaining reimbursement under Government contracts; and

(iii) The amount of financing payments that have been paid by cash, check, or other forms of payment to subcontractors.

(2) Accrued costs of Contractor contributions under employee pension plans shall be excluded until actually paid unless--

(i) The Contractor's practice is to make contributions to the retirement fund quarterly or more frequently; and

(ii) The contribution does not remain unpaid 30 days after the end of the applicable quarter or shorter payment period (any contribution remaining unpaid shall be excluded from the Contractor's indirect costs for payment purposes).

(3) Notwithstanding the audit and adjustment of invoices or vouchers under paragraph (g) of this clause, allowable indirect costs under this contract shall be obtained by applying indirect cost rates established in accordance with paragraph (d) of this clause.

(4) Any statements in specifications or other documents incorporated in this contract by reference designating performance of services or furnishing of materials at the Contractor's expense or at no cost to the Government shall be disregarded for purposes of cost-reimbursement under this clause.

(c) Small business concerns. A small business concern may receive more frequent payments than every 2 weeks.

(d) Final indirect cost rates. (1) Final annual indirect cost rates and the appropriate bases shall be established in accordance with Subpart 42.7 of the Federal Acquisition Regulation (FAR) in effect for the period covered by the indirect cost rate proposal.

(2)(i) The Contractor shall submit an adequate final indirect cost rate proposal to the Contracting Officer (or cognizant Federal agency official) and auditor within the 6-month period following the expiration of each of its fiscal years. Reasonable extensions, for exceptional circumstances only, may be requested in writing by the Contractor and granted in writing by the Contracting Officer. The Contractor shall support its proposal with adequate supporting data.

(ii) The proposed rates shall be based on the Contractor's actual cost experience for that period. The appropriate Government representative and the Contractor shall establish the final indirect cost rates as promptly as practical after receipt of the Contractor's proposal.

(iii) An adequate indirect cost rate proposal shall include the following data unless otherwise specified by the cognizant Federal agency official:

(A) Summary of all claimed indirect expense rates, including pool, base, and calculated indirect rate.

(B) General and Administrative expenses (final indirect cost pool). Schedule of claimed expenses by element of cost as identified in accounting records (Chart of Accounts).

(C) Overhead expenses (final indirect cost pool). Schedule of claimed expenses by element of cost as identified in accounting records (Chart of Accounts) for each final indirect cost pool.

(D) Occupancy expenses (intermediate indirect cost pool). Schedule of claimed expenses by element of cost as identified in accounting records (Chart of Accounts) and expense reallocation to final indirect cost pools.

(E) Claimed allocation bases, by element of cost, used to distribute indirect costs.

(F) Facilities capital cost of money factors computation.

(G) Reconciliation of books of account (i.e., General Ledger) and claimed direct costs by major cost element.

(H) Schedule of direct costs by contract and subcontract and indirect expense applied at claimed rates, as well as a subsidiary schedule of Government participation percentages in each of the allocation base amounts.

(I) Schedule of cumulative direct and indirect costs claimed and billed by contract and subcontract.

(J) Subcontract information. Listing of subcontracts awarded to companies for which the contractor is the prime or upper-tier contractor (include prime and subcontract numbers; subcontract value and award type; amount claimed during the fiscal year; and the subcontractor name, address, and point of contact information).

(K) Summary of each time-and-materials and labor-hour contract information, including labor categories, labor rates, hours, and amounts; direct materials; other direct costs; and, indirect expense applied at claimed rates.

(L) Reconciliation of total payroll per IRS form 941 to total labor costs distribution.

(M) Listing of decisions/agreements/approvals and description of accounting/organizational changes.

(N) Certificate of final indirect costs (see 52.242 -4, Certification of Final Indirect Costs).

(O) Contract closing information for contracts physically completed in this fiscal year (include contract number, period of performance, contract ceiling amounts, contract fee computations, level of effort, and indicate if the contract is ready to close).

(iv) The following supplemental information is not required to determine if a proposal is adequate, but may be required during the audit process:

(A) Comparative analysis of indirect expense pools detailed by account to prior fiscal year and budgetary data.

(B) General organizational information and limitation on allowability of compensation for certain contractor personnel. See 31.205 -6(p). Additional salary reference information is available at http://www.whitehouse.gov/omb/procurement_index_exec_comp/.

(C) Identification of prime contracts under which the contractor performs as a subcontractor.

(D) Description of accounting system (excludes contractors required to submit a CAS Disclosure Statement or contractors where the description of the accounting system has not changed from the previous year's submission).

(E) Procedures for identifying and excluding unallowable costs from the costs claimed and billed (excludes contractors where the procedures have not changed from the previous year's submission).

(F) Certified financial statements and other financial data (e.g., trial balance, compilation, review, etc.).

(G) Management letter from outside CPAs concerning any internal control weaknesses.

(H) Actions that have been and/or will be implemented to correct the weaknesses described in the management letter from subparagraph G) of this section.

(I) List of all internal audit reports issued since the last disclosure of internal audit reports to the Government.

(J) Annual internal audit plan of scheduled audits to be performed in the fiscal year when the final indirect cost rate submission is made.

(K) Federal and State income tax returns.

(L) Securities and Exchange Commission 10-K annual report.

(M) Minutes from board of directors meetings.

(N) Listing of delay claims and termination claims submitted which contain costs relating to the subject fiscal year.

(O) Contract briefings, which generally include a synopsis of all pertinent contract provisions, such as: Contract type, contract amount, product or service(s) to be provided, contract performance period, rate ceilings, advance approval requirements, pre-contract cost allowability limitations, and billing limitations.

(v) The Contractor shall update the billings on all contracts to reflect the final settled rates and update the schedule of cumulative direct and indirect costs claimed and billed, as required in paragraph (d)(2)(iii)(I) of this section, within 60 days after settlement of final indirect cost rates.

(3) The Contractor and the appropriate Government representative shall execute a written understanding setting forth the final indirect cost rates. The understanding shall specify (i) the agreed-upon final annual indirect cost rates, (ii) the bases to which the rates apply, (iii) the periods for which the rates apply, (iv) any specific indirect cost items treated as direct costs in the settlement, and (v) the affected contract and/or subcontract, identifying any with advance agreements or special terms and the applicable rates. The understanding shall not change any monetary ceiling, contract obligation, or specific cost allowance or disallowance provided for in this contract. The understanding is incorporated into this contract upon execution.

(4) Failure by the parties to agree on a final annual indirect cost rate shall be a dispute within the meaning of the Disputes clause.

(5) Within 120 days (or longer period if approved in writing by the Contracting Officer) after settlement of the final annual indirect cost rates for all years of a physically complete contract, the Contractor shall submit a completion invoice or voucher to reflect the settled amounts and rates. The completion invoice or voucher shall include settled subcontract amounts and rates. The prime contractor is responsible for settling subcontractor amounts and rates included in the completion invoice or voucher and providing status of subcontractor audits to the contracting officer upon request.

(6)(i) If the Contractor fails to submit a completion invoice or voucher within the time specified in paragraph (d)(5) of this clause, the Contracting Officer may--

(A) Determine the amounts due to the Contractor under the contract; and

(B) Record this determination in a unilateral modification to the contract.

(ii) This determination constitutes the final decision of the Contracting Officer in accordance with the Disputes clause.

(e) Billing rates. Until final annual indirect cost rates are established for any period, the Government shall reimburse the Contractor at billing rates established by the Contracting Officer or by an authorized representative (the cognizant auditor), subject to adjustment when the final rates are established. These billing rates--

(1) Shall be the anticipated final rates; and

(2) May be prospectively or retroactively revised by mutual agreement, at either party's request, to prevent substantial overpayment or underpayment.

(f) Quick-closeout procedures. Quick-closeout procedures are applicable when the conditions in FAR 42.708(a) are satisfied.

(g) Audit. At any time or times before final payment, the Contracting Officer may have the Contractor's invoices or vouchers and statements of cost audited. Any payment may be (1) Reduced by amounts found by the Contracting Officer not to constitute allowable costs or (2) Adjusted for prior overpayments or underpayments.

(h) Final payment. (1) Upon approval of a completion invoice or voucher submitted by the Contractor in accordance with paragraph (d)(5) of this clause, and upon the Contractor's compliance with all terms of this contract, the Government shall promptly pay any balance of allowable costs and that part of the fee (if any) not previously paid.

(2) The Contractor shall pay to the Government any refunds, rebates, credits, or other amounts (including interest, if any) accruing to or received by the Contractor or any assignee under this contract, to the extent that those amounts are properly allocable to costs for which the Contractor has been reimbursed by the Government. Reasonable expenses incurred by the Contractor for securing refunds, rebates, credits, or other amounts shall be allowable costs if approved by the Contracting Officer. Before final payment under this contract, the Contractor and each assignee whose assignment is in effect at the time of final payment shall execute and deliver--

(i) An assignment to the Government, in form and substance satisfactory to the Contracting Officer, of refunds, rebates, credits, or other amounts (including interest, if any) properly allocable to costs for which the Contractor has been reimbursed by the Government under this contract; and

(ii) A release discharging the Government, its officers, agents, and employees from all liabilities, obligations, and claims arising out of or under this contract, except--

(A) Specified claims stated in exact amounts, or in estimated amounts when the exact amounts are not known;

(B) Claims (including reasonable incidental expenses) based upon liabilities of the Contractor to third parties arising out of the performance of this contract; provided, that the claims are not known to the Contractor on the date of the execution of the release, and that the Contractor gives notice of the claims in writing to the Contracting Officer within 6 years following the release date or notice of final payment date, whichever is earlier; and

(C) Claims for reimbursement of costs, including reasonable incidental expenses, incurred by the Contractor under the patent clauses of this contract, excluding, however, any expenses arising from the Contractor's indemnification of the Government against patent liability.

(End of clause)

52.216 -12 COST-SHARING CONTRACT--NO FEE (APR 1984)

(a) The Government shall not pay to the Contractor a fee for performing this contract.

(b) After paying $100,000.00 of the Government's share of the total estimated cost of performance shown in the Schedule, the Contracting Officer may withhold further payment of allowable cost until a reserve is set aside in an amount that the Contracting Officer considers necessary to protect the Government's interest. This reserve shall not exceed one percent of the Government's share of the total estimated cost shown in the Schedule or $100,000.00, whichever is less.

(End of clause)

52.217 -8 OPTION TO EXTEND SERVICES (NOV 1999)

The Government may require continued performance of any services within the limits and at the rates specified in the contract. These rates may be adjusted only as a result of revisions to prevailing labor rates provided by the Secretary of Labor. The option provision may be exercised more than once, but the total extension of performance hereunder shall not exceed 6 months. The Contracting Officer may exercise the option by written notice to the Contractor within 60 days.

(End of clause)

52.227 -11 PATENT RIGHTS--OWNERSHIP BY THE CONTRACTOR (MAY 2014)

(a) As used in this clause--

Invention means any invention or discovery that is or may be patentable or otherwise protectable under title 35 of the U.S. Code, or any variety of plant that is or may be protectable under the Plant Variety Protection Act (7 U.S.C. 2321, et seq.)

Made means--

(1) When used in relation to any invention other than a plant variety, the conception or first actual reduction to practice of the invention; or

(2) When used in relation to a plant variety, that the Contractor has at least tentatively determined that the variety has been reproduced with recognized characteristics.

Nonprofit organization means a university or other institution of higher education or an organization of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. 501(c)) and exempt from taxation under section 501(a) of the Internal Revenue Code (26 U.S.C. 501(a)), or any nonprofit scientific or educational organization qualified under a State nonprofit organization statute.

Practical application means to manufacture, in the case of a composition of product; to practice, in the case of a process or method; or to operate, in the case of a machine or system; and, in each case, under such conditions as to establish that the invention is being utilized and that its benefits are, to the extent permitted by law or Government regulations, available to the public on reasonable terms.

Subject invention means any invention of the Contractor made in the performance of work under this contract.

(b) Contractor's rights. (1) Ownership. The Contractor may retain ownership of each subject invention throughout the world in accordance with the provisions of this clause.

(2) License. (i) The Contractor shall retain a nonexclusive royalty-free license throughout the world in each subject invention to which the Government obtains title, unless the Contractor fails to disclose the invention within the times specified in paragraph (c) of this clause. The Contractor's license extends to any domestic subsidiaries and affiliates within the corporate structure of which the Contractor is a part, and includes the right to grant sublicenses to the extent the Contractor was legally obligated to do so at contract award. The license is transferable only with the written approval of the agency, except when transferred to the successor of that part of the Contractor's business to which the invention pertains.

(ii) The Contractor's license may be revoked or modified by the agency to the extent necessary to achieve expeditious practical application of the subject invention in a particular country in accordance with the procedures in FAR 27.302(i)(2) and 27.304 -1(f).

(c) Contractor's obligations. (1) The Contractor shall disclose in writing each subject invention to the Contracting Officer within 2 months after the inventor discloses it in writing to Contractor personnel responsible for patent matters. The disclosure shall identify the inventor(s) and this contract under which the subject invention was made. It shall be sufficiently complete in technical detail to convey a clear understanding of the subject invention. The disclosure shall also identify any publication, on sale (i.e., sale or offer for sale), or public use of the subject invention, or whether a manuscript describing the subject invention has been submitted for publication and, if so, whether it has been accepted for publication. In addition, after disclosure to the agency, the Contractor shall promptly notify the Contracting Officer of the acceptance of any manuscript describing the subject invention for publication and any on sale or public use.

(2) The Contractor shall elect in writing whether or not to retain ownership of any subject invention by notifying the Contracting Officer within 2 years of disclosure to the agency. However, in any case where publication, on sale, or public use has initiated the 1-year statutory period during which valid patent protection can be obtained in the United States, the period for election of title may be shortened by the agency to a date that is no more than 60 days prior to the end of the statutory period.

(3) The Contractor shall file either a provisional or a nonprovisional patent application or a Plant Variety Protection Application on an elected subject invention within 1 year after election. However, in any case where a publication, on sale, or public use has initiated the 1-year statutory period during which valid patent protection can be obtained in the United States, the Contractor shall file the application prior to the end of that statutory period. If the Contractor files a provisional application, it shall file a nonprovisional application within 10 months of the filing of the provisional application. The Contractor shall file patent applications in additional countries or international patent offices within either 10 months of the first filed patent application (whether provisional or nonprovisional) or 6 months from the date permission is granted by the Commissioner of Patents to file foreign patent applications where such filing has been prohibited by a Secrecy Order.

(4) The Contractor may request extensions of time for disclosure, election, or filing under paragraphs (c)(1), (c)(2), and (c)(3) of this clause.

(d) Government's rights--(1) Ownership. The Contractor shall assign to the agency, on written request, title to any subject invention--

(i) If the Contractor fails to disclose or elect ownership to the subject invention within the times specified in paragraph (c) of this clause, or elects not to retain ownership; provided, that the agency may request title only within 60 days after learning of the Contractor's failure to disclose or elect within the specified times.

(ii) In those countries in which the Contractor fails to file patent applications within the times specified in paragraph (c) of this clause; provided, however, that if the Contractor has filed a patent application in a country after the times specified in paragraph (c) of this clause, but prior to its receipt of the written request of the agency, the Contractor shall continue to retain ownership in that country.

(iii) In any country in which the Contractor decides not to continue the prosecution of any application for, to pay the maintenance fees on, or defend in reexamination or opposition proceeding on, a patent on a subject invention.

(2) License. If the Contractor retains ownership of any subject invention, the Government shall have a nonexclusive, nontransferable, irrevocable, paid-up license to practice, or have practiced for or on its behalf, the subject invention throughout the world.

(e) Contractor action to protect the Government's interest. (1) The Contractor shall execute or have executed and promptly deliver to the agency all instruments necessary to--

(i) Establish or confirm the rights the Government has throughout the world in those subject inventions in which the Contractor elects to retain ownership; and

(ii) Assign title to the agency when requested under paragraph (d) of this clause and to enable the Government to obtain patent protection and plant variety protection for that subject invention in any country.

(2) The Contractor shall require, by written agreement, its employees, other than clerical and nontechnical employees, to disclose promptly in writing to personnel identified as responsible for the administration of patent matters and in the Contractor's format, each subject invention in order that the Contractor can comply with the disclosure provisions of paragraph (c) of this clause, and to execute all papers necessary to file patent applications on subject inventions and to establish the Government's rights in the subject inventions. The disclosure format should require, as a minimum, the information required by paragraph (c)(1) of this clause. The Contractor shall instruct such employees, through employee agreements or other suitable educational programs, as to the importance of reporting inventions in sufficient time to permit the filing of patent applications prior to U.S. or foreign statutory bars.

(3) The Contractor shall notify the Contracting Officer of any decisions not to file a nonprovisional patent application, continue the prosecution of a patent application, pay maintenance fees, or defend in a reexamination or opposition proceeding on a patent, in any country, not less than 30 days before the expiration of the response or filing period required by the relevant patent office.

(4) The Contractor shall include, within the specification of any United States nonprovisional patent or plant variety protection application and any patent or plant variety protection certificate issuing thereon covering a subject invention, the following statement, “This invention was made with Government support under (identify the contract) awarded by (identify the agency). The Government has certain rights in the invention.”

(f) Reporting on utilization of subject inventions. The Contractor shall submit, on request, periodic reports no more frequently than annually on the utilization of a subject invention or on efforts at obtaining utilization of the subject invention that are being made by the Contractor or its licensees or assignees. The reports shall include information regarding the status of development, date of first commercial sale or use, gross royalties received by the Contractor, and other data and information as the agency may reasonably specify. The Contractor also shall provide additional reports as may be requested by the agency in connection with any march-in proceeding undertaken by the agency in accordance with paragraph (h) of this clause. The Contractor also shall mark any utilization report as confidential/proprietary to help prevent inadvertent release outside the Government. As required by 35 U.S.C. 202(c)(5), the agency will not disclose that information to persons outside the Government without the Contractor's permission.

(g) Preference for United States industry. Notwithstanding any other provision of this clause, neither the Contractor nor any assignee shall grant to any person the exclusive right to use or sell any subject invention in the United States unless the person agrees that any products embodying the subject invention or produced through the use of the subject invention will be manufactured substantially in the United States. However, in individual cases, the requirement for an agreement may be waived by the agency upon a showing by the Contractor or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States, or that under the circumstances domestic manufacture is not commercially feasible.

(h) March-in rights. The Contractor acknowledges that, with respect to any subject invention in which it has retained ownership, the agency has the right to require licensing pursuant to 35 U.S.C. 203 and 210(c), and in accordance with the procedures in 37 CFR 401.6 and any supplemental regulations of the agency in effect on the date of contract award.

(i) Special provisions for contracts with nonprofit organizations. If the Contractor is a nonprofit organization, it shall--

(1) Not assign rights to a subject invention in the United States without the written approval of the agency, except where an assignment is made to an organization that has as one of its primary functions the management of inventions, provided, that the assignee shall be subject to the same provisions as the Contractor;

(2) Share royalties collected on a subject invention with the inventor, including Federal employee co-inventors (but through their agency if the agency deems it appropriate) when the subject invention is assigned in accordance with 35 U.S.C. 202(e) and 37 CFR 401.10;

(3) Use the balance of any royalties or income earned by the Contractor with respect to subject inventions, after payment of expenses (including payments to inventors) incidental to the administration of subject inventions for the support of scientific research or education; and

(4) Make efforts that are reasonable under the circumstances to attract licensees of subject inventions that are small business concerns, and give a preference to a small business concern when licensing a subject invention if the Contractor determines that the small business concern has a plan or proposal for marketing the invention which, if executed, is equally as likely to bring the invention to practical application as any plans or proposals from applicants that are not small business concerns; provided, that the Contractor is also satisfied that the small business concern has the capability and resources to carry out its plan or proposal. The decision whether to give a preference in any specific case will be at the discretion of the Contractor.

(5) Allow the Secretary of Commerce to review the Contractor's licensing program and decisions regarding small business applicants, and negotiate changes to its licensing policies, procedures, or practices with the Secretary of Commerce when the Secretary's review discloses that the Contractor could take reasonable steps to more effectively implement the requirements of paragraph (i)(4) of this clause.

(j) Communications.

(k) Subcontracts. (1) The Contractor shall include the substance of this clause, including this paragraph (k), in all subcontracts for experimental, developmental, or research work to be performed by a small business concern or nonprofit organization.

(2) The Contractor shall include in all other subcontracts for experimental, developmental, or research work the substance of the patent rights clause required by FAR Subpart 27.3.

(3) At all tiers, the patent rights clause must be modified to identify the parties as follows: references to the Government are not changed, and the subcontractor has all rights and obligations of the Contractor in the clause. The Contractor shall not, as part of the consideration for awarding the subcontract, obtain rights in the subcontractor's subject inventions.

(4) In subcontracts, at any tier, the agency, the subcontractor, and the Contractor agree that the mutual obligations of the parties created by this clause constitute a contract between the subcontractor and the agency with respect to the matters covered by the clause; provided, however, that nothing in this paragraph is intended to confer any jurisdiction under the Contract Disputes statute in connection with proceedings under paragraph (h) of this clause.

(End of clause)

52.243 -2 CHANGES--COST-REIMBURSEMENT (AUG 1987) - ALTERNATE I (APR 1984)

(a) The Contracting Officer may at any time, by written order, and without notice to the sureties, if any, make changes within the general scope of this contract in any one or more of the following:

(1) Description of services to be performed.

(2) Time of performance (i.e., hours of the day, days of the week, etc.).

(3) Place of performance of the services.

(b) If any such change causes an increase or decrease in the estimated cost of, or the time required for, performance of any part of the work under this contract, whether or not changed by the order, or otherwise affects any other terms and conditions of this contract, the Contracting Officer shall make an equitable adjustment in the (1) estimated cost, delivery or completion schedule, or both; (2) amount of any fixed fee; and (3) other affected terms and shall modify the contract accordingly.

(c) The Contractor must assert its right to an adjustment under this clause within 30 days from the date of receipt of the written order. However, if the Contracting Officer decides that the facts justify it, the Contracting Officer may receive and act upon a proposal submitted before final payment of the contract.

(d) Failure to agree to any adjustment shall be a dispute under the Disputes clause. However, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.

(e) Notwithstanding the terms and conditions of paragraphs (a) and (b) above, the estimated cost of this contract and, if this contract is incrementally funded, the funds allotted for the performance of this contract, shall not be increased or considered to be increased except by specific written modification of the contract indicating the new contract estimated cost and, if this contract is incrementally funded, the new amount allotted to the contract. Until this modification is made, the Contractor shall not be obligated to continue performance or incur costs beyond the point established in the Limitation of Cost or Limitation of Funds clause of this contract.

(End of clause)

52.243 -2 CHANGES--COST-REIMBURSEMENT (AUG 1987) - ALTERNATE V (APR 1984)

(a) The Contracting Officer may at any time, by written order, and without notice to the sureties, if any, make changes within the general scope of this contract in any one or more of the following:

(1) Drawings, designs, or specifications.

(2) Method of shipment or packing.

(3) Place of inspection, delivery, or acceptance.

(b) If any such change causes an increase or decrease in the estimated cost of, or the time required for, performance of any part of the work under this contract, whether or not changed by the order, or otherwise affects any other terms and conditions of this contract, the Contracting Officer shall make an equitable adjustment in the (1) estimated cost, delivery or completion schedule, or both; (2) amount of any fixed fee; and (3) other affected terms and shall modify the contract accordingly.

(c) The Contractor must assert its right to an adjustment under this clause within 30 days from the date of receipt of the written order. However, if the Contracting Officer decides that the facts justify it, the Contracting Officer may receive and act upon a proposal submitted before final payment of the contract.

(d) Failure to agree to any adjustment shall be a dispute under the Disputes clause. However, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.

(e) Notwithstanding the terms and conditions of paragraphs (a) and (b) above, the estimated cost of this contract and, if this contract is incrementally funded, the funds allotted for the performance of this contract, shall not be increased or considered to be increased except by specific written modification of the contract indicating the new contract estimated cost and, if this contract is incrementally funded, the new amount allotted to the contract. Until this modification is made, the Contractor shall not be obligated to continue performance or incur costs beyond the point established in the Limitation of Cost or Limitation of Funds clause of this contract.

(End of clause)

52.243 -7 NOTIFICATION OF CHANGES (APR 1984)

(a) Definitions.

"Contracting Officer," as used in this clause, does not include any representative of the Contracting Officer.

"Specifically authorized representative (SAR)," as used in this clause, means any person the Contracting Officer has so designated by written notice (a copy of which shall be provided to the Contractor) which shall refer to this subparagraph and shall be issued to the designated representative before the SAR exercises such authority.

(b) Notice. The primary purpose of this clause is to obtain prompt reporting of Government conduct that the Contractor considers to constitute a change to this contract. Except for changes identified as such in writing and signed by the Contracting Officer, the Contractor shall notify the Administrative Contracting Officer in writing, within 15 calendar days from the date that the Contractor identifies any Government conduct (including actions, inactions, and written or oral communications) that the Contractor regards as a change to the contract terms and conditions. On the basis of the most accurate information available to the Contractor, the notice shall state--

(1) The date, nature, and circumstances of the conduct regarded as a change;

(2) The name, function, and activity of each Government individual and Contractor official or employee involved in or knowledgeable about such conduct;

(3) The identification of any documents and the substance of any oral communication involved in such conduct;

(4) In the instance of alleged acceleration of scheduled performance or delivery, the basis upon which it arose;

(5) The particular elements of contract performance for which the Contractor may seek an equitable adjustment under this clause, including--

(i) What contract line items have been or may be affected by the alleged change;

(ii) What labor or materials or both have been or may be added, deleted, or wasted by the alleged change;

(iii) To the extent practicable, what delay and disruption in the manner and sequence of performance and effect on continued performance have been or may be caused by the alleged change;

(iv) What adjustments to contract price, delivery schedule, and other provisions affected by the alleged change are estimated; and

(6) The Contractor's estimate of the time by which the Government must respond to the Contractor's notice to minimize cost, delay or disruption of performance.

(c) Continued performance. Following submission of the notice required by (b) above, the Contractor shall diligently continue performance of this contract to the maximum extent possible in accordance with its terms and conditions as construed by the Contractor, unless the notice reports a direction of the Contracting Officer or a communication from a SAR of the Contracting Officer, in either of which events the Contractor shall continue performance; provided, however, that if the Contractor regards the direction or communication as a change as described in (b) above, notice shall be given in the manner provided. All directions, communications, interpretations, orders and similar actions of the SAR shall be reduced to writing and copies furnished to the Contractor and to the Contracting Officer. The Contracting Officer shall countermand any action which exceeds the authority of the SAR.

(d) Government response. The Contracting Officer shall promptly, within 15 calendar days after receipt of notice, respond to the notice in writing. In responding, the Contracting Officer shall either--

(1) Confirm that the conduct of which the Contractor gave notice constitutes a change and when necessary direct the mode of further performance;

(2) Countermand any communication regarded as a change;

(3) Deny that the conduct of which the Contractor gave notice constitutes a change and when necessary direct the mode of further performance; or

(4) In the event the Contractor's notice information is inadequate to make a decision under (1), (2), or (3) above, advise the Contractor what additional information is required, and establish the date by which it should be furnished and the date thereafter by which the Government will respond.

(e) Equitable adjustments.

(1) If the Contracting Officer confirms that Government conduct effected a change as alleged by the Contractor, and the conduct causes an increase or decrease in the Contractor's cost of, or the time required for, performance of any part of the work under this contract, whether changed or not changed by such conduct, an equitable adjustment shall be made--

(i) In the contract price or delivery schedule or both; and

(ii) In such other provisions of the contract as may be affected.

(2) The contract shall be modified in writing accordingly. In the case of drawings, designs or specifications which are defective and for which the Government is responsible, the equitable adjustment shall include the cost and time extension for delay reasonably incurred by the Contractor in attempting to comply with the defective drawings, designs or specifications before the Contractor identified, or reasonably should have identified, such defect. When the cost of property made obsolete or excess as a result of a change confirmed by the Contracting Officer under this clause is included in the equitable adjustment, the Contracting Officer shall have the right to prescribe the manner of disposition of the property. The equitable adjustment shall not include increased costs or time extensions for delay resulting from the Contractor's failure to provide notice or to continue performance as provided, respectively, in (b) and (c) above.

Note: The phrases “contract price” and “cost” wherever they appear in the clause, may be appropriately modified to apply to cost-reimbursement or incentive contracts, or to combinations thereof.

(End of clause)

52.244 -2 SUBCONTRACTS (OCT 2010) - ALTERNATE I (JUN 2007)

(a) Definitions. As used in this clause--

Approved purchasing system means a Contractor's purchasing system that has been reviewed and approved in accordance with Part 44 of the Federal Acquisition Regulation (FAR).

Consent to subcontract means the Contracting Officer's written consent for the Contractor to enter into a particular subcontract.

Subcontract means any contract, as defined in FAR Subpart 2.1, entered into by a subcontractor to furnish supplies or services for performance of the prime contract or a subcontract. It includes, but is not limited to, purchase orders, and changes and modifications to purchase orders.

(b) When this clause is included in a fixed-price type contract, consent to subcontract is required only on unpriced contract actions (including unpriced modifications or unpriced delivery orders), and only if required in accordance with paragraph (c) or (d) of this clause.

(c) If the Contractor does not have an approved purchasing system, consent to subcontract is required for any subcontract that--

(1) Is of the cost-reimbursement, time-and-materials, or labor-hour type; or

(2) Is fixed-price and exceeds--

(i) For a contract awarded by the Department of Defense, the Coast Guard, or the National Aeronautics and Space Administration, the greater of the simplified acquisition threshold or 5 percent of the total estimated cost of the contract; or

(ii) For a contract awarded by a civilian agency other than the Coast Guard and the National Aeronautics and Space Administration, either the simplified acquisition threshold or 5 percent of the total estimated cost of the contract.

(d) If the Contractor has an approved purchasing system, the Contractor nevertheless shall obtain the Contracting Officer's written consent before placing the following subcontracts: N/A

(e)(1) The Contractor shall notify the Contracting Officer reasonably in advance of placing any subcontract or modification thereof for which consent is required under paragraph (b), (c), or (d) of this clause, including the following information:

(i) A description of the supplies or services to be subcontracted.

(ii) Identification of the type of subcontract to be used.

(iii) Identification of the proposed subcontractor.

(iv) The proposed subcontract price.

(v) The subcontractor's current, complete, and accurate cost or pricing data and Certificate of Current Cost or Pricing Data, if required by other contract provisions.

(vi) The subcontractor's Disclosure Statement or Certificate relating to Cost Accounting Standards when such data are required by other provisions of this contract.

(vii) A negotiation memorandum reflecting--

(A) The principal elements of the subcontract price negotiations;

(B) The most significant considerations controlling establishment of initial or revised prices;

(C) The reason cost or pricing data were or were not required;

(D) The extent, if any, to which the Contractor did not rely on the subcontractor's cost or pricing data in determining the price objective and in negotiating the final price;

(E) The extent to which it was recognized in the negotiation that the subcontractor's cost or pricing data were not accurate, complete, or current; the action taken by the Contractor and the subcontractor; and the effect of any such defective data on the total price negotiated;

(F) The reasons for any significant difference between the Contractor's price objective and the price negotiated; and

(G) A complete explanation of the incentive fee or profit plan when incentives are used. The explanation shall identify each critical performance element, management decisions used to quantify each incentive element, reasons for the incentives, and a summary of all trade-off possibilities considered.

(2) If the Contractor has an approved purchasing system and consent is not required under paragraph (c), or (d) of this clause, the Contractor nevertheless shall notify the Contracting Officer reasonably in advance of entering into any (i) cost-plus-fixed-fee subcontract, or (ii) fixed-price subcontract that exceeds either the simplified acquisition threshold or 5 percent of the total estimated cost of this contract. The notification shall include the information required by paragraphs (e)(1)(i) through (e)(1)(iv) of this clause.

(f) Unless the consent or approval specifically provides otherwise, neither consent by the Contracting Officer to any subcontract nor approval of the Contractor's purchasing system shall constitute a determination--

(1) Of the acceptability of any subcontract terms or conditions;

(2) Of the allowability of any cost under this contract; or

(3) To relieve the Contractor of any responsibility for performing this contract.

(g) No subcontract or modification thereof placed under this contract shall provide for payment on a cost-plus-a-percentage-of-cost basis, and any fee payable under cost-reimbursement type subcontracts shall not exceed the fee limitations in FAR 15.404 -4(c)(4)(i).

(h) The Contractor shall give the Contracting Officer immediate written notice of any action or suit filed and prompt notice of any claim made against the Contractor by any subcontractor or vendor that, in the opinion of the Contractor, may result in litigation related in any way to this contract, with respect to which the Contractor may be entitled to reimbursement from the Government.

(i) The Government reserves the right to review the Contractor's purchasing system as set forth in FAR Subpart 44.3.

(j) Paragraphs (c) and (e) of this clause do not apply to the following subcontracts, which were evaluated during negotiations: N/A

(End of clause)

52.252 -2 CLAUSES INCORPORATED BY REFERENCE (FEB 1998)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this/these address(es):

http://farsite.hill.af.mil
www/usamraa.army.mil

(End of clause)

52.252 -6 AUTHORIZED DEVIATIONS IN CLAUSES (APR 1984)

(a) The use in this solicitation or contract of any Federal Acquisition Regulation (48 CFR Chapter 1) clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the date of the clause.

(b) The use in this solicitation or contract of any Federal Acquisition Regulation (48 CFR Chapter 1) clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the name of the regulation.

(End of clause)

252.225 -7043 ANTITERRORISM/FORCE PROTECTION POLICY FOR DEFENSE CONTRACTORS OUTSIDE THE UNITED STATES (MAR 2006)

(a) Definition. United States, as used in this clause, means, the 50 States, the District of Columbia, and outlying areas.

(b) Except as provided in paragraph (c) of this clause, the Contractor and its subcontractors, if performing or traveling outside the United States under this contract, shall--

(1) Affiliate with the Overseas Security Advisory Council, if the Contractor or subcontractor is a U.S. entity;

(2) Ensure that Contractor and subcontractor personnel who are U.S. nationals and are in-country on a non-transitory basis, register with the U.S. Embassy, and that Contractor and subcontractor personnel who are third country nationals comply with any security related requirements of the Embassy of their nationality;

(3) Provide, to Contractor and subcontractor personnel, antiterrorism/force protection awareness information commensurate with that which the Department of Defense (DoD) provides to its military and civilian personnel and their families, to the extent such information can be made available prior to travel outside the United States; and

(4) Obtain and comply with the most current antiterrorism/force protection guidance for Contractor and subcontractor personnel.

(c) The requirements of this clause do not apply to any subcontractor that is-- (1) A foreign government; (2) A representative of a foreign government; or (3) A foreign corporation wholly owned by a foreign government.

(d) Information and guidance pertaining to DoD antiterrorism/force protection can be obtained from HQDA-AT;

(End of clause)

Section J - List of Documents, Exhibits and Other Attachments

Exhibit/Attachment Table of Contents

DOCUMENT TYPE	DESCRIPTION	PAGES	DATE
Attachment 1	Quality Assurance Surveillance Plan	8	22-JUN-2015
Attachment 10	CDRL A009	2	26-MAR-2015
Attachment 11	CDRL A010	2	26-MAR-2015
Attachment 12	CDRL A011	2	26-MAR-2015
Attachment 13	CDRL A012	2	26-MAR-2015
Attachment 14	CDRL A013	2	26-MAR-2015
Attachment 2	CDRL A001	2	26-MAR-2015
Attachment 3	CDRL A002	2	26-MAR-2015
Attachment 4	CDRL A003	2	26-MAR-2015
Attachment 5	CDRL A004	2	26-MAR-2015
Attachment 6	CDRL A005	2	26-MAR-2015
Attachment 7	CDRL A006	2	26-MAR-2015
Attachment 8	CDRL A007	2	26-MAR-2015
Attachment 9	CDRL A008	2	26-MAR-2015

April13, 2016

Philippe Deschamps
President & CEO
Helius Medical Technologies
41 University Drive, Suite 400
Newtown PA 18940

Re: Consultant Agreement ("Agreement")

Dear Phil,:

Helius Medical Technologies ("Company") and Mentel Media, Inc ("Lender") f/s/o Mentel Williams ("Artist") have agreed as follows:

1. Services/Expenses: Company hereby engages Lender to furnish the non- exclusive services of Artist as a consultant subject to Artist's reasonable availability. Such services to be provided in the New York area unless mutually approved by the parties in which case Lender's/Artist's expenses to be paid by Company. Any other expenses of Lender/Artist are subject to pre-approval by Company. Services to include media interviews to promote the clinical trial registration to include but not limited to a satellite TV tour, as well as ongoing media/marketing strategy development for consumer launch, strategic partnership development and military meetings as needed.

2. Term: The term ("Term") of this Agreement shall commence on April 15, 2016, and shall continue for twelve months, or until replaced by a spokesperson agreement with Lender, whichever comes first. Either party may terminate this Agreement upon thirty (30) days prior written notice.

3. Fees: Lender shall be paid during the Term the sum of fifteen thousand ($15,000.00) per month payable on a monthly basis.

4. Results and Proceeds: Company shall own all rights in and to the results and proceeds of Lender'sA! rtist's services hereunder as a "work made-for-hire." To the extent that such work or the results and proceeds thereof is not deemed a work made-for-hire, Lender/Artist irrevocably assign, transfer and convey to Company any such work and/or results and proceeds.

5. Confidential Information: Lender/Artist acknowledge and understand that the confidential information of Company is valuable, special and unique to its business, that such business depends on such confidential information and that Company desires to protect such confidential information by keeping it confidential for its use and benefit. Based on the foregoing, Lender/Artist agree not to disclose either while rendering services on behalf of Company or at any time thereafter, to any person not then employed by the Company, or not then engaged to render services to Company, any confidential information obtained by Lender/Artist while rendering services for Company; and Lender/Artist agree that upon termination of this Agreement or at any other time that Company may request so, Lender/Artist shall promptly deliver to Company all such confidential materials.

6. Independent Contractor: (a) Lende-r has the full right, power, authority and legal capacity to enter into and perform this Agreement without any consent from any other party; (b) Lender shall pay and report all income and other taxes applicable to Lender's services hereunder or any compensation therefor and Company shall have no obligation or liability for any such tax or reporting obligation; and (c) all works written, created, composed or delivered by Lender/Artist hereunder shall be wholly original with Lender/Artist, except only to the extent provided to Lender/Artist by Company for use by Lender/Artist hereunder, and shall not violate or infringe upon any rights of any other party of any kind whatsoever. All agreements, representations and warranties made by Lender in this Agreement shall survive the execution, delivery, performance and termination of this Agreement.

7. Representations and Warranties; Indemnifications:

(a) Each party hereby represents and warrants that it has the right to enter into this Agreement and to grant the rights herein. Further, Lender/Artist represents and warrants that all results and proceeds of Lender's/Artist's services ("Results and Proceeds") are and shall be original with Lender/Artist or in the public domain and, to the best of Lender'sA! rtist's knowledge, do not and shall not violate or infringe upon copyright, right of privacy or any other right of any person or entity.

(b) To the fullest extent permitted by law, each party shall, at its own expense, defend, indemnify and hold harmless the other party (including in the case of Company, its parents, affiliates and subsidiaries and their successors and their respective officers, directors, employees and agents and licensees) from and against any and all allegations asserted in any third party claim, investigation, demand, suit, cause of action or proceeding (collectively "Claims") to the extent actually arising from or related to any of the following: (i) any breach of this Agreement by the indemnifying party; (ii) any failure by the indemnifying party to comply with any applicable law; (iii) any bodily injury or loss of property resulting from any act or omission of the indemnifying party to the extent not as a result of the act or failure to act of the indemnified party unless such act or failure to act constitutes negligence; (iv) the Results and Proceeds: (A) constitutes libel, slander, and/or defamation; (B) constitutes an infringement of any trademark (excluding Company supplied trademarks), copyright, or other intellectual property right of a third party; (C) constitutes piracy plagiarism, misappropriation of another's idea, confidential information, trade secrets, or unfair competition; (D) constitutes an invasion of rights of privacy of publicity; or (E) results in any claim, suit, or proceeding arising out of obligations under a union agreement relating to the production or use of any of the Results and Proceeds to the extent that such result from the indemnifying party's breach of the terms of this Agreement or otherwise are caused by the indemnifying party. In addition, (i) Lender/Artist shall, at it own expense indemnify and hold harmless Company for any loss, unauthorized disclosure or unauthorized use of confidential information by Lender/Artist or its employees and (ii) Company shall, at its own expense, defend, indemnify and hold harmless Lender/Artist from and against any and all Claims related to the development, production, distribution and/or exploitation of the Results and Proceeds and any element thereof excluding, however, Claims related to breaches by Lender/Artist of its representations and warranties herein.

8. Miscellaneous:

(a) This Agreement sets forth the entire agreement and understanding of the parties hereto, and, effective on the commencement of the Term hereof, supersedes all prior agreements, arrangements, and understandings.

{b) This Agreement shall be governed and construed in accordance with the laws of the State of California.

(c) In the event of a breach of any provision hereof by Company or its successors, licensees or assigns, Lender/Artist agree that their sole remedy shall be an action at law for money damages, if any, and in no event shall Lender/Artist seek or have the right to seek or obtain any injunctive or other equitable relief, or enjoin, interfere with or otherwise prohibit the development, production, exhibition, distribution, advertising and/or exploitation of the any rights granted to Company hereunder.

Very truly yours,

By: __”Melanie McLaughlin”___
Melanie McLaughlin, President

Montel Media, Inc.

___”Montel Williams”_____
Montel Williams (“Artist"

AGREED TO AND ACCEPTED: Helius Medical Technologies, Inc.

By: ____”Phil Deschamps”____
Phil Deschamps, CEO

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form S-1 of our report dated January 30, 2015, relating to the financial statements of Helius Medical Technologies, Inc., which is part of this Registration Statement.

We also consent to the reference to us under the caption “Experts” in the Registration Statement.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

May 4, 2016

Consent of Independent Registered Public Accounting Firm

Helius Medical Technologies, Inc.
Newtown, Pennsylvania

We hereby consent to the use in the Prospectus constituting a part of this Registration Statement of our report dated June 21, 2015 (except Note 12 which is as of January 11, 2016) relating to the consolidated financial statements of Helius Medical Technologies Inc., which are contained in that Prospectus. Our report contains an explanatory paragraph regarding the Company's ability to continue as a going concern.

We also consent to the reference to us under the caption "Experts" in the Prospectus.

/s/ BDO Canada LLP

BDO Canada, LLP
Vancouver, British Columbia

May 4, 2016