Consolidated Interim Financial Statements of
(Unaudited)

NEPTUNE TECHNOLOGIES & BIORESSOURCES INC.

For the three-month and nine-month periods ended November 30, 2014 and 2013

NEPTUNE TECHNOLOGIES & BIORESSOURCES INC.

Consolidated Interim Financial Statements
(Unaudited)

For the three-month and nine-month periods ended November 30, 2014 and 2013

Financial Statements

Notice:

These interim financial statements have not been reviewed by the Corporation's auditors.

NEPTUNE TECHNOLOGIES & BIORESSOURCES INC.

Consolidated Interim Statements of Financial Position
(Unaudited)

As at November 30, 2014 and February 28, 2014

	November 30, 2014	February 28, 2014
Assets		
Current assets:		
Cash	$ 7,312,972	$ 6,522,366
Short-term investments	27,266,383	23,025,951
Trade and other receivables	5,924,310	16,939,211
Tax credits receivable	1,780,684	2,031,729
Prepaid expenses	638,230	1,196,113
Inventories (note 4)	17,758,374	13,596,775
	60,680,953	63,312,145
Property, plant and equipment (note 5)	47,646,306	37,034,030
Intangible assets	1,585,674	1,878,270
Other investment (note 6)	450,000	–
Total assets	$ 110,362,933	$ 102,224,445
Liabilities and Equity		
Current liabilities:		
Loans and borrowings (note 7)	18,912	18,048
Trade and other payables	9,609,728	14,840,775
Advance payments and deferred revenues	1,300,949	900,282
	10,929,589	15,759,105
Deferred lease inducements	464,953	509,470
Loans and borrowings (note 7)	14,430,870	10,081,195
Derivative warrant liability (note 13)	1,600,849	10,821,413
Total liabilities	27,426,261	37,171,183
Equity:		
Share capital (note 8)	122,527,272	88,745,590
Warrants (note 8 (d))	648,820	464,800
Contributed surplus	24,479,868	23,386,025
Deficit	(80,838,150)	(62,097,779)
Total equity attributable to equity holders of the Corporation	66,817,810	50,498,636
Non-controlling interest (note 9)	6,847,748	6,980,958
Subsidiary warrants and options (note 9)	9,271,114	7,573,668
Total equity attributable to non-controlling interest	16,118,862	14,554,626
Total equity	82,936,672	65,053,262
Commitments and contingency (note 12)		
Subsequent events (note 16)		
Total liabilities and equity	$ 110,362,933	$ 102,224,445

See accompanying notes to unaudited consolidated interim financial statements.

NEPTUNE TECHNOLOGIES & BIORESSOURCES INC.

Consolidated Interim Statements of Earnings and Comprehensive Loss
(Unaudited)

Three-month and nine-month periods ended November 30, 2014 and 2013

	Three-month periods ended November 30, 2014	Three-month periods ended November 30, 2013	Nine-month periods ended November 30, 2014	Nine-month periods ended November 30, 2013
Revenue from sales	$ 4,464,390	$ 4,395,512	$ 10,387,185	$ 15,831,281
Royalty revenues	270,651	72,787	662,200	75,048
Total revenues	4,735,041	4,468,299	11,049,385	15,906,329
Cost of sales (note 4)	(4,295,876)	(3,861,994)	(14,009,087)	(14,045,367)
Gross margin	439,165	606,305	(2,959,702)	1,860,962
Other income – from royalty settlement	–	–	1,633,950	–
Other income – insurance recoveries	–	260,825	–	5,960,825
Selling expenses	(681,573)	(569,049)	(2,277,387)	(1,614,290)
General and administrative expenses	(2,961,366)	(8,245,599)	(16,675,132)	(20,706,930)
Research and development expenses, net of tax credits of $75,368 and $158,956 (2013 - $153,997 and $441,420)	(2,626,419)	(2,052,734)	(8,010,238)	(6,079,229)
Results from operating activities	(5,830,193)	(10,000,252)	(28,288,509)	(20,578,662)
Finance income (note 13)	5,082,597	20,247	9,348,675	93,020
Finance costs	(342,667)	(557,292)	(537,091)	(630,947)
Foreign exchange gain	1,164,134	94,136	579,352	206,605
Net finance income (expense)	5,904,064	(442,909)	9,390,936	(331,322)
Income (loss) before income taxes	73,871	(10,443,161)	(18,897,573)	(20,909,984)
Income taxes (note 11)	–	–	(245,093)	–
Net income (loss) and comprehensive income (loss) for the period	$ 73,871	$ (10,443,161)	$ (19,142,666)	$ (20,909,984)
Net income (loss) and comprehensive income (loss) attributable to:				
Equity holders of the Corporation	$ (1,332,844)	$ (8,796,638)	$ (18,740,371)	$ (16,832,410)
Non-controlling interest	1,406,715	(1,646,523)	(402,295)	(4,077,574)
Net income (loss) and comprehensive income (loss) for the period	$ 73,871	$ (10,443,161)	$ (19,142,666)	$ (20,909,984)
Basic and diluted loss per share	$ (0.02)	$ (0.14)	$ (0.25)	$ (0.28)
Basic and diluted weighted average number of common shares	74,979,697	61,123,213	74,362,603	60,606,418

See accompanying notes to unaudited consolidated interim financial statements.

NEPTUNE TECHNOLOGIES & BIORESSOURCES INC.

Consolidated Interim Statements of Changes in Equity
(Unaudited)

Nine-month periods ended November 30, 2014 and 2013

	Attributable to equity holders of the Corporation						Attributable to non-controlling interest			
	Share capital									
	Number	Dollars	Warrants	Contributed surplus	Deficit	Total	Subsidiary warrants and options	Non-controlling interest	Total	Total equity
Balance, February 28, 2014	61,878,725	\$ 88,745,590	\$ 464,800	\$ 23,386,025	\$ (62,097,779)	\$ 50,498,636	\$ 7,573,668	\$ 6,980,958	\$ 14,554,626	\$ 65,053,262
Net loss and comprehensive loss for the period	–	–	–	–	(18,740,371)	(18,740,371)	–	(402,295)	(402,295)	(19,142,666)
	61,878,725	88,745,590	464,800	23,386,025	(80,838,150)	31,758,265	7,573,668	6,578,663	14,152,331	45,910,596
Transactions with owners, recorded directly in equity										
Contributions by and distribution to owners										
Share-based payment transactions (note 10)	–	–	–	1,924,057	–	1,924,057	2,283,188	–	2,283,188	4,207,245
Share-based payment transactions with a consultant (note 10 (c))	100,723	280,639	–	(280,639)	–	–	–	–	–	–
Share options exercised (note 10 (a))	325,000	1,153,360	–	(340,860)	–	812,500	–	–	–	812,500
RSUs released (note 10 (b))	268,249	890,587	–	(890,587)	–	–	–	–	–	–
Public offering (note 8 (b))	11,500,000	29,204,515	–	–	–	29,204,515	–	–	–	29,204,515
Private placement (note 8 (c))	907,000	2,252,581	–	–	–	2,252,581	–	–	–	2,252,581
IQ financing (note 8 (d))	–	–	184,020	–	–	184,020	–	–	–	184,020
Total contributions by and distribution to owners	13,100,972	33,781,682	184,020	411,971	–	34,377,673	2,283,188	–	2,283,188	36,660,861
Change in ownership interests in subsidiaries that do not result in a loss of control										
Exercise of Acasti warrants and options by third parties (note 9 (a))	–	–	–	(7,559)	–	(7,559)	–	57,559	57,559	50,000
Exercise of Acasti call-options by third parties (note 9 (a))	–	–	–	(86,641)	–	(86,641)	–	395,704	395,704	309,063
Acasti RSUs released (note 9 (a))	–	–	–	540,669	–	540,669	(572,217)	31,548	(540,669)	–
Exercise of NeuroBioPharm warrants and options by third parties (note 9 (b))	–	–	–	18,074	–	18,074	–	(11,922)	(11,922)	6,152
NeuroBioPharm SBAs released (note 9 (b))	–	–	–	217,329	–	217,329	(13,525)	(203,804)	(217,329)	–
Total changes in ownership interest in subsidiaries	–	–	–	681,872	–	681,872	(585,742)	269,085	(316,657)	365,215
Total transactions with owners	13,100,972	33,781,682	184,020	1,093,843	–	35,059,545	1,697,446	269,085	1,966,531	37,026,076
Balance at November 30, 2014	74,979,697	\$ 122,527,272	\$ 648,820	\$ 24,479,868	\$ (80,838,150)	\$ 66,817,810	\$ 9,271,114	\$ 6,847,748	\$ 16,118,862	\$ 82,936,672

See accompanying notes to unaudited consolidated interim financial statements.

NEPTUNE TECHNOLOGIES & BIORESSOURCES INC.

Consolidated Interim Statements of Changes in Equity, Continued
(Unaudited)

Nine-month periods ended November 30, 2014 and 2013

	Attributable to equity holders of the Corporation						Attributable to non-controlling interest			
	Share capital									
	Number	Dollars	Warrants	Contributed surplus	Deficit	Total	Subsidiary warrants and options	Non-controlling interest	Total	Total equity
Balance, February 28, 2013	60,079,730	$ 83,561,499	$ –	$ 17,736,472	$ (45,457,773)	$ 55,840,198	$ 4,294,340	$ (3,396,506)	$ 897,834	$ 56,738,032
Net loss and comprehensive loss for the period	–	–	–	–	(16,832,410)	(16,832,410)	–	(4,077,574)	(4,077,574)	(20,909,984)
	60,079,730	83,561,499	–	17,736,472	(62,290,183)	39,007,788	4,294,340	(7,474,080)	(3,179,740)	35,828,048
Transactions with owners, recorded directly in equity										
Contributions by and distribution to owners										
Share-based payment transactions (note 10)	–	–	–	5,540,302	–	5,540,302	3,337,064	–	3,337,064	8,877,366
Share-based payment transactions with a consultant (note 10 (c))	195,257	649,740	–	382,352	–	1,032,092	–	–	–	1,032,092
Share options and RSUs exercised (note 10 (a) and (b))	929,750	2,270,765	–	(821,390)	–	1,449,375	–	–	–	1,449,375
Total contributions by and distribution to owners	1,125,007	2,920,505	–	5,101,264	–	8,021,769	3,337,064	–	3,337,064	11,358,833
Change in ownership interests in subsidiaries that do not result in a loss of control										
Exercise of Acasti warrants and options by third parties	–	–	–	585,603	–	585,603	–	794,349	794,349	1,379,952
Exercise of NeuroBioPharm warrants and options by third parties	–	–	–	836	–	836	–	(534)	(534)	302
Exercise of Acasti series 4 warrants owned by Neptune	–	–	–	10,237	–	10,237	–	(10,237)	(10,237)	–
Subsidiary shares issued for royalties prepayment	–	–	–	(5,775,394)	–	(5,775,394)	–	5,746,394	5,746,394	(29,000)
Total changes in ownership interest in subsidiaries	–	–	–	(5,178,718)	–	(5,178,718)	–	6,529,972	6,529,972	1,351,254
Total transactions with owners	1,125,007	2,920,505	–	(77,454)	–	2,843,051	3,337,064	6,529,972	9,867,036	12,710,087
Balance at November 30, 2013	61,204,737	$ 86,482,004	$ –	$ 17,659,018	$ (62,290,183)	$ 41,850,839	$ 7,631,404	$ (944,108)	$ 6,687,296	$ 48,538,135

See accompanying notes to unaudited consolidated interim financial statements.

NEPTUNE TECHNOLOGIES & BIORESSOURCES INC.

Consolidated Interim Statements of Cash Flows
(Unaudited)

Three-month and nine-month periods ended November 30, 2014 and 2013

	Three-month periods ended November 30, 2014	Three-month periods ended November 30, 2013	Nine-month periods ended November 30, 2014	Nine-month periods ended November 30, 2013
Cash flows from operating activities:				
Net income (loss) for the period	$ 73,871	$ (10,443,161)	$ (19,142,666)	$ (20,909,984)
Adjustments:				
Depreciation of property, plant and equipment	557,644	71,901	1,046,822	204,437
Amortization of intangible assets	25,880	8,869	72,679	25,619
Loss from disposal of property, plant and equipment	100,415	449,409	100,415	449,409
Impairment loss related to intangible assets	–	–	269,569	–
Impairment loss related to inventories	–	–	2,063,712	–
Stock-based compensation	931,540	3,818,551	4,207,245	9,909,458
Amortization of deferred lease inducements	(14,839)	(14,839)	(44,517)	(35,474)
Net finance (income) expense	(5,904,064)	442,909	(9,390,936)	331,322
Other finance costs paid	(21,342)	–	(49,089)	–
Realized foreign exchange gain (loss)	33,515	122,325	(18,995)	211,811
Income taxes expense	–	–	245,093	–
	(4,217,380)	(5,544,036)	(20,640,668)	(9,813,402)
Changes in non-cash operating items:				
Trade and other receivables	(1,109,699)	(1,167,553)	11,014,901	(3,351,377)
Tax credits receivable	(123,750)	(153,997)	339,681	(441,420)
Prepaid expenses	(26,297)	20,884	557,883	(724,361)
Inventories	439,375	250,677	(6,225,311)	(1,291,061)
Trade and other payables	(3,847,271)	(1,479,813)	(508,013)	(157,413)
Advance payments and deferred revenues	(4,906)	(19,698)	(4,906)	(25,195)
Deferred lease inducements	–	–	–	510,929
	(8,889,928)	(8,093,536)	(15,466,433)	(15,293,300)
Income taxes paid	–	–	(245,093)	–
	(8,889,928)	(8,093,536)	(15,711,526)	(15,293,300)
Cash flows from investing activities:				
Interest received	3,560	62,401	55,872	209,278
Acquisition of property, plant and equipment	(1,831,295)	(4,273,144)	(16,376,316)	(7,535,523)
Acquisition of intangible assets	(6,673)	66,843	(88,924)	(247,924)
Maturity of short-term investments	8,279,077	9,200,000	41,714,888	18,125,096
Acquisition of short-term investments	–	–	(45,320,519)	(5,287,333)
	6,444,669	5,056,100	(20,014,999)	5,263,594
Cash flows from financing activities:				
Repayment of loans and borrowings	(4,547)	–	(13,430)	(7,518)
Proceeds from financing (note 7)	–	–	4,429,351	–
Proceeds from exercise of subsidiary warrants and options	–	933,988	56,152	1,380,254
Proceeds from exercise of subsidiary call-options	–	–	309,063	–
Net proceeds from public offering (note 8 (b))	1,828	–	29,204,515	–
Net proceeds from private placement (note 8 (c))	–	–	2,252,581	–
Proceeds from exercise of options	–	215,000	812,500	1,449,375
Subsidiary share issue costs	–	–	–	(29,000)
Interest paid	(220,965)	(7,292)	(524,956)	(80,947)
	(223,684)	1,141,696	36,525,776	2,712,164
Foreign exchange gain (loss) on cash held in foreign currencies	259,975	(7,853)	(8,645)	34,683
Net (decrease) increase in cash	(2,408,968)	(1,903,593)	790,606	(7,282,859)
Cash beginning of period	9,721,940	9,523,193	6,522,366	14,902,459
Cash, end of period	$ 7,312,972	$ 7,619,600	$ 7,312,972	$ 7,619,600
Supplemental cash flow disclosure:				
Non-cash transactions:				
Acquired property, plant and equipment included in trade and other payables	$ (219,762)	$ 2,520,718	$ 1,591,300	$ 4,196,469
Intangible assets included in trade and other payables	13,345	143,283	20,153	181,442
Grant received or receivable applied against property, plant and equipment	–	19,701	140,342	25,199
Derecognition of grant receivable applied against property, plant and equipment	–	–	–	2,589,297
Tax credit receivable applied against property, plant and equipment	–	–	88,636	362,566
Interest capitalized	–	44,181	295,936	129,629
Finance costs included in trade and other payables	–	550,000	–	550,000
Acquisition of other investment and increase in deferred revenues	450,000	–	450,000	–

See accompanying notes to unaudited consolidated interim financial statements.

1. Reporting entity:

Neptune Technologies & Bioressources Inc. (the "Corporation") is incorporated under the *Business Corporations Act* (Québec) (formerly Part 1A of the *Companies Act* (Québec)). The Corporation is domiciled in Canada and its registered office is located at 545 Promenade du Centropolis, Laval, Québec, H7T 0A3. The consolidated interim financial statements of the Corporation comprise the Corporation and its subsidiaries, Acasti Pharma Inc. ("Acasti") and NeuroBioPharm Inc. ("NeuroBioPharm") (collectively referred to as the "group"). The Corporation focuses on the research, development and commercialization of products derived from marine biomasses for the nutraceutical and pharmaceutical industries.

Neptune is a biotechnology corporation engaged primarily in the development, manufacture and commercialization of marine-derived omega-3 polyunsaturated fatty acids ("PUFAs"). Neptune produces omega-3 PUFAs through its patented process of extracting oils from Antartic krill, which omega-3 PUFAs are then principally sold as bulk oil to Neptune's distributors who commercialize them under their private label primarily in the U.S., European and Australian nutraceutical markets. Neptune's lead products, Neptune Krill Oil (NKO®) and ECOKRILL Oil (EKO™), generally come in capsule form and serve as a dietary supplement to consumers.

The Corporation's subsidiaries are subject to a number of risks associated with the successful development of new products and their marketing, the conduct of clinical studies and their results, the meeting of development objectives set by the Corporation in its license agreements and the establishment of strategic alliances. The Corporation's subsidiaries will have to finance their research and development activities and clinical studies. To achieve the objectives of their business plans, the Corporation's subsidiaries plan to establish strategic alliances, raise the necessary capital and make sales. It is anticipated that the products developed by the Corporation's subsidiaries will require approval from the U.S. Food and Drug Administration and equivalent organizations in other countries before their sale can be authorized.

2. Basis of preparation:

(a) Statement of compliance:

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), on a basis consistent with those accounting policies followed by the Corporation in the most recent audited consolidated annual financial statements, except as described in note 3. These consolidated interim financial statements have been prepared under IFRS in accordance with IAS 34, *Interim Financial Reporting*. Certain information, in particular the accompanying notes, normally included in the consolidated annual financial statements prepared in accordance with IFRS, has been omitted or condensed. Accordingly, the consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements, and therefore, should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended February 28, 2014.

The consolidated interim financial statements were authorized for issue by the Board of Directors on January 13, 2015.

(b) Basis of measurement:

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

- Share-based compensation transactions which are measured at fair value at date of grant pursuant to IFRS 2;
- Available for sale financial asset which are measured at fair value; and
- Derivative warrant liabilities which are measured at fair value.

2. Basis of preparation (continued):

(c) Functional and presentation currency:

These consolidated interim financial statements are presented in Canadian dollars, which is the Corporation and its subsidiaries' functional currency.

(d) Use of estimates and judgements:

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

Estimates are based on management's best knowledge of current events and actions that the Corporation may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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

- Assessing the recognition of contingent liabilities, which required judgment in evaluating whether it is probable that economic benefits will be required to settle matters subject to litigation (notes 12 and 16);
- Determining that the Corporation has de facto control over its subsidiary Acasti (note 9 (a)).

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

- Assessing the criteria for recognition of tax assets and investment tax credits;
- Measurement of derivative warrant liabilities (note 13) and stock-based compensation (note 10); and
- Collectability of trade receivable.

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

3. Significant accounting policies:

The accounting policies and basis of measurement applied in these consolidated interim financial statements are the same as those applied by the Corporation in its consolidated financial statements for the year ended February 28, 2014, except as described below:

(a) On March 1, 2014, the Corporation adopted the following new accounting standard issued by the IASB:

IFRIC *Interpretation 21 – Levies* provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation, other than income taxes within the scope of IAS 12, *Income Taxes* and fines or other penalties imposed for breaches of the legislation. The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. IFRIC 21 adoption did not have a significant impact on the Corporation's consolidated interim financial statements.

3. Significant accounting policies (continued):

(b) New standards and interpretations not yet adopted:

Financial instruments:

IFRS 9, *Financial Instruments*, was issued in November 2009. It addresses classification and measurement of financial assets and financial liabilities. In November 2013, the IASB issued a new general hedge accounting standard, which forms part of IFRS 9 *Financial Instruments* (2013). The new standard removes the January 1, 2015 prior effective date of IFRS 9. The new mandatory effective date will be determined once the classification and measurement and impairment phases of IFRS 9 are finalized. The mandatory effective date is not yet determined; however, early adoption of the new standard is still permitted. In February 2014, a tentative decision established the mandatory effective application for annual periods beginning on or after January 1, 2018. The Corporation has not yet assessed the impact of adoption of IFRS 9 and does not intend to early adopt IFRS 9 in its financial statements.

Revenue:

On May 28, 2014 the IASB issued IFRS 15, *Revenue from Contracts with Customers.* IFRS 15 will replace IAS 18, *Revenue,* among other standards. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. The new standard is effective for fiscal years ending on or after December 31, 2017, and is available for early adoption. The Corporation has not yet assessed the impact of adoption of IFRS 15, and does not intend to early adopt IFRS 15 in its financial statements.

4. Inventories:

	November 30, 2014	February 28, 2014
Raw materials	$ 13,462,073	$ 11,059,602
Work in progress	1,364,965	292,382
Finished goods	2,288,619	1,970,393
Spare parts	642,717	274,398
	$ 17,758,374	$ 13,596,775

For the three-month period ended November 30, 2014, the cost of sales of $4,295,876 ($3,861,994 for the three-month period ended November 30, 2013) included inventory costs of $3,369,252 ($3,833,344 for the three-month period ended November 30, 2013) which consisted of raw materials, consumables and changes in work in progress and finished goods.

For the nine-month period ended November 30, 2014, the cost of sales of $14,009,087 ($14,045,367 for the nine-month period ended November 30, 2013) included inventory costs of $8,195,853 ($13,740,195 for the nine-month period ended November 30, 2013) which consisted of raw materials, consumables and changes in work in progress and finished goods, and inventory writedown of $2,063,712 ($188,656 for the nine-month period ended November 30, 2013).

5. Property, plant and equipment:

	Land	Building and building components	Laboratory and plant equipment	Furniture and office equipment	Computer equipment	Total
Cost:						
Balance at February 28, 2014	$ 228,630	$18,310,432	$ 18,402,077	$ 470,927	$ 218,146	$ 37,630,212
Additions	–	4,693,082	7,040,718	25,391	322	11,759,513
Disposal	–	–	(100,415)	–	–	(100,415)
Balance at November 30, 2014	$ 228,630	$23,003,514	$ 25,342,380	$ 496,318	$ 218,468	$ 49,289,310
Accumulated depreciation:						
Balance at February 28, 2014	–	265,315	13,675	169,149	148,043	596,182
Depreciation for the year	–	420,560	557,984	45,476	22,802	1,046,822
Balance at November 30, 2014	$ –	$ 685,875	$ 571,659	$ 214,625	$ 170,845	$ 1,643,004
Net carrying amounts:						
February 28, 2014	$ 228,630	$18,045,117	$ 18,388,402	$ 301,778	$ 70,103	$ 37,034,030
November 30, 2014	228,630	22,317,639	24,770,721	281,693	47,623	47,646,306

In December 2011, the Corporation announced the start of an expansion project at its Sherbrooke plant. The cost of the expansion project has been revised to approximately $49,100,000 following the November 8, 2012 incident. For the nine-month period ended November 30, 2014, the Corporation had total additions to property, plant and equipment of $11,657,906 related to this project.

From the balance of property, plant and equipment, an amount of $276,223 represents assets which are not yet in service as at November 30, 2014. Additions for the nine-month period ended November 30, 2014 include interest capitalized of $295,936 and are net of tax credits and grants of $228,978.

6. Other investment:

On October 20, 2014, the Corporation announced the signing of an exclusive world-wide, royalty-bearing, non-transferable License Agreement ("License Agreement") with BlueOcean Nutrascience Inc. ("BlueOcean"), a Canadian company, under the Corporation's composition and extraction patents covering the production and sale of marine derived oil products containing phospholipids.

The License Agreement ends on December 16, 2024 or at an earlier date should the Corporation's patents expire or become invalid prior to that date.

In accordance with the terms of the License Agreement, BlueOcean agreed to pay the following to the Corporation:

- An initial upfront fee consisting of 3,750,000 of its publicly traded shares; and
- Royalty payments of per products sold under the License Agreement subject to a minimum royalty payment.

Accordingly, on October 22, 2014, the Corporation received 3,750,000 publicly traded common shares of BlueOcean having a fair value of $0.12 per share. The fair value of the resulting investment amounting to $450,000 has been recorded by the Corporation as Other investment in the consolidated statement of financial position and classified as available for sale financial instrument. Subsequent changes in the fair value of the investment will be recorded through other comprehensive income or (loss). Refer to note 13.

7. Loans and borrowings:

During the year ended February 28, 2014, Neptune finalized a secured financing of $12,500,000 with Investissement Québec (“IQ”). The IQ secured loan bearing interest at a rate of 7.0% per annum includes a two-year moratorium on principal repayment from the first disbursement date, following which, the loan will be payable in equal monthly instalments over a 4-year period. The loan has been disbursed overtime to Neptune on a project driven basis and is subject to compliance with certain covenants and warranties customary to such type of transaction. During the nine-month period ended November 30, 2014, Neptune received the last disbursement of $3,966,744 from IQ ($8,533,256 were received as at February 28, 2014). The loan has been initially recorded at its estimated fair value of $3,782,724, using a discount rate of 9%. The difference with the cash contribution received has been allocated to the warrants issued and vested to IQ concurrently with the disbursement of the loan (note 8 (d)).

During the year ended February 28, 2013, Neptune obtained a refundable contribution without interest from a federal program, of which $3,037,393 had been received in cash as at February 28, 2014. The refundable contribution is payable in monthly instalments of $50,623 from March 2016 to February 2021. During the nine-month period ended November 30, 2014, Neptune received the last disbursement of $462,607.

8. Capital and other components of equity:

(a) Share capital:

Authorized capital stock:

Unlimited number of shares without par value:

- Common shares

Preferred shares, issuable in series, rights, privileges and restrictions determined at time of issuance:

- Series A preferred shares, non-voting, non-participating, fixed, preferential and non-cumulative dividend of 5% of paid-up capital, exchangeable at the holder’s option under certain conditions into common shares (none issued and outstanding).

(b) Public offering:

On March 6, 2014, Neptune closed a public offering of 11,500,000 common shares of the Corporation at a price of US$2.50 per common share for total gross proceeds of $31,717,000 (US$28,750,000). Total issue costs related to this transaction amounted to $2,512,485.

(c) Private placement:

On April 4, 2014, Neptune closed a private placement of $2,503,320 of common shares of the Corporation at a price of $2.76 per share, resulting in a total of 907,000 shares being issued. Total issue costs related to this transaction amounted to $250,739.

(d) Warrants:

The warrants of the Corporation are composed of the following as at November 30, 2014 and February 28, 2014:

	November 30, 2014		February 28, 2014	
	Number outstanding and exercisable	Amount	Number outstanding and exercisable	Amount
Warrants IQ financing (classified as equity)	750,000	$ 648,820	511,995	$ 464,800
	750,000	$ 648,820	511,995	$ 464,800

8. Capital and other components of equity (continued):

(d) Warrants (continued):

During the year ended February 28, 2014, as part of the IQ secured loan of $12,500,000, the Corporation granted warrants to purchase 750,000 common shares of the Corporation to IQ. The warrants will be exercisable at an exercise price of $3.37 until December 12, 2019. Warrants had vested on a project driven basis concurrently with each loan disbursement date prorated according to the amount disbursed by IQ. At February 28, 2014, 511,995 warrants had vested.

During the nine-month period ended November 30, 2014, 238,005 more warrants had vested, for a total of 750,000 outstanding warrants.

9. Non-controlling interest:

(a) Acasti:

Changes in ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The differences between the considerations received and the non-controlling interest adjustments are recognized in contributed surplus.

Although the Corporation owns less than 50% of Acasti's shares and less than 50% of the voting power, management has determined that the Corporation controls the entity. Management concluded that the Corporation has control over Acasti on a de facto power basis, because, amongst other things, the remaining voting rights in Acasti are widely dispersed and there is no indication that all other shareholders exercise their votes collectively. As at November 30, 2014 and February 28, 2014, Neptune owns 47.77% and 49.07%, respectively (34.41% and 34.34% on a fully diluted basis, respectively), of Acasti shares and voting rights.

During the nine-month period ended November 30, 2014, the Corporation’s participation in Acasti changed as follows:

i) Various holders of Acasti options exercised their right to purchase Class A shares, resulting in the issuance of 200,000 shares by Acasti and cash proceeds in Acasti of $50,000. The impact of these options exercised on the non-controlling interest amounts to $57,559.

ii) Various holders of Acasti call-options exercised their right to purchase Class A shares, resulting in the transfer of 1,186,250 Acasti shares from Neptune and cash proceeds in Neptune of $309,063. The impact of these call-options exercised on the non-controlling interest amounts to $395,704.

iii) Acasti released 197,999 restrictive share units to board members, executive officers, employees and consultants under the Acasti equity incentive plan. The impact of these restrictive share units released on the non-controlling interest amounts to $(540,669).

(b) NeuroBioPharm:

Changes in ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The differences between the considerations received and the non-controlling interest adjustments are recognized in contributed surplus.

As at November 30, 2014 and February 28, 2014, Neptune owns 74% and 75%, respectively, of NeuroBioPharm shares. As at November 30, 2014 and February 28, 2014, Neptune owns 95% and 95%, respectively, of NeuroBioPharm voting rights.

During the nine-month period ended November 30, 2014, the Corporation’s participation in NeuroBioPharm changed as follows:

i) Various holders of NeuroBioPharm warrants exercised their right to purchase Class A shares, resulting in the issuance of 8,203 shares by NeuroBioPharm and cash proceeds in NeuroBioPharm of $3,281 and additional consideration in Neptune of $2,871 for a total of $6,152. The impact of these warrants exercised on the non-controlling interest amounts to $(11,922).

ii) NeuroBioPharm released 135,249 share bonus awards to board members, executive officers, employees and consultants under the NeuroBioPharm share bonus plan. The impact of these restrictive share units released on the non-controlling interest amounts to $(217,329).

9. Non-controlling interest (continued):

(c) Subsidiary options, call-options and warrants:

Subsidiary options, call-options and warrants granted as share-based payments by the Corporation or its subsidiaries, Acasti and NeuroBioPharm are detailed as follows:

	November 30, 2014		February 28, 2014	
	Number outstanding	Amount	Number outstanding	Amount
Acasti Pharma Inc.				
Stock options plan (note 10 (d))	5,001,250	$ 4,452,976	4,911,000	$ 3,563,263
Restrictive share units (note 10 (e))	558,668	1,336,718	775,001	943,320
Call-options (note 10 (g))	5,730,833	2,829,517	7,103,750	2,429,813
Private placement warrants				
Series 6	375,000	306,288	375,000	306,288
Series 7	375,000	100,400	375,000	100,400
	12,040,751	9,025,899	13,539,751	7,343,084
NeuroBioPharm Inc.				
Stock options plan (note 10 (h))	462,500	15,331	485,000	14,791
Share bonus plan (note 10 (i))	429,085	36,574	584,501	24,685
Rights over series 2011-2 warrants (note 10 (j))	1,442,000	19,420	1,521,250	18,484
Rights over series 2011-3 warrants (note 10 (j))	5,487,407	166,798	5,895,668	166,798
Call-options (note 10 (k))	3,663,333	7,092	3,970,000	5,826
	11,484,325	245,215	12,456,419	230,584
	23,525,076	$ 9,271,114	25,996,170	$ 7,573,668

9. Non-controlling interest (continued):

(c) Subsidiary options, call-options and warrants (continued):

Other subsidiary warrants outstanding that could impact non-controlling interest in the future are detailed as follows:

	November 30, 2014		February 28, 2014	
	Number outstanding	Amount	Number outstanding	Amount
Acasti Pharma Inc.				
Series 8 - Public offering warrants 2014 liability classified (note 13) (592,500 held by Neptune)	18,400,000	$ 1,600,849	18,400,000	$ 10,821,413
Series 9 - Private placement warrants 2014	1,616,542	–	1,616,542	–
	20,016,542	1,600,849	20,016,542	10,821,413
NeuroBioPharm Inc.				
Series 2011-1 warrants (1,940,000 held by Neptune as at November 30, 2014 and February 28, 2014)	5,989,301	–	5,997,504	–
Series 2011-2 warrants (1,973,574 held by Neptune as at November 30, 2014 and 1,894,324 as at February 28, 2014)	2,008,075	–	1,928,825	–
Series 2011-3 warrants (782,266 held by Neptune as at November 30, 2014 and 374,005 as at February 28, 2014)	2,562,768	–	2,154,507	–
	10,560,144	–	10,080,836	–
	30,576,686	$ 1,600,849	30,097,378	$ 10,821,413

The characteristics of the Acasti subsidiary warrants are as follows:

Series 6 entitle the holder to purchase one Class A share for $1.50 per share until February 10, 2015.

Series 7 entitle the holder to purchase one Class A share of Acasti for $1.50 per share until February 10, 2015 subject to the achievement of certain agreed upon and predefined milestones. Series 7 warrants are subject to vesting in equal installments over four semesters, subject to continued service and attainment of market (187,500 warrants) and non-market performance conditions (187,500 warrants).

Series 8 Public offering warrants entitle the holder to purchase one Class A share for US$1.50, subject to adjustment, until December 3, 2018. The warrants are derivative liabilities for accounting purposes due to the currency of the exercise price being different from the Corporation's functional currency.

Series 9 Private placement warrants entitle the holder to purchase one Class A share for $1.60, subject to adjustment, until December 3, 2018.

9. Non-controlling interests (continued):

(c) Subsidiary options, call-options and warrants (continued):

The characteristics of the NeuroBioPharm subsidiary warrants are as follows:

Series 2011-1 allows the holder to purchase one Class A share for $0.40 per share until the earliest of the two following events: (i) fifteen (15) days after the listing of the Corporation's shares on a recognized stock exchange; or (ii) on April 12, 2015.

Series 2011-2 allows the holder to purchase one Class A share of NeuroBioPharm for $0.47 per share until the earliest of the two following events: (i) fifteen (15) days after the listing to the corporation's shares on a recognized stock exchange; or (ii) on April 12, 2016.

Series 2011-3 allows the holder to purchase one Class A share of NeuroBioPharm for $0.40 per share until April 12, 2016.

10. Share-based payment:

At November 30, 2014, the Corporation has the following share-based payment arrangements:

Share-based payments on shares of the Corporation:

(a) Corporation stock option plan:

The Corporation has established a stock option plan for directors, officers, employees and consultants. The exercise price of the stock options granted under the plan is not lower than the closing price of the common shares listed on the TSX on the eve of the grant. The terms and conditions for acquiring and exercising options are set by the Board of Directors, as well as the term of the options which, however, cannot be more than five years or any other shorter period as specified by the Board of Directors, according to the provisions of the plan. The Corporation's stock-option plan allows the Corporation to issue a number of stock options not in excess of 15% of the number of common shares shares issued and outstanding from time to time. The total number of stock options issuable to a single holder cannot exceed amongst other 5% of the Corporation's total issued and outstanding common shares shares at the time of the grant, with the maximum being 2% for any one consultant.

Every stock option granted under the plan must provide for a vesting period of no less than eighteen (18) months and a gradual and equal acquisition of vesting rights at least on a quarterly basis.

The number and weighted average exercise prices of stock options are as follows:

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Options outstanding at March 1, 2014 and 2013	$ 3.14	8,052,918	$ 2.95	8,115,418
Granted	2.31	2,805,000	2.77	815,000
Forfeited	3.03	(245,000)	3.15	(421,500)
Expired	2.76	(652,500)	2.28	(90,000)
Exercised	2.50	(325,000)	1.70	(854,750)
Options outstanding at November 30, 2014 and 2013	$ 2.98	9,635,418	$ 3.08	7,564,168
Options exercisable at November 30, 2014 and 2013	$ 3.24	6,031,668	$ 3.11	5,043,742

10. Share-based payment (continued):

(a) Corporation stock option plan (continued):

The fair value of options granted has been estimated according to the Black-Scholes option pricing model and based on the weighted average of the following assumptions for options granted during the periods ended:

	Nine-month period ended November 30, 2014	Nine-month period ended November 30, 2013
Exercise price	\$2.31	\$2.77
Share price	\$2.27	\$2.59
Dividend	–	–
Risk-free interest	1.04%	0.61%
Estimated life	2.79 years	2.57 years
Expected volatility	58.42%	72.45%

The weighted average fair value of the options granted to employees during the nine-month period ended November 30, 2014 is \$0.83 (2013 - \$1.08). The weighted average fair value of the options granted to non-employees during the nine-month period ended November 30, 2014 is \$0.96 (2013 - \$1.11).

The weighted average share price at the date of exercise for share options exercised during nine-month period ended November 30, 2014 was \$2.95. An amount of \$340,860 was reclassified to share capital on exercise of these options.

Stock-based compensation recognized under this plan amounted to \$448,271 and \$1,048,298, respectively, for the three-month and nine-month periods ended November 30, 2014 (2013 - \$1,120,617 and \$3,576,135).

(b) Corporation Restricted Share Unit (''RSUs''):

The Corporation has established an equity incentive plan for employees, directors and consultants of the Corporation. The plan provides for the issuance of restricted share units, performance share units, restricted shares, deferred share units and other share-based awards, under restricted conditions as may be determined by the Board of Directors. Upon fulfillment of the restricted conditions, as the case may be, the plan provides for settlement of the award through shares.

The Corporation's issued RSUs will vest gradually overtime with an expiry date of no later than January 15, 2017, based on a specific rate, depending on each holder's category, but sixty percent (60%) of such awards will vest only upon achievement of the performance objectives identified by the Corporation. Performance objectives are based in part on the Corporation's specific and global goals, but also on each holder's individual performance. The fair value of the RSUs is determined to be the share price at date of grant and is recognized as stock-based compensation, through contributed surplus, over the vesting period. The fair value of the RSUs granted during the nine-month period ended November 30, 2013 was \$3.32 per unit.

	Nine-month period ended November 30, 2014	Nine-month period ended November 30, 2013
RSUs outstanding at March 1, 2014 and 2013	739,918	–
Granted	–	1,191,000
Released	(268,249)	(75,000)
Forfeited	(17,083)	(25,000)
RSUs outstanding at November 30, 2014 and 2013	454,586	1,091,000

10. Share-based payment (continued):

(b) Corporation Restricted Share Unit (''RSUs'') (continued):

During the nine-month period ended November 30, 2014, 268,249 fully vested RSUs granted for past services have been released. The fair value of these RSUs of $3.32 per unit, totalling $890,587, has been reclassified from contributed surplus to share capital on exercise.

Stock-based compensation recognized under this plan amounted to $125,080 and $875,759, respectively, for the three-month and nine-month periods ended November 30, 2014 (2013 - $1,028,162 and $1,964,167).

(c) Share-based payment transactions with a consultant:

During the year ended February 28, 2014, the Corporation entered into a fee agreement with a consultant for its services rendered up to January 31, 2014. As agreed, a portion of the fair value of the services received by the Corporation are settled in common shares. This transaction is within the scope of IFRS 2, *Share-based payment*. For the three and nine-month periods ended November 30, 2014, no amount was presented in the share-based payment expense (2013 - $382,352 and $1,032,092 respectively). During the nine-month period ended November 30, 2014, the Corporation issued 100,723 shares (2013 - 195,257) to the consultant, as a payment of a part of the services rendered to the Corporation, for which an amount of $280,639 (2013 - $649,740) was reclassified from contributed surplus to share capital.

Share-based payments on shares of the subsidiary Acasti:

(d) Acasti stock option plan:

The subsidiary, Acasti, has established a stock option plan for directors, officers, employees and consultants. The exercise price of the stock options granted under the plan is not lower than the closing price of the Acasti Class A shares shares listed on the TSX Venture Exchange on the eve of the grant. The terms and conditions for acquiring and exercising options are set by the Board of Directors, as well as the term of the options which, however, cannot be more than ten years or any other shorter period as specified by the Board of Directors, according to the provisions of the plan. Acasti's stock-option plan allows Acasti to issue a number of stock options not in excess of 10% of the number of Acasti Class A shares issued and outstanding from time to time. The total number of stock options issuable to a single holder cannot exceed amongst other 5% of Acasti's total issued and outstanding Acasti Class A shares at the time of the grant, with the maximum being 2% for any one consultant.

Every stock option granted under the plan must provide for a vesting period of no less than eighteen (18) months and a gradual and equal acquisition of vesting rights at least on a quarterly basis.

The number and weighted average exercise prices of stock options are as follows:

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Options outstanding at March 1, 2014 and 2013	$ 1.57	4,911,000	$ 1.55	5,216,250
Granted	0.95	512,500	2.38	165,000
Exercised	0.25	(200,000)	1.37	(296,500)
Forfeited	1.34	(122,250)	1.97	(220,000)
Expired	1.80	(100,000)	–	–
Options outstanding at November 30, 2014 and 2013	$ 1.56	5,001,250	$ 1.57	4,864,750
Options exercisable at November 30, 2014 and 2013	$ 1.57	3,796,375	$ 1.38	3,418,832

10. Share-based payment (continued):

(d) Acasti stock option plan (continued):

The fair value of options granted has been estimated according to the Black-Scholes option pricing model and based on the weighted average of the following assumptions for options granted during the periods ended:

	Nine-month period ended November 30, 2014	Nine-month period ended November 30, 2013
Exercise price	$0.95	$2.38
Share price	$0.92	$2.31
Dividend	–	–
Risk-free interest	1.14%	1.07%
Estimated life	3.00 years	2.44 years
Expected volatility	60.34%	76.64%

The weighted average fair value of the options granted to employees during the nine-month period ended November 30, 2014 is $0.35 (2013 - $1.04). No options were granted to non-employees during the nine-month periods ended November 30, 2014 and 2013.

The weighted average share price at the date of exercise for options exercised during the nine-month period ended November 30, 2014 was $0.92 (2013 - $3.77).

Stock-based compensation recognized under this plan amounted to $169,482 and $889,713, respectively, for the three-month and nine-month periods ended November 30, 2014 (2013 - $198,508 and $780,152). Amounts for the nine-month periods ended November 30, 2014 and 2013 are included in the ''share-based payment transactions'' of the equity attributable to non-controlling interest.

(e) Acasti Restricted Share Unit (''RSUs''):

Acasti has established an equity incentive plan for employees, directors and consultants of Acasti. The plan provides for the issuance of restricted share units, performance share units, restricted shares, deferred share units and other share-based awards, under restricted conditions as may be determined by the Board of Directors of Acasti. Upon fulfillment of the restricted conditions, as the case may be, the plan provides for settlement of the award through shares.

Acasti's issued RSUs will vest gradually overtime with an expiry date of no later than January 15, 2017, based on a specific rate, depending on each holder's category, but sixty percent (60%) of such awards will vest only upon achievement of the performance objectives identified by Acasti. Performance objectives are based in part on Acasti's specific and global goals, but also on each holder's individual performance. The fair value of the RSUs is determined to be the share price at date of grant and is recognized as stock-based compensation, through ''share-based payment transactions'' of the equity attributable to non-controlling interest, over the vesting period. The fair value of the RSUs granted during the nine-month period ended November 30, 2013 was $2.89 per unit.

10. Share-based payment (continued):

(e) Acasti Restricted Share Unit (''RSUs'') (continued):

	Nine-month period ended November 30, 2014	Nine-month period ended November 30, 2013
RSUs outstanding at March 1, 2014 and 2013	775,001	–
Granted	–	1,060,000
Released	(197,999)	–
Forfeited	(18,334)	(25,000)
RSUs outstanding at November 30, 2014 and 2013	558,668	1,035,000

Stock-based compensation recognized under this plan amounted to $119,870 and $965,615, respectively, for the three-month and nine-month periods ended November 30, 2014 (2013 - $620,094 and $1,098,679). Amounts for the nine-month periods ended November 30, 2014 and 2013 are included in the ''share-based payment transactions'' of the equity attributable to non-controlling interest.

(f) Incentive rights over Acasti warrants:

From time to time, the Corporation has awarded incentive rights to employees over Series 4 warrants it owns in its subsidiary Acasti. The rights vested gradually. All were subject to the employees' continued service, or having reached four years of continued service for directors.

The number and weighted average exercise prices of rights over Acasti warrants were as follows:

	Weighted average exercise price	Number of rights	Weighted average exercise price	Number of rights
Rights outstanding at March 1, 2014 and 2013	$ –	–	$ 0.41	5,314,850
Exercised	–	–	0.32	(2,161,100)
Award replaced	–	–	0.26	(3,153,750)
Rights outstanding at November 30, 2014 and 2013	$ –	–	$ –	–
Rights exercisable at November 30, 2014 and 2013	$ –	–	$ –	–

During the year ended February 28, 2014, all rights were exercised and replaced.

The weighted average share price at the date of exercise for rights exercised during the nine-month period ended November 30, 2013 was $2.46.

Stock-based compensation recognized under this plan amounted to nil and $1,471, respectively, for the three-month and nine-month periods ended November 30, 2013. The amount for the nine-month period ended November 30, 2013 is included in the ''share-based payment transactions'' of the equity attributable to non-controlling interest.

10. Share-based payment (continued):

(g) Acasti call-options:

From time to time, the Corporation awards incentive call-options over shares it owns in its subsidiary Acasti.

The number and weighted average exercise price of call-options on Acasti shares are as follows:

	Weighted average exercise price	Number of call-options	Weighted average exercise price	Number of call-options
Call-options outstanding at March 1, 2014 and 2013	$ 1.71	7,103,750	$ 2.75	2,175,000
Granted	–	–	3.00	1,975,000
Exercised	0.26	(1,186,250)	–	–
Forfeited	2.95	(186,667)	2.84	(140,000)
Call-options outstanding at November 30, 2014 and 2013	$ 1.97	5,730,833	$ 2.87	4,010,000
Call-options exercisable at November 30, 2014 and 2013	$ 1.74	4,575,836	$ 2.75	523,750

The fair value of call-options granted has been estimated according to the Black-Scholes option pricing model and based on the weighted average of the following assumptions for call-options granted during the period ended:

	Nine-month period ended November 30, 2013
Exercise price	$3.00
Share price	$2.89
Dividend	–
Risk-free interest	1.26%
Estimated life	2.45 years
Expected volatility	71.07%

The weighted average fair value of the call-options granted to employees during the nine-month period ended November 30, 2013 was $1.22. The weighted average fair value of the call-options granted to non-employees during the nine-month period ended November 30, 2013 was $1.08.

Stock-based compensation recognized under the call-option plan amounted to $65,724 and $399,704, respectively, for the three-month and nine-month periods ended November 30, 2014 (2013 - $368,323 and $1,337,684). Amounts for the nine-month periods ended November 30, 2014 and 2013 are included in the ''share-based payment transactions'' of the equity attributable to non-controlling interest.

10. Share-based payment (continued):

Share-based payments on shares of the subsidiary NeuroBioPharm:

(h) NeuroBioPharm stock option plan:

The subsidiary, NeuroBioPharm, has established a stock option plan for directors, officers, employees and consultants. The exercise price of the options will be determined by the Board of Directors, but may not be lower than either (i) the price per share obtained in the latest majority arm's length private placement realized within the last year and (ii) a determination of the subscription price value based on acceptable methods recognized by the TSX Venture Exchange. The life of the option will be a maximum of 10 years. NeuroBioPharm's stock-option plan allows NeuroBioPharm to issue a number of stock options not in excess of 10% of the number of NeuroBioPharm Class A shares issued and outstanding from time to time. The total number of stock options issuable to a single holder cannot exceed amongst other 5% of NeuroBioPharm's total issued and outstanding NeuroBioPharm Class A shares at the time of the grant, with the maximum being 2% for any one consultant.

Every stock option granted under the plan must provide for a vesting period of no less than eighteen (18) months and a gradual and equal acquisition of vesting rights at least on a quarterly basis.

The number and weighted average exercise prices of stock options are as follows:

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Options outstanding at March 1, 2014 and 2013	$ 0.54	485,000	$ 0.50	461,250
Granted	1.00	10,000	1.00	25,000
Forfeited	0.65	(32,500)	0.50	(11,250)
Options outstanding at November 30, 2014 and 2013	$ 0.54	462,500	$ 0.53	475,000
Options exercisable at November 30, 2014 and 2013	$ 0.52	442,500	$ 0.50	450,000

The fair value of options granted has been estimated according to the Black-Scholes option pricing model and based on the weighted average of the following assumptions for options granted during the period ended:

	Nine-month period ended November 30, 2014	Nine-month period ended November 30, 2013
Exercise price	$1.00	$1.00
Share price	$0.10	$0.10
Dividend	–	–
Risk-free interest	1.14%	1.30%
Estimated life	2.51 years	2.48 years
Expected volatility	55.00%	70.98%

The weighted average fair value of the options granted to employees during the nine-month periods ended November 30, 2014 and 2013 is negligible. No options were granted to non-employees during the nine-month periods ended November 30, 2014 and 2013.

Stock-based compensation recognized under this plan amounted to $501 and $540, respectively, for the three-month and nine-month periods ended November 30, 2014 (2013 - $619 and $1,073). Amounts for the nine-month periods ended November 30, 2014 and 2013 are included in the ''share-based payment transactions'' of the equity attributable to non-controlling interest.

10. Share-based payment (continued):

(i) NeuroBioPharm's Share bonus plan (''SBAs''):

NeuroBioPharm has established an equity incentive plan for employees, directors and consultants of NeuroBioPharm. The plan provides for the issuance of share bonus awards, under restricted conditions as may be determined by the Board of Directors of NeuroBioPharm. Upon fulfillment of the restricted conditions, as the case may be, the plan provides for settlement of the award through shares.

NeuroBioPharm's issued SBAs will vest gradually overtime with an expiry date of no later than January 15, 2017, based on a specific rate, depending on each holder's category, but sixty percent (60%) of such awards will vest only upon achievement of the performance objectives identified by NeuroBioPharm. Performance objectives are based in part on NeuroBioPharm's specific and global goals, but also on each holder's individual performance. The fair value of the SBAs is determined to be the share price at date of grant and is recognized as stock-based compensation, through ''share-based payment transactions'' of the equity attributable to non-controlling interest, over the vesting period. The fair value of the SBAs granted during the nine-month period ended November 30, 2013 was $0.10 per unit.

	Nine-month period ended November 30, 2014	Nine-month period ended November 30, 2013
SBAs outstanding at March 1, 2014 and 2013	584,501	–
Granted	–	832,000
Released	(135,249)	–
Forfeited	(20,167)	–
SBAs outstanding at November 30, 2014 and 2013	429,085	832,000

Stock-based compensation recognized under this plan amounted to $2,214 and $25,414, respectively, for the three-month and nine-month periods ended November 30, 2014 (2013 - $16,012 and $28,916). Amounts for the nine-month periods ended November 30, 2014 and 2013 are included in the ''share-based payment transactions'' of the equity attributable to non-controlling interest.

(j) Incentive rights over NeuroBioPharm warrants:

From time to time, the Corporation awards incentive rights to employees over Series 2011-2 and Series 2011-3 warrants it owns in its subsidiary NeuroBioPharm. The rights vest gradually. All are subject to the employees' continued service, or having reached four years of continued service for directors.

The number and weighted average exercise prices of rights over NeuroBioPharm warrants are as follows:

	Weighted average exercise price	Number of rights	Weighted average exercise price	Number of rights
Rights outstanding at March 1, 2014 and 2013	$ 0.53	7,416,918	$ 0.51	7,733,176
Granted	–	–	0.77	210,000
Forfeited	0.51	(487,511)	0.63	(499,258)
Rights outstanding at November 30, 2014 and 2013	$ 0.53	6,929,407	$ 0.53	7,443,918
Rights exercisable at November 30, 2014 and 2013	$ 0.53	6,742,907	$ 0.51	6,795,668

10. Share-based payment (continued):

(j) Incentive rights over NeuroBioPharm warrants (continued):

The fair value of rights over NeuroBioPharm warrants granted has been estimated according to the Black-Scholes option pricing model and based on the weighted average of the following assumptions for rights granted during the period ended:

	Nine-month period ended November 30, 2013
Exercise price	\$0.77
Share price	\$0.10
Dividend	–
Risk-free interest	0.76%
Estimated life	2.38 years
Expected volatility	80.47%

The weighted average fair value of the rights granted to employees during the nine-month period ended November 30, 2013 was \$0.01. The weighted average fair value of the rights granted to non-employees during the nine-month period ended November 30, 2013 was negligible.

Stock-based compensation recognized under this plan amounted to \$186 and \$936, respectively, for the three-month and nine-month periods ended November 30, 2014 (2013 - \$1,302 and \$4,137). Amounts for the nine-month periods ended November 30, 2014 and 2013 are included in the ''share-based payment transactions'' of the equity attributable to non-controlling interest.

(k) NeuroBioPharm call-options:

On December 3, 2012, Neptune has granted incentive stock compensation as a means of retention, partially offsetting salary reductions and as long-term incentive for management and key employees. The call-options vest gradually over a period of two years. All are subject to the employees' continued service and a portion of these options are subject to non-market performance conditions which are met on November 30, 2014.

The number and weighted average exercise price of call-options on NeuroBioPharm shares are as follows:

	Weighted average exercise price	Number of call-options	Weighted average exercise price	Number of call-options
Call-options outstanding at March 1, 2014 and 2013	\$ 0.86	3,970,000	\$ 0.75	2,250,000
Granted	–	–	1.00	1,925,000
Forfeited	0.91	(306,667)	0.83	(150,000)
Call-options outstanding at November 30, 2014 and 2013	\$ 0.86	3,663,333	\$ 0.87	4,025,000
Call-options exercisable at November 30, 2014 and 2013	\$ 0.85	2,537,919	\$ 0.75	540,000

10. Share-based payment (continued):

(k) NeuroBioPharm call-options (continued):

The fair value of call-options granted has been estimated according to the Black-Scholes option pricing model and based on the weighted average of the following assumptions for call-options granted during the period ended:

	Nine-month period ended November 30, 2013
Exercise price	\$1.00
Share price	\$0.10
Dividend	–
Risk-free interest	1.26%
Estimated life	2.45 years
Expected volatility	426.97%

The weighted average fair value of the call-options granted to employees during the nine-month period ended November 30, 2013 was \$0.10. The weighted average fair value of the call-options granted to non-employees during the nine-month period ended November 30, 2013 was \$0.10.

Stock-based compensation recognized under this plan amounted to \$212 and \$1,266, respectively, for the three-month and nine-month periods ended November 30, 2014 (2013 - \$846 and \$3,236). Amounts for the nine-month periods ended November 30, 2014 and 2013 are included in the ''share-based payment transactions'' of the equity attributable to non-controlling interest.

11. Income taxes:

During the nine-month period ended November 30, 2014, the Corporation paid foreign income taxes on certain foreign revenue.

12. Commitments and contingency:

(a) Contingency:

(i) On May 29, 2014, the Corporation and its subsidiaries were served with a lawsuit from Mr. Henri Harland, former President and Chief Executive Officer of the Corporation and its subsidiaries who resigned from all his duties on April 25, 2014. Mr. Harland alleges in his complaint that he was forced to resign and is claiming *inter alia*, the acknowledgment of the relevant sections of his employment contract, the payment of a sum of approximately \$8,500,000 and the issuance of 500,000 shares of each Neptune, Acasti and NeuroBioPharm, as well as two blocks of 1,000,000 call-options each on the shares held by Neptune in Acasti and NeuroBioPharm in his name. Neptune and its subsidiaries believe the claim as formulated is without merit or cause. Neptune and its subsidiaries will vigorously defend the lawsuit and take any steps necessary to protect their interests. No trial date has been set. As of the date of these consolidated financial statements, no agreement has been reached and an estimate of its financial effect cannot be made.

(b) Commitments:

(i) As at November 30, 2014, the Corporation signed agreements amounting to approximately \$1,230,113 with various suppliers with respect to the plant expansion.

12. Commitments and contingency (continued):

(b) Commitments (continued):

(ii) In the normal course of business, a Corporation's subsidiary has signed agreements with various partners and suppliers for them to execute research projects and to produce and market certain products.

The Corporation's subsidiary initiated research and development projects that will be conducted over a 12 to 24-month period for a total initial cost of $10,316,630, of which an amount of $5,129,211 has been paid to date. As at November 30, 2014, an amount of $477,000 is included in "Trade and other payables" in relation to these projects.

13. Determination of fair values:

Certain of the Corporation's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Financial and non-financial assets and liabilities:

In establishing fair value, the Corporation uses a fair value hierarchy based on levels as defined below:

- Level 1: defined as observable inputs such as quoted prices in active markets.
- Level 2: defined as inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3: defined as inputs that are based on little or no little observable market data, therefore requiring entities to develop their own assumptions.

The Corporation has determined that the carrying values of its short-term financial assets and liabilities approximate their fair value given the short-term nature of these instruments.

The fair value of the loans and borrowings comprising: the finance lease liabilities, the secured loan and the refundable contribution obtained under a federal program is determined by discounting future cash flows using a rate that the Corporation could obtain for loans with similar terms, conditions and maturity dates. The fair value of these loans approximates the carrying amounts and was measured using level 3 inputs.

Other investment:

The Corporation measured its investment in BlueOcean at fair value on a recurring basis with changes in fair value recorded in other comprehensive income or (loss). This investment was measured using a level 1 input.

The fair value of the investment in BlueOcean was determined to be $0.12 per share as at November 30, 2014. There was no change in fair value for the three-month and nine-month periods ended November 30, 2014.

Derivative warrant liabilities:

The Corporation measured its derivative warrant liabilities at fair value on a recurring basis. These financial liabilities were measured using a level 3 input.

The fair value of the public offering warrants 2014 was estimated according to the Black-Scholes option pricing model and based on the following assumptions:

	November 30, 2014	February 28, 2014
Exercise price	US$1.50	US$1.50
Share price	$0.42	$1.27
Dividend	–	–
Risk-free interest	1.19%	1.41%
Estimated life	4.01 years	4.76 years
Expected volatility	68.65%	66.47%

13. Determination of fair values (continued):

The fair value of the Warrants issued was determined to be $0.09 per warrant as at November 30, 2014 ($0.61 per warrant as at February 28, 2014). The change in fair value amounted to a gain of $5,043,359 and $9,220,564 for the three-month and nine-month periods ended November 30, 2014, respectively, and is accounted for in finance income.

The reconciliation of changes in level 3 fair value measurements of financial liabilities for the nine-month period ended November 30, 2014 is presented in the following table:

	November 30, 2014
Opening balance at March 1, 2014	$ 10,821,413
Change in fair value gain recognized in finance income	(9,220,564)
Closing balance at November 30, 2014	$ 1,600,849

Share-based payment transactions:

The fair value of the share-based payment transactions is measured based on the Black-Scholes valuation model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information, when the shares have not been traded on a recognized exchange for a period of time that is commensurate with estimated life of option, it is estimated using historical volatility of comparable corporations), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions, if any, are not taken into account in determining fair value.

14. Operating segments:

The Corporation has three reportable segments structured in legal entities, as described below, which are the Corporation's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Corporation's CEO reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Corporation's reportable segments:

- *Neptune* produces and commercializes nutraceutical products.
- *Acasti Pharma Inc*. develops and commercializes pharmaceutical applications for cardiovascular diseases.
- *NeuroBioPharm Inc.* develops and commercializes pharmaceutical applications for neurological diseases.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Corporation's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Transfer pricing is based on predetermined rates accepted by all parties involved.

14. Operating segments (continued):

Information about reportable segments:

Three-month period ended November 30, 2014:

	Nutraceutical	Cardiovascular	Neurological	Intersegment Eliminations	Total
Revenue from external sales and royalties	$ 4,706,225	$ 28,816	$ –	$ –	$ 4,735,041
Revenue from internal sales, internal research contracts or royalties	371,527	–	–	(371,527)	–
Depreciation and amortization	(580,425)	(583,806)	(81,325)	662,032	(583,524)
Stock-based compensation	(631,348)	(280,990)	(19,202)	–	(931,540)
Finance income	33,308	5,230,210	–	(180,921)	5,082,597
Finance costs	(341,723)	(944)	(13,125)	13,125	(342,667)
Foreign exchange gain	417,192	746,942	–	–	1,164,134
Reportable segment (loss) earnings	(2,803,832)	3,011,678	(628,211)	494,236	73,871
Reportable segment assets	128,124,090	39,003,905	3,434,551	(60,199,613)	110,362,933
Reportable segment liabilities	24,576,993	3,622,310	22,522,950	(23,295,992)	27,426,261

Three-month period ended November 30, 2013:

	Nutraceutical	Cardiovascular	Neurological	Intersegment Eliminations	Total
Revenue from external sales and royalties	$ 4,439,952	$ 28,347	$ –	$ –	$ 4,468,299
Revenue from internal sales, internal research contracts or royalties	763,134	–	–	(763,134)	–
Insurance recoveries	260,825	–	–	–	260,825
Depreciation and amortization	(79,405)	(670,995)	(81,325)	750,955	(80,770)
Stock-based compensation	(2,541,705)	(1,069,271)	(207,575)	–	(3,818,551)
Finance income	26,346	7,026	–	(13,125)	20,247
Finance costs	(5,714)	(551,578)	(13,125)	13,125	(557,292)
Foreign exchange gain	91,770	2,366	–	–	94,136
Reportable segment loss	(6,732,581)	(3,856,094)	(539,177)	684,691	(10,443,161)
Reportable segment assets	95,278,638	25,505,001	3,745,207	(60,795,614)	63,733,232
Reportable segment liabilities	13,109,676	4,975,651	20,304,264	(23,194,494)	15,195,097

14. Operating segments (continued):

Nine-month period ended November 30, 2014:

	Nutraceutical	Cardiovascular	Neurological	Intersegment Eliminations	Total
Revenue from external sales and royalties	$ 10,956,957	$ 92,428	$ –	$ –	$ 11,049,385
Revenue from internal sales, internal research contracts or royalties	875,280	–	–	(875,280)	–
Other income from royalty settlement	1,633,950	–	–	–	1,633,950
Depreciation and amortization	(1,110,204)	(1,751,418)	(243,975)	1,986,096	(1,119,501)
Stock-based compensation	(2,434,429)	(1,396,171)	(376,645)	–	(4,207,245)
Finance income	94,042	9,600,804	–	(346,171)	9,348,675
Finance costs	(534,241)	(2,850)	(39,375)	39,375	(537,091)
Foreign exchange gain	130,846	448,506	–	–	579,352
Reportable segment (loss) earnings	(19,240,351)	655,924	(2,237,539)	1,679,300	(19,142,666)
Reportable segment assets	128,124,090	39,003,905	3,434,551	(60,199,613)	110,362,933
Reportable segment liabilities	24,576,993	3,622,310	22,522,950	(23,295,992)	27,426,261

Nine-month period ended November 30, 2013:

	Nutraceutical	Cardiovascular	Neurological	Intersegment Eliminations	Total
Revenue from external sales and royalties	$ 15,605,443	$ 300,886	$ –	$ –	$ 15,906,329
Revenue from internal sales, internal research contracts or royalties	1,142,585	–	–	(1,142,585)	–
Insurance recoveries	5,960,825	–	–	–	5,960,825
Depreciation and amortization	(225,870)	(1,339,284)	(243,975)	1,579,073	(230,056)
Stock-based compensation	(6,555,574)	(2,603,467)	(750,417)	–	(9,909,458)
Finance income	107,470	24,925	–	(39,375)	93,020
Finance costs	(77,843)	(553,104)	(39,375)	39,375	(630,947)
Foreign exchange gain	187,749	18,856	–	–	206,605
Reportable segment loss	(11,484,780)	(9,059,406)	(1,878,607)	1,512,809	(20,909,984)
Reportable segment assets	95,278,638	25,505,001	3,745,207	(60,795,614)	63,733,232
Reportable segment liabilities	13,109,676	4,975,651	20,304,264	(23,194,494)	15,195,097

Differences between the sums of all segments and consolidated balances are explained primarily by the cardiovascular and neurological segments operating under licenses issued by the nutraceutical segment, the ultimate owner of the original intellectual property used in pharmaceutical applications. The intangible license assets of the pharmaceutical segments, their amortization charges and royalties are eliminated upon consolidation. Intersegment investments and balances payable or receivable explain further eliminations to reportable segment assets and liabilities.

The nutraceutical segment is the primary obligor of corporate expenses of the group. All material corporate expenses, except financing costs and certain common office expenses, are allocated to each reportable segment in a fraction that is commensurate to the estimated fraction of services or benefits received by each segment. These charges may not represent the cost that the segments would otherwise need to incur, should they not receive these services or benefits through the shared resources of the group or receive financing from the nutraceutical segment.

15. Related parties:

Transaction with a shareholder:

Under the terms of an agreement entered into with a corporation controlled by a shareholder of the Corporation, the Corporation is committed to pay royalties of 1% of its revenues in semi-annual instalments, for an unlimited period. For the three-month and nine-month periods ended November 30, 2014, total royalties included in operating expenses amounted to $50,778 and $134,580 (2013 - $52,031 and $164,481), respectively. As at November 30, 2014, the balance due to this corporation under this agreement amounts to $134,580 (February 28, 2014 - $573,589). This amount is presented in the consolidated statements of financial position under ''Trade and other payables''.

Key management personnel compensation:

The key management personnel of the Corporation are the members of the Board of Directors and certain officers. They control 2.7% of the voting shares of the Corporation.

Key management personnel compensation includes the following for the three-month and nine-month periods ended November 30, 2014 and 2013:

	Three-month periods ended November 30,		Nine-month periods ended November 30,	
	2014	2013	2014	2013
Short-term employee salaries and benefits	$ 409,220	$ 515,452	$ 1,547,236	$ 1,497,978
Share-based compensation costs	409,956	875,906	2,743,107	2,228,483
	$ 819,176	$ 1,391,358	$ 4,290,343	$ 3,726,461

16. Subsequent events:

On December 15, 2014, Neptune was served with eleven (11) notices of offence issued by the Director of Penal and Criminal Prosecutions (Quebec) in connection with violations to the Quebec Environment Quality Act (CQLR, c. Q-2) for fines totaling approximately $360,000. These alleged offenses are linked to the incident of November 8, 2012 and subject to challenge. Neptune is reviewing its records. The pleas must be registered no later than January 15, 2015.

On January 8, 2015, Neptune converted 2,250,000 Class B shares, 15,750,000 Class G shares and 23,400,000 Class H shares owned in NeuroBioPharm into Class A shares of NeuroBioPharm on a one for one basis.

On January 13, 2015, Neptune and NeuroBioPharm announced that they have entered into an arrangement agreement (the « Arrangement Agreement ») which will result in the indirect acquisition by Neptune of all of the issued and outstanding shares of NeuroBioPharm. The Arrangement Agreement provides, amongst other things, that NeuroBio will amalgamate with a newly formed wholly-owned subsidiary of Neptune and that each shareholder of NeuroBio will receive, as applicable, (i) 0.046296296 share of Neptune for each Class A share of NeuroBio held, (ii) 0.185185185 share of Neptune for each Class B share of NeuroBio held, (iii) 0.092592593 share of Neptune for each Class G share of NeuroBio held, and (iv) 0.208333333 share of Neptune for each Class H share of NeuroBio held (the "Arrangement"). Holders of options, warrants or call options convertible into Class A shares of NeuroBio will maintain equivalent rights to receive common shares of Neptune upon exercise, as adjusted under the Arrangement to reflect the conversion ratio of the Class A shares of NeuroBio.